DELIVERING **CARE AND GOOD OUTCOMES IN CONVERSATIONS** WITH VULNERABLE CUSTOMERS

UPDATED WHITEPAPER

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INTRODUCTION

In today's ever-evolving financial landscape, understanding and supporting vulnerable customers has become not just important, but essential.

Vulnerable customers are individuals who, due to unique personal circumstances, may be at a higher risk of harm—especially when firms fail to provide the necessary levels of care.

The responsibility to protect these consumers is at the heart of every financial services provider's mission. It's imperative that vulnerable customers receive outcomes that are just as favourable as those of their peers, ensuring consistent and fair treatment across all sectors.

To achieve this, firms must actively recognise the signs of vulnerability and tailor their approaches accordingly. Recent challenges, such as the rising cost-of-living crisis and the introduction of the FCA's Consumer Duty, make it clear that prioritising the fair treatment of vulnerable customers is no longer optional—it's a necessity.

These developments stress the importance of cultivating a culture of empathy and understanding throughout every level of the organisation—not only on the frontline but also in product development and strategic decision-making.

In this updated white paper, we'll dive into the implications of these changes for UK financial services firms and provide you with practical, actionable guidance on how to effectively identify and support vulnerable customers in line with today's expectations.

IDENTIFYING AND CARING FOR VULNERABLE CUSTOMERS

In the realm of financial services, signs of vulnerability often emerge during customer conversations. However, it's not uncommon for individuals to avoid openly stating their difficulties, whether due to pride, fear of judgement, or a lack of words to express their situation. This reality places a crucial responsibility on firms to actively listen for these subtle indicators and respond appropriately, ensuring that no customer feels neglected or overlooked.

The Financial Conduct Authority (FCA) addresses this issue in FG21/1, defining a vulnerable customer as "someone who, due to their personal circumstances, is especially susceptible to harm—particularly when a firm is not acting with appropriate levels of care." This definition highlights the importance of sensitivity and awareness in every interaction, as vulnerable customers may face challenges related to health, financial hardship, or significant life changes that affect their ability to engage effectively with financial products.

To navigate this landscape, firms must take proactive steps to identify and understand the specific vulnerabilities within their target market. Training staff to recognise the signs of vulnerability empowers employees to engage empathetically, creating an environment where customers feel safe to share their concerns.

By tailoring responses to these signs, financial services providers can meet regulatory obligations and build trust with customers. This approach fosters long-term loyalty, as customers are more likely to return to firms that demonstrate understanding and support during challenging times. The FCA notes that all customers are at risk of becoming vulnerable, with this risk heightened by four key drivers: health, life events, resilience, and capability. Each of these drivers shapes an individual's financial wellbeing and influences their interactions with financial services.

In summary, by understanding and addressing these 4 key drivers of vulnerability, financial services firms can enhance customer interactions and improve outcomes for all:

Health

Conditions or illnesses that affect ability to carry out day-to-day tasks:

- Physical disability
- Severe or long-term illness
- Hearing or visual impairment
- Mental health condition or disability
- Addiction
- Low mental capacity or cognitive disabilty

Life Events

Uncontrollable major life events:

- Retirement
- Bereavement
- Income Shock
- Relationship Breakdown
- Domestic abuse (including economic control)
- Caring responsibilities
- Other circumstances that affect people's experience of financial services eg, leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions

Resilience

Limited capacity to handle financial or emotional shocks:

- Inadequate (outgoings exceed income) or erratic income
- Over- indebtedness
- Low savings
- Low emotional resilience

Capability

Limited financial literacy and skills:

- Low knowledge or confidence in managing finances
- Poor literacy or numeracy skills
- Poor English language skills
- Poor or non-existent digital skills
- Learning difficulties
- No or low access to help or support

HOW CAN YOU USE THIS GUIDANCE TO SPOT POTENTIALLY VULNERABLE CUSTOMERS?

