UNDERSTANDING CUSTOMER VULNERABILITY

What we have learnt in 2024

MRS Evidence Matters™ Company Partner

December 2024

The purpose of this paper

In this paper, we take a look back over the past year to review what we have learnt about implementing Vulnerability Guidance and Consumer Duty, focusing specifically on the challenges and solutions to understand and identify vulnerable customers.

We have drawn upon our strong understanding of FG21/1 Vulnerability Guidance and FG22/5 Consumer Duty informed through regular conversations with the FCA and on the additional guidance the FCA has provided through reports, 'Dear CEO' letters and speeches.

- As the FCA digests the findings of their Vulnerability Review and sift through the Consumer Duty reports published at the end of July, we are seeing more focused observations from them; the most recent include speeches delivered during the PIMFA Vulnerability Conference at the end of October and the FCA publication on 9 December outlining their priorities under the Consumer Duty for the remainder of 2024/25 .

- The commercial upside to the implementation of Consumer Duty is now being discussed and realised. Firms that have embraced Consumer Duty and have interpreted and implemented it correctly are now starting to see the commercial benefits of better meeting customers' needs through lower cost to serve and growth through innovation and improved advocacy.

However, because the FCA has not been prescriptive about how firms should develop their understanding of vulnerable customers, firms have approached implementation in different ways. We are now starting to see examples of good alignment to FCA expectations as well as poor alignment.

As a result, when the FCA publishes its findings from the Vulnerability Review in February 2025 many firms will realise their vulnerable customer strategies are not built on solid foundations and just like in a game of snakes and ladders, they are likely to have to return to the beginning to ensure they meet the FCA's expectations.

This paper sets out to explore what the FCA will find as it reviews how firms have implemented FG21/1 and FG22/5 with regards vulnerable customers and the implications of their findings.

Thank you for taking the time to read this paper.

Why understanding vulnerability is so important

In FG21/1 the FCA tell firms to…

“ Understand the nature and scale of characteristics of vulnerability that exist in the firm’s target market and customer base.

In a recent speech at the PIMFA Wealth Vulnerability Event (24 October 2024), Graeme Reynolds, Director of Competition at the FCA, reiterated the importance of this first step by reminding delegates of the process the FCA expected firms to follow. He stated that:

“ …the first, vital, step is identifying vulnerability. You can’t begin to think about how to deal with vulnerability, how to meet your clients’ needs, if you haven’t first considered which of your clients might be vulnerable and why.”

He went on to tell firms to use this knowledge to develop an ‘informed’ vulnerable customer strategy – identify the customers who are most at risk, prioritise interventions, develop policies, product features, support, comms etc, that will better meet the needs of vulnerable customers...

“ …second step…understand how their clients’ vulnerability characteristics will impact their needs as they interface with their services.

“ …third step … provide support and adaptations to make those services work for their diverse clients’ needs.

He goes on to say firms should monitor the impact of these interventions on customer outcomes (the causal chain referred to by the FCA in June).

“ … monitor the outcomes for those clients to continually improve their service.

Speaker: Graeme Reynolds, director of competition
Event: PIMFA's Wealth Vulnerability event
Delivered: 24 October 2024

[Vulnerability is not a buzzword - FCA]

