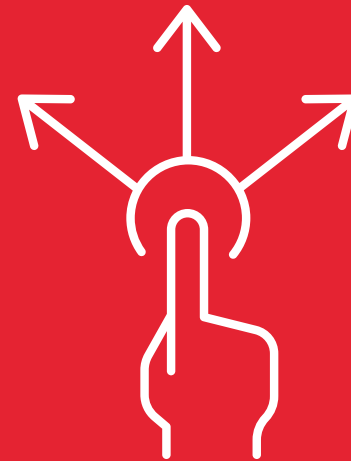


# VULNERABILITY **GUIDANCE**



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# VULNERABLE CUSTOMERS

## GUIDANCE FOR BROKERS

This document offers tools and guidance to help you:

1

Understand what causes vulnerabilities

2

Understand specific vulnerabilities you may encounter

3

Structure your conversation when you identify a vulnerable customer

4

Understand more about the FCA Harms Principles

5

Understand what to do when you identify a vulnerable customer, including how to record it and the next steps to take

## DEFINITION OF VULNERABLE CUSTOMERS

The FCA (Financial Conduct Authority) define a vulnerable customer as someone who:

“

**DUE TO THEIR PERSONAL CIRCUMSTANCES IS ESPECIALLY SUSCEPTIBLE TO DETRIMENT, PARTICULARLY WHEN A FIRM IS NOT ACTING WITH APPROPRIATE LEVELS OF CARE.**

”

If we do not take action and consider the needs of customers in vulnerable circumstances, this could lead to poor customer experiences and outcomes, complaints and reputational damage.

## VULNERABLE CUSTOMERS GUIDANCE FOR BROKERS

This document has been designed to help you to identify and support customers who may have specific support needs as a result of a vulnerability.

There are links within the document that will take you directly to sections that will provide you with advice and guidance regarding specific vulnerabilities along with industry and regulatory recognised tools to assist you along this journey.

It also provides details regarding any legal or regulatory requirements you need to be aware of when discussing vulnerabilities with a customer.

## OUR ROLE – HOW CAN WE HELP?

We can support you so you are not responsible for taking decisions alone. We can give you guidance on how to interact with the customer, and our contact details are included at the foot of each page. However, as you are face-to-face with the customer, you are better placed to help and support them and this document will help you achieve this.

## YOUR RESPONSIBILITIES

Throughout this document we will provide you with various tools that can be used and key indicators to look out for to ensure you support the customer and any specific needs they may have. During your interaction with the customer you should always be alert and consider any signs of vulnerability.

## TEXAS PROTOCOL TOOL

Before moving on to look at specific vulnerabilities it is important you understand how to:

- 1** Capture and manage disclosures effectively.
- 2** Ensure you have **EXPLICIT** permission from the customer to record this information.

The **TEXAS** protocol, which is fully outlined on the next page, should be used to ensure you follow the legal and regulatory requirements regarding the capture and recording of support needs, and you manage disclosure effectively. Vulnerabilities should only be recorded in exceptional circumstances.

If followed, this approach will ensure the customer understands what we will do with the information they have shared.

**T** **Thank** the customer for telling you about their circumstances.  
Advise the customer it will help you better support them throughout their application.

**E** **Explain** the information will be sent to Lloyds Banking Group to be stored on our systems to further support the needs of the customer. It will be retained for the product life, plus ten years before being deleted.

**X** Gain **eXplicit** consent to record their support need(s). This is crucial and a legal requirement.

**A** **Ask** questions to clarify the information. Be sensitive and ask questions that are relevant and tailored to the customer's circumstances.

**S** **Signpost** the customer. Explain what will happen next and where they can find further help and support from Lloyds Banking Group and external organisations, for example Citizens Advice, Samaritans and Age UK.



## TYPES OF **VULNERABILITY**

## WHAT ARE THE DRIVERS OF VULNERABILITY?

There are lots of reasons for vulnerability, and many ways it can appear. These categories don't cover everything, but they can help you identify and better understand customers' circumstances – both permanent and temporary – that could be a sign of potential vulnerability.

Source: FCA: Guidance on the fair treatment of vulnerable customers.