A practical starting point for identifying vulnerable customers is to observe the emotions and behaviours they display during interactions. One of the most telling indicators is acute emotional distress—a critical signal that requires immediate attention and escalation. Customer-facing staff may, regrettably, encounter distressing situations, such as customers discussing sensitive topics like self-harm or suicide.

Below are other signs that financial services firms should be mindful of:

Difficulty with financial decisions: Customers may find it challenging to make even basic financial choices. This could stem from cognitive impairments or a lack of familiarity with financial matters. For example, a recently bereaved individual may express confusion, as their spouse previously handled all financial responsibilities.

Comprehension and memory issues: If a customer struggles to understand or remember straightforward information provided during a conversation, this may point to vulnerability.

Physical barriers to engagement: Some customers may feel overwhelmed by detailed or technical information, particularly if they have physical impairments or limited access to digital channels. For many, the telephone remains a vital link to engage with their financial services provider.

It's crucial for firms to develop a proactive response plan when these indicators arise. The Consumer Duty places a clear obligation on firms to monitor and report on the outcomes experienced by vulnerable customers, ensuring they receive the necessary support and care.

SENIOR LEADERS CREATING THE RIGHT CULTURES AND DRIVING STRATEGIES

The FCA considers that the senior leaders in many firms are not sufficiently involved or accountable in the development and governance of a business-wide vulnerability strategy.

In fact, almost half the retail banks they engaged with were unable to provide evidence of any comprehensive strategy to provide fair outcomes across the business and championed at the senior level.

The FCA's clear view is that the full involvement and oversight of senior leaders is essential to successful outcomes for vulnerable customers across financial services providers. This is another key area which is likely to be a focus for the regulator in coming months.

THE FCA'S CONSUMER DUTY ACT

Without doubt, the Consumer Duty Act has been a milestone development in the protection of UK consumers in their dealings with financial services providers of all types.

The requirements of the Consumer Duty Act were published, in July 2022, in the FCA's Consumer Duty Policy Statement and Consumer Duty Finalised Guidance. Every regulated firm needs to be aware of the detailed requirements published in those documents.

Voyc has also published a blog article to provide further insight into the new rules and what they mean for financial services providers.

The Consumer Duty makes extensive reference to vulnerable customers and introduces increased standards for the care and treatment that firms need to provide.

This starts with the new Consumer Principle that underpins every aspect of the Consumer Duty and require firms to:

act to deliver good outcomes for retail customers

The focus here is very clearly on the customer rather than the firm. The Consumer Duty requires firms to put customers' interest at the heart of everything they do. And this most certainly includes vulnerable customers.

Firms should thoroughly consider and identify the specific vulnerabilities that customers are likely to have within their own target market. Then they should take action to ensure that they deliver good outcomes for those customers.

What's more, these outcomes should be rigorously monitored and reported – with clear direction and support in evidence from senior leadership.

THE GROWING COST-OF-LIVING CRISIS

The cost-of-living crisis has emerged as a critical issue, drawing significant attention from the FCA. As inflation rates surge, millions of consumers are facing potential financial hardship, particularly during the autumn and winter months.

Recent data from the 'FCA's Financial Lives cost of living recontact survey (January 2024)' presents this: while there has been an improvement in the number of individuals struggling to manage their finances, challenges remain for many.

As of January 2024:

- **Over one in four** adults (approximately 14.6 million or 28%) reported either not coping financially or finding it difficult to cope, reflecting an 8 percentage point improvement from the previous year.
- **Around one in seven** (7.4 million or 14%) felt heavily burdened by domestic bills and credit commitments, down 7 percentage points from January 2023.
- Notably, **one in nine** (5.9 million or 11%) reported having no disposable income, a decrease from 15% in the previous year.
- Similarly, **one in nine** (5.5 million or 11%) indicated they had fallen behind or missed paying one or more bills in the last six months, marking a 2 percentage point improvement.

Despite these positive trends, many consumers continue to experience significant challenges. It's essential to remember that team members interacting with vulnerable customers also require support. The emotional toll of engaging with customers who share their struggles can weigh heavily on staff. As anxiety and distress levels rise among customers, ensuring that your team is equipped to handle these challenging conversations with care and compassion is crucial.