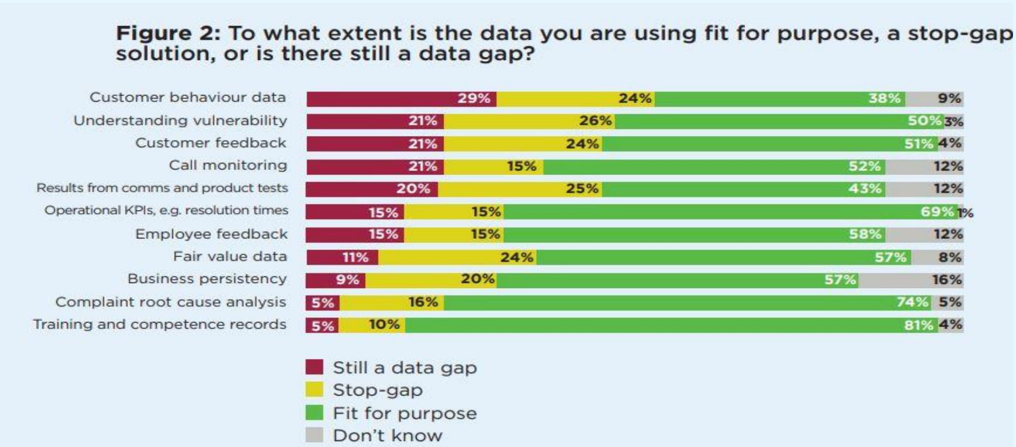
“The first, vital, step is identifying vulnerability. You can’t begin to think about how to deal with vulnerability, how to meet your clients’ needs, if you haven’t first considered which of your clients might be vulnerable and why.

Generating vulnerability data is problematic

In July this year, The Chartered Insurance Institute (CII) conducted research among its members to understand the biggest challenges they had faced whilst preparing their Consumer Duty board reports. The research and subsequent white paper reveal the magnitude of the problem among insurers to adequately evidencing both the scale of vulnerability and monitoring outcomes for vulnerable customers.

In Figure 1, we can see that survey respondents highlighted evidencing outcomes for vulnerable customers as the most significant challenge they faced when preparing board reports, with 34% stating this was extremely challenging.

In Figure 2, one of the biggest data gaps in board reports – where nearly half of firms are using stop-gap data or have no data –relates to understanding of vulnerability among their client bases.



<u>CII White Paper: Consumer Duty Board reporting</u>

In the following pages, we explore the FCA reaction to this problem and why understanding the scale of vulnerability is so challenging.

“

21% of firms were unable to provide the FCA with data to evidence their understanding of the scale and characteristic of vulnerability in their customer base. A further 26% were only able to offer ‘stop-gap’ data.

The FCA knows there is a problem

One of the key concerns the FCA has over the implementation of Consumer Duty is that firms have not previously implemented the FG21/1 requirement to understand the nature and scale of vulnerability within their customer base.

This has had a knock-on effect that hinders a firm's ability to develop an informed Vulnerable Customer strategy required by the Duty.

> *“ understand the nature and scale of characteristics of vulnerability that exist in the firm's target market and customer base.*

The FCA is quantifying the extent of the problem through the Vulnerability Review questionnaire sent to firms in March, asking firms what action they have taken to understand the scale of vulnerability and to evidence the research they have used to achieve their understanding (see Figure 3). Paraphrased below:

Q8. Do you understand the nature and scale of vulnerability for customers?
Q9. Have you conducted your own research to reach your understanding of vulnerability?

The FCA is likely to find that a significant proportion of firms have yet to properly conduct the first step of understanding vulnerability, which Graeme Reynolds told Wealth Managers in October is vital if firms are to correctly implement the Duty.

Figure 3: Extract from the recent FCA Vulnerability Review questionnaire

8. To what extent has your firm taken action in each of the following areas?

a) We understand the nature and scale of vulnerability in our target market and what this means for consumers' needs.	We have not taken action in this area.	We have taken some action to ensure understanding of vulnerability and needs in our target market and customer base. However, there is still some work to be delivered in this area.	We have taken most of the actions necessary for our business to ensure understanding of vulnerability and needs in our target market and customer base. Though there are still minor changes to deliver to fully implement this.	**We have taken all steps necessary to fully understand the characteristics of vulnerability and needs in our target market and customer base.**

9. In Question 8, you confirmed you have taken action to understand the nature and scale of vulnerability in our target market and what this means for consumers' needs. Which of the following actions have you taken in order to execute this?
Please select all that apply.

- [x] We have conducted our own research into characteristics and needs of consumers with different characteristics of vulnerability (either commissioned externally or conducted by own research teams).