## HEALTH

Illnesses or impairments that affect people's ability to carry out day-to-day tasks, for example:

- Physical disability
- Severe or long-term illness
- Hearing or visual impairments
- Poor mental health
- Low mental capacity or cognitive disabilities

## RESILIENCE

Low ability to withstand financial or emotional shocks, which could be caused by:

- Low or erratic income
- Carrying too much debt
- Low savings
- Low emotional resilience
- Lack of support structure



## WHAT ARE THE DRIVERS OF VULNERABILITY?



### LIFE EVENTS

Events that have a big impact on someone's life, for example:

- Caring responsibilities
- Bereavement
- Income shock
- Relationship breakdown
- A major change in circumstances, for example leaving prison or care, or arriving as a refugee

### CAPABILITY

Low knowledge of financial matters, or low confidence in managing money.

Possible causes can be:

- Poor literacy or numeracy skills
- English Not as a First Language (ENFL)
- Poor or non-existent digital skills
- Learning impairments

## TYPES OF VULNERABILITY



**LACK OF ENGLISH  
LANGUAGE SKILLS**



**MENTAL CAPACITY  
LIMITATIONS**



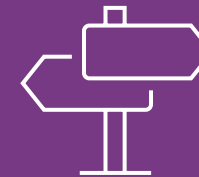
**MENTAL HEALTH  
DISORDERS**



**PHYSICAL DISABILITY**

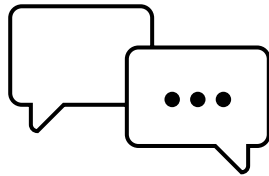


**LOW INCOME OR DEBT**



**UNDER DURESS**

## TRANSLATION REQUIRED



Customers without a good command of English are still able to take out finance, but care needs to be taken to ensure that a translator or interpreter is present to help the customer. This will ensure that they understand the agreement that they are entering into.





There are a number of requirements you must follow to ensure that you meet your data privacy requirements whilst at the same time supporting the customer. This will ensure that they are in the best position to make an informed decision regarding their finance agreement. These are outlined on the next page.

## REQUIREMENTS FOR AN INTERPRETER


If a third party is going to act as an interpreter, there are certain requirements that must be met. These are:


### IDENTIFICATION AND VERIFICATION


 **Family member or friend:** Must be over 18 and have valid identification i.e. a passport or driving licence. You must retain a copy of their I.D. along with their contact details.


 **Official interpreter:** Formal identification (badge) – you must retain a copy of their badge along with their contact details.

### FURTHER REQUIREMENTS

 Allow sufficient time for the interpreter to translate the information to the customer. Advise the interpreter to tell the customer that written communication, internet and telephone services will be in English.

 Confirm with the interpreter that the customer understands the translation clearly enough to make an informed decision.

 If a customer's command of English isn't sufficient for them to understand the product they are applying for, and you feel they do not understand what is being discussed, an application cannot proceed.

 If you feel the interpreter does not understand what is being discussed, or that the interpreter is not acting in the customer's best interests, an application cannot proceed.

! In order to meet our regulatory requirements the following **MUST** be read in full to the interpreter:

## “ DATA PRIVACY NOTICE

The personal details that you give me today will be held by Lloyds Banking Group. More information on Lloyds Banking Group can be found on the website at <https://www.bmsolutions.co.uk/>.

Your personal data will be recorded within the customer’s notes for the purposes of fraud prevention and monitoring. It will be retained for the product life, plus seven years.

Lloyds Banking Group will not use it for any other purpose and will not contact you about the customer’s product. It is important that you understand how the personal information you give us will be used.

If you want any more information about this, you can find the Lloyds Banking Group full privacy notice at <https://www.bmsolutions.co.uk/privacy/>.

”

## MENTAL CAPACITY LIMITATIONS

This includes conditions that may impact on an individual's ability to make decisions and includes:

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 **Low literacy**

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**123 Numeracy**

---

 **Dementia**

---

**X Substance abuse (alcohol, drugs)**

---

During a mortgage application, if a customer with mental capacity limitations does not receive the right support they may take out a product they do not understand, not recall taking it out, or realise it needs repayment.

In order to assist you in identifying a customer with a decision making limitation and then to provide appropriate support, we would recommend that you use the **BRUCE** protocol. This is explained on the following page.



**You should always assume that a customer has the ability to make a decision, but also actively check for any evidence that they do not.**

## BRUCE PROTOCOL

The **BRUCE** protocol can be used to both identify and help support customers with decision making limitations.

**B**

### BEHAVIOUR AND TALK

You should monitor a customer's behaviour while talking and look for indications of difficulties with:

**R**

### REMEMBERING

Is the customer exhibiting any problems with their memory or recall?

**U**

### UNDERSTANDING

Does the customer grasp or understand the information given to them? Does the customer find it difficult to concentrate? Have they been able to make much sense of the new information they have just read regarding the features and conditions of the loan?