To assist firms in managing these pressures, Voyc has published a blog article focused on protecting team members from the stress that can arise in these situations. You can read it by clicking here.

THE FOUR KEY OUTCOMES OF THE CONSUMER DUTY

The Consumer Duty requires firms to deliver good outcomes in four specific areas for all customers, including vulnerable customers within their target market.

Outcome 1: Products and services

Products and services should be designed to deliver good outcomes for the firm's target market.

This includes taking account of the vulnerabilities of customers within their target market when new products and services are designed - including testing those new developments with customers having those vulnerabilities.

This testing could include methods such as focus groups and consulting organisations with recognised insight into relevant areas of vulnerability.

Firms should also consider vulnerability within their target market when withdrawing any existing product or service, to avoid disadvantaging any group of customers for whom it is suitable as regards a particular characteristic of vulnerability.

Outcome 2: Price and value

The price charged for products and services should deliver fair value for all customers in the firm's target market, including vulnerable customers. And firms need to be able to demonstrate this, bearing in mind that certain characteristics of vulnerability (such as cognitive impairment) may make some customers more susceptible to receiving poor value.

For example, firms providing credit products to customers with poor credit ratings should consider whether vulnerable customers in their target market are more likely than others to be at risk of getting into financial difficulty through the high charges on these products –due to a particular vulnerability.

Similarly, an insurance company offering products with different levels of cover, at different prices, should consider whether certain customers might be likely to choose features that are of little or no value to themselves, because of their vulnerability.

Outcome 3: Customer understanding

This outcome is all about ensuring that communications provided to customers of all types within the target market are clear, fair and not misleading and is designed to enable them to make the best decisions for themselves.

Therefore, firms should carefully consider the particular needs of vulnerable customers within their target market and design communications that are tailored to meet these needs.

Where communications, such as product or service literature, is likely to be exposed to many customers, firms should consider running tests with a representative sample of customers to demonstrate that the communication is clear and easy to understand for those members of their target market who have characteristics of vulnerability. This could include factors such as legibility and clarity of layout for elderly customers with visual impairment as well as comprehension of product terms for those with limited literacy or low financial capability.

For firms operating contact centres, this outcome clearly applies to scripts and mandatory messaging to be incorporated into conversations with customers. Again, there is a role for testing of these communications and firms could be required to demonstrate they are delivering a level of customer understanding that is deigned to lead to good customer outcomes.

Outcome 4: Customer support

This outcome is focused on the range of activities often covered, in UK financial services, under the heading of Customer Service.

It focuses on providing one-to-one service to customers and is therefore perhaps the most significant of the four Consumer Duty outcomes for individual customer conversations.

The FCA expects each firm to design and deliver customer support that meets and caters for the needs of customers with the kinds of vulnerability that the firm has identified within its target audience.

Some examples of the areas covered are:

- Supporting staff dealing directly with customers to identify signs of vulnerability, for instance through training and coaching; setting up systems and processes that enable staff to capture information on customer vulnerabilities to improve the firm's ability to care for the vulnerable customers in its target market.

- Ensuring that vulnerable customers can use the financial products they buy in the way that is reasonably expected. For example, that they are not unduly restricted in enjoying a product's benefits through poor digital skill.

- Ensuring "appropriate friction" in the customer journey to mitigate the risk of harm to vulnerable customers. For example, making sure that any financial risk involved in a product purchase is fully explained and acknowledged by the customer, to avoid potential harm as a result or poor literacy.

- Responding appropriately to any physical or health-related vulnerability that might prevent the customer understanding a product or service or making the best use of it. For example, offering alternative channels such as email or printed communications for customers with impaired hearing.

THE IMPORTANCE OF EFFECTIVE MONITORING UNDER THE CONSUMER DUTY

Effective monitoring is a cornerstone of the FCA's Consumer Duty Finalised Guidance. Firms are required to actively monitor their compliance with all aspects of the Duty and provide evidence when requested by the regulator (Section 11.4. FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty).

