

A guide to **identifying** vulnerable customers

Best practice for
insurance brokers



Who are vulnerable customers?

The Financial Conduct Authority defines a vulnerable customer¹ 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.”

Watch this FCA video for more insight:



¹ [Guidance for firms on the fair treatment of vulnerable customers, FCA 2021.](#)

What might make a customer vulnerable?

Any customer may need some extra help, but there are some circumstances that could make this more likely:



Health

- Hearing or visual impairment
- Mental illness
- Long-term illness
- Physical disability



Life events

- Bereavement
- Relationship breakdown
- Caring responsibilities



Resilience

- Ability to withstand financial or emotional shock



Capability

- Low financial awareness
- Low literacy skills
- Low English language skills



Who are vulnerable customers?

What are the potential harms of failing to identify a vulnerable customer?

How can I identify vulnerable customers?

What should I do if I think a customer might be vulnerable?

Loneliness

Dementia



Loneliness

Dementia

Sometimes, a conversation you have with a customer may be the only human interaction they've had all day. Feelings of loneliness may be triggered by:

Isolating circumstances

- Having no friends or family
- Being a single parent or carer
- Experiencing discrimination and stigma because of sexual orientation, gender, disability or race
- Experiencing abuse

Life events

- Bereavement
- Retirement
- Changing jobs
- Relationship breakdown

Mental health

- Experiencing stigma due to mental illness
- Social phobia or social anxiety
- Low self-confidence

A customer who is vulnerable because of loneliness may be easily led or manipulated in return for company, and therefore targeted by scams.



Loneliness

Dementia

There are over 850,000 people living with dementia in the UK.² Although most of them are over 65 years old, dementia is not a natural part of ageing: it's actually caused by a range of progressive illnesses that affect the brain, including Alzheimer's disease. There is currently no cure.

Dementia can affect everyone differently, but some common symptoms include:

- memory loss and confusion
- difficulty with performing familiar tasks
- poor judgement
- changes in mood or behaviour
- problems with language and communication.

Aviva's work with dementia

Aviva is a board member of Insurance United Against Dementia, a movement to raise funds for dementia care and treatment in partnership with Alzheimer's Society. The campaign has raised £3 million from across the industry since its launch in 2017.³

Aviva's data science practice Quantum partners with the University of Cambridge to collaborate on a variety of research projects. In this episode of the [Aviva Quantum podcast](#), our experts discuss their work to understand and maybe even help prevent dementia.

²[Who gets dementia? Alzheimer's Society, 2021.](#)

³[Insurance Against Dementia, Alzheimer's Society, 2021.](#)



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Failing to identify vulnerable customers and recognise where they may need additional care and support could present risks to them, your business and Aviva.





A vulnerable customer might:

- be exploited or taken advantage of
- be susceptible to a financial loss
- take poor advice and make a decision that could have long-term and severe impacts
- not understand all of their options
- be tied into a product they're unable to exit without penalties.



Your business might:

- face brand or reputational damage
- breach your obligations
- generate complaints or fines
- fall out of step with the industry
- invalidate contracts with your customers
- lose customers
- have areas of your business shut down, in severe cases.



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Vulnerable customers may have difficulty communicating with and understanding you. Here's what you should look out for.



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How can I identify vulnerable customers?

What should I do if I think a customer might be vulnerable?

Over the phone

Through writing or email



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Over the phone

When you're on the phone with customers, listen carefully to identify any potential signs that they may be vulnerable.

A vulnerable customer may:

- seem confused or unable to understand you
- repeatedly ask the same or similar questions, or ask unrelated questions
- appear to be intoxicated or under the influence of alcohol
- mention medication, illness or disability
- struggle to answer basic questions
- appear agitated or upset
- make comments or give answers that are inconsistent
- be abusive.



Over the phone

Through writing or email



Through writing or email

When writing to a customer, it's important you make your communications clear and simple. If a customer writes to you and seems confused or unsure in their letter or email, consider giving them a phone call.

In writing, a vulnerable customer may:

- write in a disjointed manner, or a change from their usual writing style (always check their previous correspondence)
- make unusual or unexpected decisions
- state that they had assistance from someone else with basic decision making
- say that they are confused and don't understand
- be unable to recall information previously provided
- keep repeating themselves
- tell you that they're stressed or worried
- return a document with a mark rather than a signature.



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If you identify a customer as potentially vulnerable, here are some steps you can take.



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Best practice

The TEXAS model

Safeguarding

Recording information



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Best practice

In general, when working with vulnerable customers:

- speak clearly
- set expectations for your conversation
- if they are upset or agitated, ask if there is a better time to call
- don't rush them
- be patient
- ask the customer to explain their understanding
- don't assume what the customer wants.



Best practice

The TEXAS model

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The TEXAS model

The FCA recommends using the TEXAS model as a framework for dealing with vulnerable customers.⁴

T

Thank the customer

E

Explain how their information will be used

X

Get explicit consent
Or CheXs*

A

Ask questions about their needs

S

Signpost or refer to internal and external help, if necessary

⁴Guidance for firms on the fair treatment of vulnerable customers (figure 3.18), FCA 2021.

*Depending on the basis on which the data will be processed, 'X' refers to either: explicit consent is sought; or cheXs ('checks') made to ascertain if the customer objects to data processing.



Best practice

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Safeguarding

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Safeguarding

Safeguarding means protecting a person's right to live in safety, free from abuse and neglect. In the UK, local authorities have safeguarding boards dedicated to protecting children and vulnerable adults in the area. Other organisations are involved, including the police, housing, social services and the NHS.

Your business should have its own safeguarding procedures in place, so refer to these if a customer discloses that they are at risk of harm, either through neglect, abuse or self-harm. Here are some considerations for handling a conversation where there is a safeguarding concern.

1. Listen carefully and respond sensitively.
2. Ask questions gently, without prompting or causing distress.
3. Obtain and confirm their name, contact number and address.
4. Establish whether they are alone or with someone.
5. Adapt your questions depending on the circumstances.
6. Use open-ended questions to gain as much information as possible.
7. Keep calm and don't rush the conversation.
8. Wherever possible, inform the customer that as you are concerned for their safety, you may have to share what they have told you with an appropriate body. You may decide not to disclose this if there are reasonable grounds to believe it would increase the risk of harm.
9. Confirm with the customer what they have told you to check the facts.
10. Where appropriate and lawful to do so, you could consider contacting an appropriate person or body. Use your business's safeguarding procedures to inform your decision.

External support

- social services
- the local Safeguarding Adults board
- the police, in an emergency

Support at your own business

- fraud representative
- financial crime representative
- vulnerable customer representative

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Recording information

Information a customer provides you about their needs should be handled with care. The information you record should be accurate, relevant and appropriate for the purpose of your conversation, such as administering a policy.

Your approach to recording information may change depending on the GDPR lawful basis you rely on. As an example, your guidance may stipulate that you:

- use a TEXAS model when communicating with the customer
- only record factual details
- record if you have adapted your method to meet a customer's needs (for example, using a written process with a customer who has hearing loss)
- remember that the details you have recorded may be used by anyone else dealing with your customer, and the customer may ask to see them
- only record a specific diagnosis or details of a condition where appropriate.



For more online training resources designed for insurance brokers,
visit www.mydevelopment.zone

**You can find more information
about vulnerable customers at:**

[Financial Conduct Authority](#)

[Alzheimer's Society](#)