**C**

### COMMUNICATING

Can the customer share and communicate their thoughts, questions and decisions about what they want to do? Did you notice continued problems with concentration and memory?

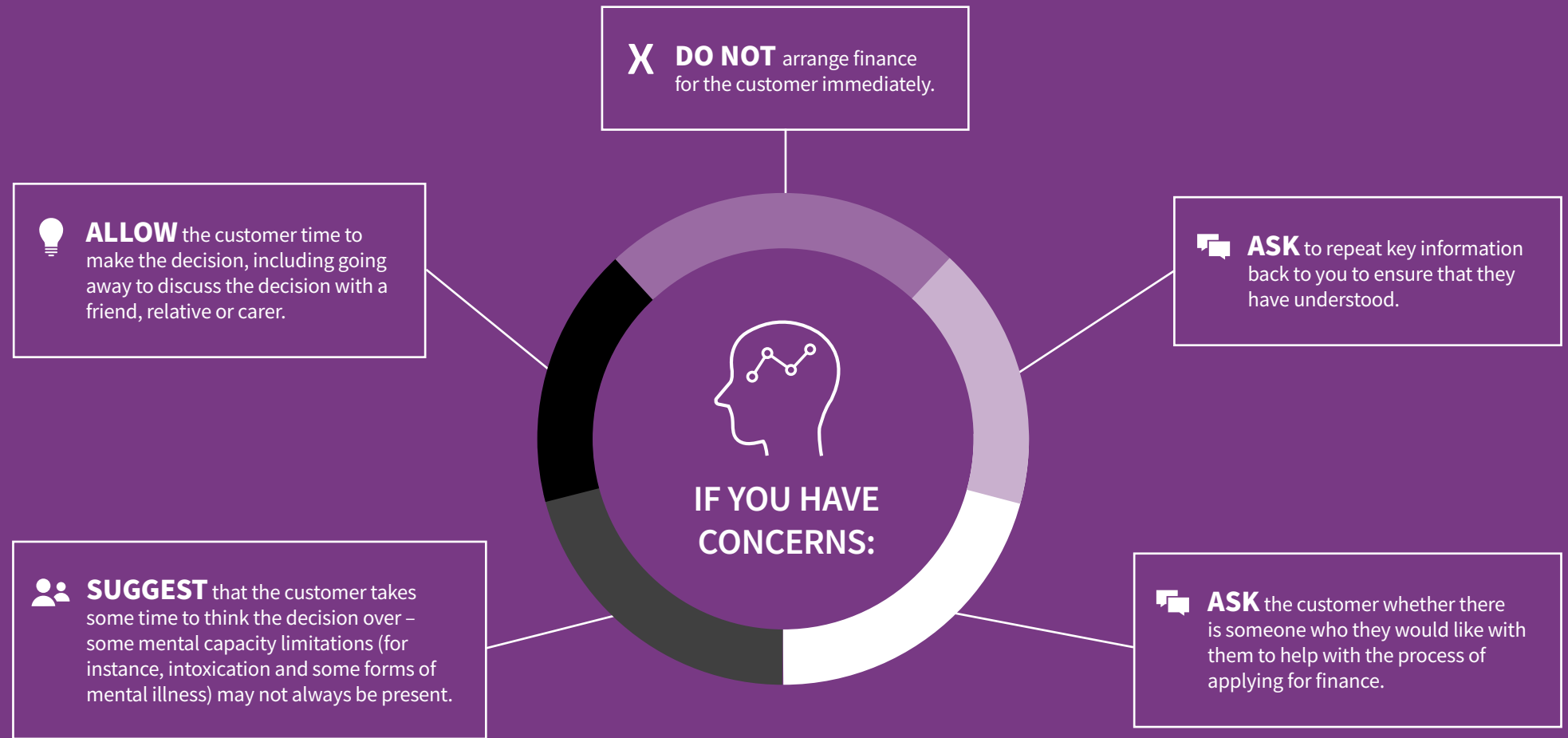
**E**

### EVALUATING

Can the customer 'weigh-up' the different options open to them? Does the customer become frustrated about all the questions they are being asked during the loan application process and all the hoops they feel are being made to jump through?

## HOW YOU CAN HELP

We need to balance our duty to protect customers of limited mental capacity with their right to make their own decisions.





## MENTAL CAPACITY DISORDERS

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Mental health challenges and mental health conditions can take many forms and can be difficult to identify; there are no expectations for you to be able to diagnose mental health issues. If a customer explicitly tells you they are suffering from a mental health issue, it is important that you follow the **TEXAS** protocol as outlined in this guide on [page 6](#).