“The [FCA Vulnerability Review] survey starts with some questions on the type and size of business, then there is a killer question – number 5 – on the proportion of customers identified as vulnerable. The answer ranges are from ‘less than 10%’ to ‘more than 90%’. We know from other work that the ‘vulnerability mean’ for the population is around 50%. We also know that, while firms’ proportions of vulnerable customers vary, anything less than around 30% is likely to indicate that the processes used to identify vulnerable customers will come under question. Therefore, there is a fair chance that the FCA will be asking further questions for anyone reporting less than 30%”. *Andrew Gething, MorganAsh*

Enforcement is on the way

On 9 December the FCA published a statement that outlines their priorities under Consumer Duty for the remainder of 2024 and 2025.

[Our Consumer Duty focus areas - FCA]

A key part of this focus will be to assess each firms' approach to the treatment of customers in vulnerable circumstances.

Importantly the language used by the regulator in the publication has shifted. Whereas previous publications have been supportive, offering guidance and encouragement, this latest publication used the threat of enforcement should firms fail to implement Vulnerability Guidance.

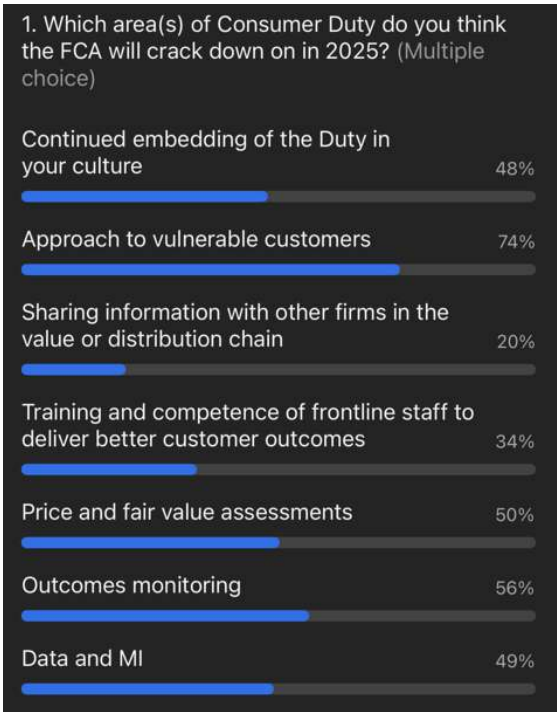
> *“ In H1 2025 we will provide specific firm feedback and take appropriate regulatory action if necessary.*

Firms understand this direction of travel

In a recent Vulnerable Customer webinar hosted by the Consumer Duty Alliance and Elephants Don't Forget, attendees were asked in an online poll which areas of Consumer Duty they felt the FCA will crack down on in 2025.

Results are shown opposite, with three-quarters of firms identifying the greatest risk for firms would be the FCA's review of how well they had implemented FG21/1 Vulnerability Guidance.

It is likely the FCA will start their assessment of a firm's implementation by first asking whether they have completed step 1 correctly. Does the firm understand the scale of vulnerability? How have they derived that understanding?



Top-down understanding vs. Bottom-up identification

Because the FCA has not been prescriptive about how firms should implement this requirement, firms have approached in different ways.

One of the biggest misunderstandings about the first step to understanding vulnerability comes from the conflation of the words 'understanding' and 'identifying'.

Even Graeme Reynolds in his PIMFA speech, used the word 'identifying' when he should have said 'understanding'.

The strategic insights generated through the top-down approach allow firms to develop informed vulnerable customer strategies.

This top-down understanding also provides the map firms then use to identify customers with vulnerabilities.

Generally, top-down surveys should also measure and monitor customer outcomes, so that firms can evidence to the FCA the outcomes that vulnerable customers are experiencing (relative to non-vulnerable customers.

> *" One of the biggest misunderstandings about this first step to understanding vulnerability comes from the conflation of the words 'understanding' and 'identifying'.*

Understanding vulnerable customers (top-down understanding) is a strategic requirement which requires firms to quantify how prevalent vulnerability is within a customer base and accurately identify the characteristics of vulnerability that impact customers' lives.