To meet these requirements, firms must:

- **Regularly review outcomes:** Continuously assess the outcomes their customers are experiencing to ensure that the products and services provided align with the standards set by the Duty.
- **Identify gaps in support:** Determine where customers or specific groups are not achieving positive outcomes and investigate the reasons behind this.
- **Implement adaptations:** Establish processes to modify products, services, or policies in response to identified risks or issues, preventing recurrence in the future.

This requirement for robust monitoring applies to all customers, particularly those who are vulnerable.

This is where Voyc can play a vital role. Traditional methods of monitoring customer interactions, such as Quality Assurance teams manually listening to calls, can be time-consuming, expensive, and often fall short in effectively identifying and assessing interactions involving vulnerable customers.

The advanced technology behind the Voyc solution provides the comprehensive coverage and insights that UK financial services firms need to deliver effective monitoring, now expected under the new Consumer Duty.

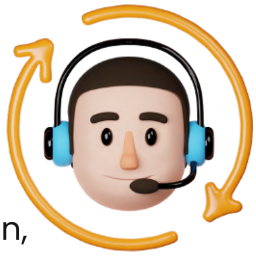
HOW VOYC CAN HELP

Voyc is a powerful, cloud-based AI solution designed to monitor 100% of your customer conversations—giving you complete visibility and control over every interaction. This comprehensive oversight ensures that no key detail goes unnoticed, allowing your team to identify, assess, and act on crucial customer feedback.

The process starts by identifying the specific keywords and phrases that may signal potential issues, such as customer dissatisfaction, confusion, or vulnerability. By monitoring for these indicators, Voyc ensures your team can respond swiftly and appropriately, addressing concerns before they escalate. This proactive approach is especially valuable when engaging with vulnerable customers, who may not always express their struggles openly.

To support this, Voyc comes with an extensive library of keywords and phrases developed in close collaboration with our trusted partners in the financial services industry. These terms are carefully selected to help identify early signs of vulnerability, ensuring that customers in need of extra support receive it. A few examples of phrases that may indicate vulnerability include:

- **"I can't read my bill"** – Signaling possible cognitive or literacy challenges
- **"I'm having trouble paying"** – Pointing to financial difficulties.
- **"I don't understand the letter you sent me"** – Indicating confusion, possibly due to language barriers or complexity in communication.



With Voyc, you have the flexibility to fully customise this system to meet your organisation's unique requirements. Each department or team can create tailored alerts that reflect the specific products or services they manage, ensuring that conversations are monitored with a focus on what matters most to them. For instance, your customer service team can be alerted to phrases suggesting dissatisfaction or the need for further assistance, while your compliance team can monitor for statements relating to regulatory concerns or potential breaches.

You're also free to add any additional keywords or phrases that reflect your deeper understanding of your target market. Whether it's monitoring for product-specific issues, regional concerns, or customer feedback trends, Voyc's system adapts to your needs. This level of customisation ensures that your business is not only responding to immediate concerns but also anticipating emerging trends in customer behaviour—allowing you to act before issues become widespread.

Voyc's ability to monitor and flag 100% of your conversations means your team can consistently provide the highest level of service, whether it's helping a vulnerable customer, resolving a complaint, or ensuring full regulatory compliance. This blend of automation, personalisation, and adaptability is what sets Voyc apart, making it an invaluable asset to any organisation looking to improve customer outcomes and meet evolving business challenges head-on.

Beyond monitoring vulnerability, Voyc helps you stay on top of other critical areas that impact customer relationships and operational success:

- **Complaints management:** Voyc flags dissatisfied customers or escalation requests like "Put me through to a manager," enabling your team to resolve issues before they escalate. It also tracks phrases indicating intent to share concerns on social media, allowing for proactive intervention to protect your reputation and foster customer loyalty.

- **Sales completion:** Voyc highlights moments when customers express hesitation or haven't fully agreed to contract terms, ensuring your team can clarify details and prevent costly cancellations or compliance issues. By addressing concerns early, you secure smoother, more successful sales closures.