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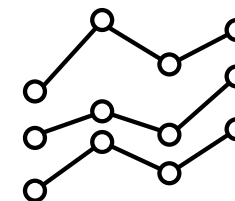


If a customer suffers from mental health issues, you should not assume this means they have limited ability to make a decision unless there is some evidence of this. If you believe the customer's mental health issue may be affecting their ability to make decisions please follow the guidance given under [mental capacity limitations](#).

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If you believe the customer may be suffering from mental health issues, it is important that you inform us of this so we can help to support the customer, but you must ask the customer's explicit permission to tell us about the information they have given you. Explain we will use this information to ensure we are treating them fairly and supporting them as appropriate.



## MENTAL HEALTH DISORDERS

Emotional distress, such as bereavement, can temporarily affect a customer's ability to make a decision. If the customer shows signs of this, make sure that you follow the guidance we have provided above regarding customers with a limitation. It may be that in some cases, it is better for the customer to delay making a decision.

This is not an exhaustive list of Mental Health Disorders and Mental Health Disorders can be experienced over the short, mid or long term. You can find further information on Mental Health Disorders at [www.mind.org.uk](http://www.mind.org.uk).



### Some examples:

- Anxiety disorder
- Borderline personality disorder
- Panic attacks
- Bipolar disorder
- Depression
- Dissociative disorders
- Paranoia
- Post traumatic stress disorder
- Psychosis
- Stress
- Emotional distress
- Seasonal affective disorder

## PHYSICAL DISABILITY

A physical disability can take many forms and you should always take a customer's disability into account to provide the best possible support.

For example, a customer with a physical disability such as being partially sighted or deaf may require specific help.

### Advice and additional resources that may help to support disabled customers

We can also provide additional support for visually impaired customers through the RNIB business service to provide credit agreements in the alternative formats listed below:

**Aa** Large print

⠠⠠ Braille

•) Audio CD versions

### Other examples of ways you can help:

- Do not cover your mouth with your hand if our customer is deaf or partially deaf – they may be lip reading.
- Ask the customer if they have any special requirements that may help with communicating.
- Be patient, flexible and respect personal space.
- Encourage the customer to make the most of the opportunity to take away the documentation to read with a friend or family member.



## LOW INCOME OR DEBT



Customers that have a low income or that are in financial difficulty, may be more susceptible to harm if they take on additional credit that they cannot afford.



Our affordability assessment should enable us to identify these customers and to protect them from entering into a financial agreement that they cannot afford. But, if the customer gives you reason to believe they are in financial difficulty and this is not reflected in the information provided to us, you should let us know immediately. We can then ensure our credit decision is fair and does not make their financial situation worse.

## UNDER DURESS

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Customers could be particularly susceptible to harm if they are being placed under duress by a third party. The customer could find themselves with a credit agreement that they do not want or that they cannot afford.

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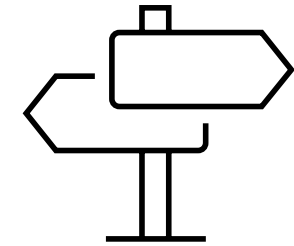
A customer may be acting under duress if they are being pressurised to take out finance by a third party such as a friend or family member or, in extreme cases, as part of a criminal activity.

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It is important that we identify and support these customers to prevent the harm that may arise.

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The following page will help you identify what to do if you suspect you are dealing with a customer under duress.



## HOW TO IDENTIFY A CUSTOMER WHO IS UNDER DURESS

**It will not always be possible to tell if the customer is under duress, but there are signs that you can look out for to help identify customers in this position:**

- Is the customer unclear about why they want to complete the mortgage application?
- Is the customer accompanied by another person and if so, do they seem at ease with the person or do they look anxious or upset?



## EXAMPLES OF A CUSTOMER WHO IS UNDER DURESS

**Remember that a customer under duress might appear to be on their own with a third party out of sight. For example they could be:**

- An elderly customer accompanied by a much younger adult who appears to be making the decisions.
- A customer who appears nervous about making decisions.
- A customer who appears agitated, upset or quiet.



## SUPPORTING **CUSTOMER NEEDS**

## HOW TO SUPPORT CUSTOMER NEEDS

Some vulnerable customers may need extra help and support with their application for a mortgage.

It's important to identify when a customer needs help so you can offer the best possible support. When you inform us of a customer's support need, please tell us if it's a permanent or temporary support need.