This is achieved through a survey using a representative sample of a firm's customer base. The FCA conducts its own top-down survey to monitor vulnerability through Financial Lives (the source of the much-quoted '47% of all UK adults are vulnerable').

Identifying vulnerable customers (bottom-up individual assessment) is an operational requirement.

As firms interact with their customers, they are advised to record any vulnerabilities volunteered or collected through individual customer assessments the firm initiates.

Firms should then use this knowledge to direct customers to products, services, and communications developed through the vulnerable customer strategy to meet these individual customer needs, i.e., policies or product features to support customers experiencing financial shocks to prevent them cancelling policies etc.

Why use top-down and not bottom-up for understanding

Assessments conducted by front line colleagues:

Where there is a reliance on bottom-up assessments to evidence understanding we typically see firms reporting vulnerability in single % figures.

This low identification of vulnerable customers is due to many issues, including a) firms being reactive because they don't want to ask awkward questions, b) relying on customers to volunteer information, c) only recording vulnerability when a customer changes something, and d) not wanting the paperwork to stifle sales.

There are also concerns that customers do not fully disclose vulnerabilities through individual assessments due to the fear of being penalised i.e. not qualifying for a product, being charged a higher premium, etc.

It is very likely that 26% of firms from the CII survey who said they were using stop-gap data for their understanding of vulnerability are using a bottom-up approach.

In the long term, if done correctly, bottom-up assessments may provide reliable vulnerable customer understanding data. By 'correctly', we mean that all clients are assessed and not just those who contact a call centre. By 'correctly' we also mean where the assessment is conducted by a fully trained assessor or where they are asked to complete individual assessment surveys that include a wide range of characteristics.

> *“ Where there is a reliance on bottom-up assessments to evidence understanding we typically see firms reporting vulnerability in single % figures.*

The use of AI:

We are increasingly seeing firms that are using tech solutions and AI to determine characteristics of vulnerability. Typically, these solutions take transcribed conversations and use AI to identify and ‘code’ vulnerability. It is easy to understand why these solutions are attractive – no one needs to ask the customer awkward questions and they are cheap to scale.

However, there are significant drawbacks if this is the sole source of a firm’s understanding of vulnerability:

1. **They are not representative,** as this limited understanding of vulnerability is based on the small proportion of customers who have the confidence and/or ability to contact the provider.

2. **They only scratch the surface,** as the coding only registers the characteristics that are divulged by the client and misses vulnerabilities that are not mentioned.

For example, the AI may register the caller is struggling to make a mortgage payment (so is coded as having low financial reliance) but it won't identify the caller is also dyslexic (health), doesn’t understand financial terms (low financial capability), is a gambling addict (health) and has recently split with a long-term partner (negative life event).

In the short to medium term, top-down understanding surveys remain the only reliable approach to meet the FCA requirement to understand the scale and type of vulnerabilities within a customer base.

0% — **“ No attempt to understand scale of vulnerability.**

3% — **“ Bottom-up identification.**

47% — **“ Top-down understanding.**

Temporary vs permanent characteristics of vulnerability

Using bottom-up assessments to inform vulnerable customer strategies is also problematic because characteristics of vulnerability can be either permanent or temporary.

Bottom-up individual customer assessments are vital for recording permanent characteristics of vulnerability, such as disabilities that warrant a differentiated approach. When identified and noted on a customer's record, these markers can help firms ensure customers receive appropriate support etc, i.e. blind customers provided with audio or brail communications.

However, individual assessments are not reliable for determining the type and volume of temporary characteristics a firm will face in any given year. This level of MI can only be determined through a top-down survey approach that will provide the firm with a probability of temporary vulnerabilities impacting their customer base. Once this probability is known, the firm can determine how many customers will experience this temporary vulnerability in any given year.

Figure 7 shows how this might look for Negative Life Events for a building society with 560,000 customers.