- **Call guide adherence:** Compliance is non-negotiable, and Voyc ensures your agents follow scripts, deliver risk warnings, and meet disclosure requirements. This oversight helps avoid regulatory breaches and builds customer trust with consistent, transparent communication.

- **Lapse prevention:** Voyc detects signs of dissatisfaction or intent to leave, allowing your team to act before customers churn. Whether through additional support or tailored retention offers, this proactive approach boosts retention and maintains strong customer relationships.

With Voyc's comprehensive monitoring, your team can deliver exceptional support, maintain compliance, and create positive customer experiences while improving operational efficiency.

VOYC DELIVERS ALERTS TO LET YOU RESPOND WITHOUT DELAY

When critical keywords or phrases come up in a call, Voyc immediately delivers alerts, allowing your team to respond without delay. Clicking on an alert takes the assigned team member directly to that exact moment in the call—no need to sift through the entire conversation.

This not only saves time but also ensures that any necessary action can be taken promptly, leading to faster resolutions and better outcomes for your customers. Every alert is fully recorded, so your firm can easily demonstrate compliance with Consumer Duty regulations whenever needed. The ability to respond quickly, especially to complaints, improves both customer satisfaction and operational efficiency.

How alerts work

Once your specific keywords and phrases are set, Voyc monitors every call and raises an alert whenever one of them is mentioned. The relevant team member can instantly assess the call and ensure the agent handled the situation correctly. This real-time response is particularly valuable for situations involving vulnerable customers or signs of emotional distress, where urgency is critical.

Faster complaint resolution

Voyc speeds up the complaint resolution process, often resolving issues in under three days. This reduces the time and cost of preparing lengthy written responses and provides a clear demonstration of improved customer outcomes.
In fact, Voyc users are able to review 10x more customer interactions each day, without needing additional QA staff, making the entire process far more cost-effective.

Powerful analytics for better outcomes

Voyc doesn't just monitor calls—it provides detailed analytics that highlight frequently used words and phrases, helping you spot trends and emerging customer issues.

Whether it's concerns over the cost of living or signs of dissatisfaction, the insights Voyc delivers empower you to tackle problems head-on. Sentiment analysis also reveals the root causes of complaints, enabling swift corrective action. By addressing customer detriment early, firms can significantly improve outcomes.

Complete coverage and compliance

Voyc's 100% call monitoring ensures that every customer interaction is assessed—crucial for demonstrating compliance and delivering good outcomes, especially for vulnerable customers.

With detailed, downloadable reports, you can easily maintain oversight and control while meeting the FCA's stringent Consumer Duty requirements.

Quick implementation and cost efficiency

Getting started with Voyc is fast and simple. In fact, you could be monitoring all your customer calls in just one day. Fully scalable and secured to bank-grade standards, Voyc is designed to grow with your needs.

Best of all, Voyc typically pays for itself in under 4 months through increased efficiency and lower operational costs.

YOUR FREE DEMO

Unlock the potential of Voyc. Are you ready to discover how we can transform your organisation? A live demonstration is the best way to see us in action.

Why book a live demo?

A live demonstration provides a clear and detailed overview of how Voyc effectively monitors 100% of customer calls, highlighting key phrases and terms that are most relevant to your business. More than just software, Voyc is an essential solution that helps you stay compliant with regulatory requirements, including identifying and supporting vulnerable customers.

Gain valuable insights

With Voyc, you can pinpoint the crucial moments in your customer interactions, particularly focusing on vulnerable customers. Gain a deeper understanding of the conversations and leverage those insights to enhance customer outcomes and refine your processes.

Compliance, simplified

Navigating regulatory requirements, such as the FCA's Consumer Duty, can be complex. Voyc simplifies the process. Our comprehensive management reports make it easier to demonstrate your firm's commitment to compliance, particularly in supporting vulnerable customers.

We're here to help

We understand that you may have questions, and our team is here to guide you through every step of the process. We're committed to providing the support you need.

See how Voyc can help your business identify every signal of customer vulnerability and ensure compliance across the board. Simply complete the form here to arrange your free demo.