Before the mortgage has been agreed, customers may worry about disclosing or discussing any problems they are having. They may be concerned that this could lead to them being declined. Therefore explain you are there to help the customer overcome any difficulties with decision-making they are having, and to provide the support they need.

SUPPORT NEED	DETAILS
Lipreader/ lip-speaker	Speak clearly and avoid covering your mouth. You may also need to repeat key messages to ensure the customer can understand.
Repeat key messages	Some customers may need you to repeat key aspects of their agreement so they can fully understand what they're committing to. If you're concerned about their mental capacity, follow the BRUCE protocol procedure <a href="#">on page 15</a> of this document.
Visual impairments	Depending on the level of impairment, there may be multiple ways to support them. For example, offering large print or an audio CD.
Extra care	Some customers may need extra care due to their circumstances, for example a recent divorce or bereavement. Being empathetic and patient are key.



## HOW TO SUPPORT CUSTOMER NEEDS

After the mortgage has been agreed, customers may feel more comfortable with disclosure and discussion. This can be a good time to re-ask if the customer has any support needs that haven't been touched on already (explaining that this will help the lender provide support in the future).

**For more examples of vulnerabilities and the support they require, go to the end of this document.**

SUPPORT NEED	DETAILS
Help with digital	Some people struggle with technology and may need you to help them use digital interfaces while you're with them.
Help with product	Some customers may find it difficult to understand the product choices. They should always have an understanding of the key features of a product (such as term length, monthly payments, etc). You should offer any necessary support to help them understand.
Help with reading	If a customer is dyslexic or has low literacy skills, you may need to help them understand the key aspects of their product and/or agreement. You may also need to help them read the key messages.
Help with numbers	If a customer has dyscalculia or low numerical skills, you may need to help them understand the financial aspects of their agreement.



## HARMS

## WHAT HARMS CAN VULNERABILITIES LEAD TO?



### Financial exclusion

Some vulnerable people find it difficult to access the financial products and services they need. They're less likely to have a bank account or hold any form of savings, insurance, protection, pension or investments.



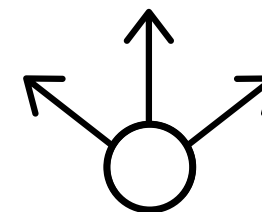
### Scams and financial abuse

Some vulnerable customers may be more likely to fall victim to scams. They might be specifically targeted, more trusting or more likely to be persuaded to disclose personal financial details. They may also be less likely or less able to check their bank account or statements, and they may not spot unusual transactions. Some may need to rely on informal access methods, which can increase the risk of financial abuse.



### Carrying too much debt

Some vulnerable customers can't meet their financial commitments, and are more likely to fall behind on key household bills or credit commitments. Carrying too much debt may also be linked to mental health problems or addictions – half of all consumers in debt also have a mental health issue. Life events such as bereavement or relationship breakdown can contribute to temporary loss of earnings and greater risk of debt.



## WHAT HARMS CAN VULNERABILITIES LEAD TO?



### **Difficulty accessing services**

Some vulnerabilities make it hard to access a particular communication channel. For example, a hearing impairment may cause issues contacting a firm by phone. Unresponsive or inflexible customer service can make things even harder.



### **Inability to manage a product or service**

Some vulnerable customers may struggle to understand how to manage a product or service on an ongoing basis, including being aware of their rights and how to find a solution or claim redress when things go wrong.



### **Disengagement with the market/partial exclusion**

People may hold onto products for a long time, even when they're no longer suitable for their needs. They tend not to engage with their financial service provider and can't search for products or services they need, because they find it overwhelming or difficult. They may go without the products or services they need, or be unable to use the ones they have.



### **Buying inappropriate products or services, and exposure to mis-selling**

Some vulnerable customers may be more likely to have mistakenly bought a product or service that's not right for them, because they misunderstood the features or terms and conditions. This can exacerbate their vulnerable situation and increase their outgoings.



## NEXT **STEPS**

## NEXT STEPS

When you've identified a vulnerable customer, there are a series of steps you need to take:

- 1** Understand their precise support needs.
- 2** Follow the **TEXAS** protocol.
- 3** Record their support needs, so they continue to get the help they need.
- 4** When their mortgage has completed, get in touch with with Mortgage Operations on **0345 850 5000** and let us know about their support needs. Lines are open 8.00am–6.00pm, Monday to Friday. Please tell us if it's a permanent or temporary support need.