Figure 7: Building society with 560,000 customers

Negative Life Event	19%	c.106,400	
Income shock	8%	44,800	Policy? Process? Communication? Support? Proposition?
Relationship breakdown	4%	22,400	
Economic abuse	4%	22,400	
Serious illness	8%	44,800	
Bereavement	6%	3,360	

Over a hundred thousand customers will experience a Negative Life Event in any given year.

- Over 22,000 customers will experience a relationship breakdown, many of whom will have joint bank accounts, mortgages and insurance policies.
- Over 44,000 will experience an economic shock and may not be able to afford to pay a loan or credit card.

Without a top-down understanding of all customers, the building society cannot develop informed strategies. I refer again to Graeme Reynold's comment to wealth managers…

“ You can't begin to think about how to deal with vulnerability, how to meet your clients' needs, if you haven't first considered which of your clients might be vulnerable and why.

The problem of strategies based on assumptions

The FCA has used wealth managers several times as an example of how making assumptions about vulnerability can lead to flawed Vulnerable Customer frameworks and strategies.

Graeme Reynolds returned to this subject in October when he berated PIMFA members, saying:

> *“… is there any reason why the wealth sector should be this much different to every other sector? Why wouldn’t bereavement and ill health, for example, be a relevant factor for a material proportion of clients?*

At the Market Research Society (MRS) Financial Services Conference on 14 November, delegates heard about a well-known wealth manager who is using postcode as the main determinant of vulnerability (as a proxy for wealth). We can understand why postcode might be used to understand wealth, but there are lots of other characteristics of vulnerability it will miss. Health, Negative Life Event and Financial Capability being three.

This misalignment to the Vulnerability Guidance stems from the wealth sector assuming that because their business is about managing wealth, their vulnerability framework should focus on financial resilience. They argue, wrongly, that because their clients have wealth, they do not have vulnerable customers.

However, this thinking is not limited to the wealth management sector.
In a recent discussion with a senior conduct figure at a retail bank we heard the banks understanding of vulnerability was primarily based on current account transactional data and focused on affordability and resilience (see Figure 5 opposite).

The bank did acknowledge that Health, Financial Capability and Negative Life Event would also be relevant, but these characteristics of vulnerability were not included in their top-down understanding of vulnerability and the bank did not have any understanding of the scale of these other three pillars of vulnerability.

Figure 5.

Wealth Managers

"Our business is about managing wealth.

Our clients are wealthy, so we don't have vulnerable customers.

Banks

"Fundamentally, we are lenders.

Our framework therefore focuses on affordability and financial resilience.

Insurers

"We support customers when they experience a negative life event.

We need to focus on the claims journey.

The problem of one-dimensional frameworks

We have also come across an insurer who is focusing their vulnerability strategy on the claims journey, as these customers have just experienced a Negative Life Event and are therefore by definition at risk.

Because the FCA has asked firms to prioritise efforts on where they see the greatest potential for customer harm, it is easy to see why the insurer has adopted this strategy.

However, this approach does not acknowledge that claimants' needs may vary due to other characteristics of vulnerability they may experience, such as low financial capabilities (do they understand the claims process?) or low financial resilience (do they have sufficient funds to cover themselves until they receive a payout?) and health (are there any physical or mental health issues that will be amplified during the claims process?)?

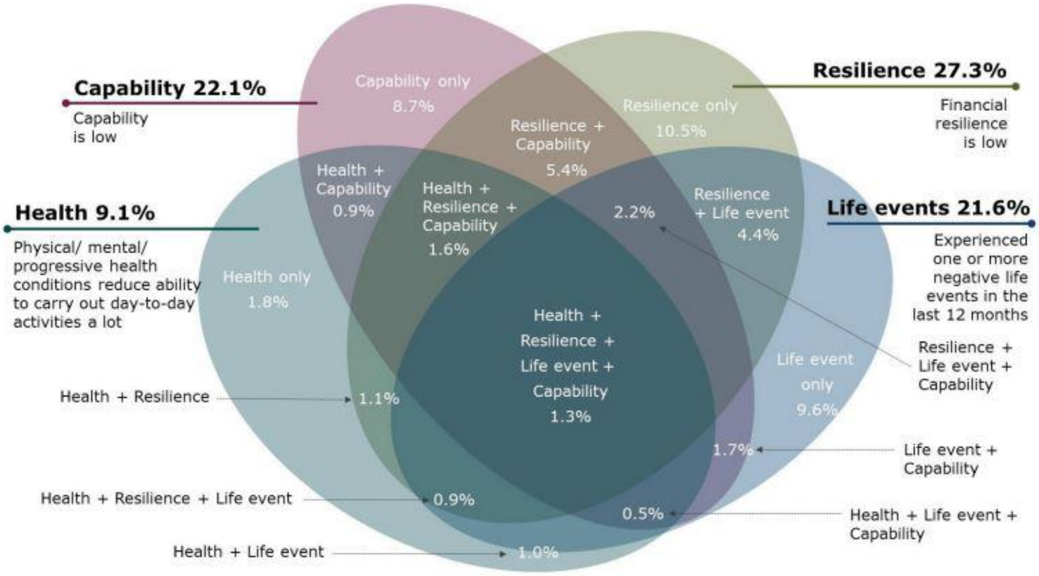
In Figure 6, we can see that the FCA Financial Lives vulnerability data shows there is considerable overlap in characteristics of vulnerability. Over half of consumers experiencing a Negative Life Event have at least one other characteristic of vulnerability that will affect how resilient they will be during that event.

Understanding this overlap will be vital to have a fully informed vulnerability strategy for claimants. This can be achieved through a top-down survey.

We believe it is fair to assume that following the Vulnerability Review, there will be an expectation by the FCA for firms to evidence their understanding of vulnerability for all customers, not just the ones considered most at risk.

> “ Over half of consumers experiencing a Negative Life Event have at least one other characteristic of vulnerability that will affect how resilient they will be during that event.

Figure 6: Proportion adults who have characteristics of vulnerability– overlapping drivers of vulnerability



Source: *FLS* ***Base:*** *All UK adults (2022: 19,145)* ***Question:*** *Vulnerability summary v4 (intersections).* ***Note:*** *Shows the '2022 (updated)' results, which include the five characteristics covered only in the 2022 survey*

[Financial Lives 2022: Key findings from the FCA's Financial Lives May 2022 survey]

The impact of misalignment to FCA expectations

The impact of getting this wrong isn't just a compliance issue.

KPMG recently published a segmentation model based on how well they felt firms had implemented Consumer Duty (see Figure 4 and the link below).

Figure 4: KPMG Consumer Duty Implementation Segmentation

Descriptor	Aligned to FCA expectations	Fully embedded the Duty	Explored commercial upsides	Outcome
The Winners	✓	✓	✓	This is the utopia whereby these firms get to leverage and reap the dividends from being aligned to the Duty and having it embedded such that evidencing good customer outcomes is intrinsic in the firm. This leads to more opportunities, less need for costly restrictive controls and critically increased commercial value from improved outcomes.
The Typicals	✓	✓	✗	This is where most firms reside, implemented and embedded the Duty but other priorities and/or CD fatigue has stopped them from fully realising the potential commerical benefits of the Duty.
The Window dressers	✓	✗	✓	These firms, like the Box-tickers, will struggle to sustain alignment. However, as they seek to exploit the upsides they are potentially storing up future issues as the Duty has not been fully embedded and will therefore drift. Likely to lead to future material remediation activity once harm crystallises.
The Mavericks	✗	✓	✓	These firms, like the Naives are likely to have been overly optimistic about evidencing good outcomes. They have embedded and sought to seize the opportunities the Duty offers. However, the fact that the embedding and future propositions are not build on solid foundations will mean that they will struggle to be enduring or be able to consistently evidence good outcomes.
The Rogues	✗	✗	✓	These firms have never had any intentions of responding appropriately to the Duty. However, unlike the Deludeds, they have solely set out to take commercial advantage of the Duty to the detriment of the customers. FCA likely to go harder after these than the Deludeds.
The Naives	✗	✓	✗	Inadvertently these firms have not implemented the Duty correctly but have now compounded this by embedding a flawed culture and approach across the business. These are likely to experience systemic issues in the future and therefore ongoing remediation activity will be required.
The Tick-boxers	✓	✗	✗	These firms have focused on an old school compliance tick box mentality and whilst they have aligned to the Duty, it will not be sustainable and over time they will drift from regulatory expectations and move into Deludeds.
The Deludeds	✗	✗	✗	These are firms that have essentially ignored all aspects of the Duty and will be readily identified by the FCA as outliers. Likely to use the phrase we' were already compliant with the Duty'. Regulatory sanctions likely.