## ADDITIONAL **SUPPORT NEEDS**

## ADDITIONAL SUPPORT NEEDS

Over the next few pages, you'll find a list of possible support needs you may encounter. We've included more details about what the support need means and/or the extra care the customer may require. When you inform us of a customer's support need, please tell us if it's a permanent or temporary support need.



## ADDITIONAL NEEDS ARE BROKEN UP INTO THE FOLLOWING CATEGORIES:

- Third parties
- Correspondence
- Adapt
- Method
- Life event
- Capability
- Fraud risk
- Signposting



## THIRD PARTIES

SUPPORT TYPE	DETAILS
Third-party mandate	For customers with third-party mandates that allow a named individual to manage their bank account on their behalf.
Exceptional circumstances	For customers who need someone to have emergency access to their account (existing Retail process).
Power of attorney/ rep access	For customers who have assigned power of attorney/rep access.

## CORRESPONDENCE

SUPPORT TYPE	DETAILS
Audio CD	For customers who need audio CD statements and letters.
Braille	For customers who need braille statements and letters.
Large print	For customers who need large print statements and letters.

## ADAPT

SUPPORT TYPE	DETAILS
Longer appointment	For customers who need longer appointments. For example, if they require additional explanation or have other support needs.
May sound different	For customers who may not sound as you expect them to (includes customers going through gender transition and synthetic voices).
Patience/understand	For customers who need us to adapt our behaviour when they're interacting with us. This may include being more patient with them (includes the elderly and those with autism), to check they understand when selling products or transacting (includes those with autism or learning difficulties), or for us to be aware of behaviours which may distress colleagues or customers (includes inappropriate outbursts or scenarios when two colleagues are needed to conduct meetings).
Repeat key messages	For customers who need us to repeat key messages and check they understand.
Speak slowly/clearly	For customers who need us to speak more slowly, loudly, and/or clearly in person or on the phone.
Speech difficulty	For customers who may find speaking difficult.

## METHOD

SUPPORT TYPE	DETAILS
<b>BSL speaker</b>	For customers who speak British Sign Language and require a translator.
<b>Call Relay Service</b>	For customers who need to use the Call Relay Service to interact with us.
<b>Do not telephone</b>	For customers who are not able/do not want to speak with us on the telephone.
<b>Lipreaders/lipspeaker</b>	For customers who either read lips or require a trained lipspeaker to be able to understand.
<b>No online access</b>	For customers who do not have access to the internet or other digital tools.
<b>No text messages</b>	For customers who are not able/do not want us to text them.
<b>Translation required</b>	For customers who do not speak English and need a translator.
<b>Unable to use IVR</b>	For customers who are unable to use the Interactive Voice Response (IVR) and need to speak to a colleague.
<b>Uses hearing loop</b>	For customers who require the use of a hearing loop in branch.
<b>Welsh language customer</b>	For customers who wish to transact with us in Welsh.

## LIFE EVENT

SUPPORT TYPE	DETAILS
<b>Breathing Space</b>	For customers who are part of the HM Treasury’s Breathing Space initiative or have been given breathing space.
<b>Extra care</b>	For customers who have experienced or are going through a significant change in circumstances (e.g. bereavement, illness, relationship breakdown) and need us to interact with them in a more sensitive manner.
<b>Money worries</b>	For customers who are concerned about their finances or are in financial difficulty (includes referrals to CFA Institute).
<b>Serious illness</b>	For customers experiencing serious illness who need extensive support from us (includes referrals to Macmillan Cancer Support).

## CAPABILITY

SUPPORT TYPE	DETAILS
Help with digital	For customers who are unable to use digital services.
Help with numbers	For customers who struggle with numbers, including those with dyscalculia.
Help with reading	For customers who struggle with reading, including those with dyslexia.
Help with product	For customers who need support with products (includes customers who can speak English conversationally, but may need support in a banking scenario).

## FRAUD RISK AND SIGNPOSTING

SUPPORT CATEGORY	SUPPORT TYPE	DETAILS
Fraud risk	Compromised Customer Verification Process (CVP)	For customers who have either previously been scammed and may be at risk, or for customers who are concerned that they may be likely to be scammed because of a lack of confidence/capability.
Signposting	Signposting internal/external support	To note customers have been offered signposting and shown where they can go for help. This will avoid duplicate conversations.

If you've identified a vulnerable customer who will have additional needs, contact Mortgage Operations after the mortgage completes.

 **0345 850 5000**

Lines are open 8.00am–6.00pm, Monday to Friday.

**BM**SOLUTIONS  
FROM BIRMINGHAM MIDSHIRES