[Consumer Duty - increasing incomes by improving outcomes]

The KPMG segmentation identified three broad firm types:

- Firms that had correctly understood the Duty (and Vulnerability Guidance) and had embedded the Duty in a way that met with FCA expectations. These firms were not only compliant but were also reaping the commercial benefits from Consumer Duty (The Winners, and potentially The Typicals).
- Firms that had no intention of adhering to the Duty who would eventually be forced to comply (The Deludeds and The Rogues).
- Firms that thought they were aligned to the Duty but had made a mistake in their interpretation and who now had flawed embedding strategies (The Naives and The Mavericks).

We would argue that firms that have not developed a reliable understanding of vulnerable customers (Step 1 in Graeme Reynold's process) are likely to identify themselves as Naives or Mavericks when the FCA publish their findings from the Vulnerability Review in February 2025.

“ *Misalignment to Consumer Duty and Vulnerability Guidance means that firms won’t be meeting the needs of customers when other firms are. Over time this will have a negative impact on commercial metrics.*

Done badly, top-down surveys can be misleading

Firms that decide to conduct a top-down survey need to be aware there is a right and a wrong way to conduct them.

Two recent examples spring to mind:

- A top-down survey among investors, conducted by a well-known investment community. The research identified that 27% of fund investors had a characteristic of vulnerability. The FCA Financial Lives data reports vulnerability amongst investors in equity-based products is 29%, so the overall level of vulnerability feels credible. What isn't credible is the finding that the primary cause of vulnerability is due to mental health issues. Not only does this intuitively feel wrong, but a quick look at FCA data shows that only 4.5% of all UK adults have a vulnerability that is a result of mental health issues.

- In another example, we recently spoke with a building society that had conducted its own top-down survey and had found only 10% of its customers had characteristics of vulnerability. The FCA average for mortgage holders is 36% vulnerable and 40% for savings customers, which casts significant doubt on the credibility of the building society's survey.

Getting this right is vital. If an asset manager were to develop a vulnerable customer strategy focusing mainly on mental health issues, it would be doing this at the expense of customers who will have low financial capabilities, experience negative life events of have low financial resilience.

If the building society were to have a supervisory visit from the FCA and claim to only have 10% vulnerable customers when the FCA is expecting c. 40%, the FCA are likely to distrust the data. If they distrust the data, they may also distrust the vulnerable customer strategy that it is based upon.

> *"Top-down surveys need to ask the correct questions and use the right algorithm to provide data that can be used to reliably understand vulnerability.*

The business case for informed vulnerability strategies

Finally, until very recently, the FCA has shown restraint from brandishing a regulatory stick when referring to the implementation of Consumer Duty. Instead, Sheldon Mills and others, have pointed out the commercial benefits to getting it right.

> *" Getting it right for consumers means higher standards and healthier competition. That will improve trust in our sector. It will support growth and innovation and, in turn, improve the UK's standing on a global stage. The prize is huge if we can get this right.*

Nisha Arora, Director of Cross Cutting Policy and Strategy, FCA (December 2023, Consumer Duty: Next Steps)

KMPG identify these commercial benefits, as follows:

- Strategy and business model opportunities: increase revenue, retention, customer satisfaction and attract new customers, whilst reducing costs.

- Proposition innovation: reimagine existing products and services or create new ones based upon a deeper understanding of customer outcomes.

- Operating cost and control reduction: opportunities to remove friction and align products to channel preferences, reducing costs to serve.

Looping back to the earlier KMPG segmentation (p.18), firms will have started to benefit from the upside of Consumer Duty. However, in many cases, this will be because they have identified low-hanging fruit as they 'kicked the tyres' on current practices.

Only firms who have fully aligned with the FCA requirement and have solid foundations for their vulnerable customer strategies will be winners in the long term.

As the FCA is keen to point out, " ***it's all about data.***

Five key learnings

1

Implementation of both Vulnerability Guidance and Consumer Duty is like a game of snakes and ladders. Only firms that are fully aligned with FCA expectations will progress, whereas those that aren't aligned will go backwards.

2

Understanding vulnerable customers - the FCA expects firms to have conducted research to develop a top-down view which informs strategy (policy, proposition, support, comms etc).

3

Firms that conduct top-down research are advised to ask vulnerable customers about their outcomes. In doing so, firms can understand if outcomes differ between vulnerable and non-vulnerable and start to develop remedial interventions.

4

Insurers should also conduct bottom-up individual assessments to identify permanent characteristics of vulnerability to ensure where appropriate customers receive differentiated support, comms etc.

5

In doing the above firms will not only be aligned and compliant with FCA requirements but will also benefit commercially.

How FWD Consulting Can Help

If our paper has persuaded you to revisit how you are approaching the FCA requirement to understand vulnerable customers, we would be delighted to discuss how FWD Consulting can help you conduct a top-down survey to understand characteristics vulnerability for your firm and determine whether outcomes for vulnerable customers differ to those for non-vulnerable.

> *" In 2024 we have applied our approach to retail banking, insurance and life and pensions. Because our approach is sector agnostic, it can be applied effectively and compliantly to all financial service sectors*

- Our proprietary top-down survey approach has been developed through consultation with the FCA.
- Our survey provides firms with an accurate, reliable and actionable understanding of vulnerable customers and the outcomes they are experiencing.
- Our approach is sector-agnostic, so is suitable for banks, insurers, wealth managers, mortgage providers, etc.
- We use a dual methodology of both online and telephone surveys to ensure our sampling is both representative and inclusive.
- Because the survey is already set up, including report templates, we are also very cost-effective.
- Over time, we will be able to provide benchmarking for firms who are happy to anonymously pool their data.

We look forward to being able to discuss this with you.

Case Study – Metro Bank

METRO BANK

Understanding
Vulnerability
& Measuring
Customer Outcomes

Swipe to see our results and approach

METRO BANK

We wanted to understand the characteristics of vulnerability that impact our customers financial lives

METRO BANK

To achieve this our research partner FWD Research emulated the FCA Financial Lives approach. We now understand the drivers of vulnerability for our customers at a granular level

Financial Capabilities	Negative Life Event
Low Financial Resilience	Health

METRO BANK

We found that characteristics of vulnerability differed significantly across our product range

50%	**26%**
Highest amongst current account customers	**Lowest amongst mortgage customers**

METRO BANK

We also wanted to learn whether we were delivering good outcomes to both vulnerable and non-vulnerable customers

METRO BANK

FWD Research developed survey questions that asked customers not about how satisfied they were with us, but the extent to which we had delivered on outcomes

Accessability	Fair Treatment
Inclusivity	Value for Money
Certainty	Informed Decisions

METRO BANK

Our ratings across the four FCA Consumer Duty Outcomes were very favourable for all product types

There were a few small differences for vulnerable customers, which now identified, we can take action and rectify

'I feel in control when I deal with them'
(Vulnerable 8.23, Non-vulnerable 8.58)

METRO BANK

By understanding the vulnerabilities our customers face and measuring outcomes in one survey we are now able to identify the changes necessary to better meet the needs of all our customers

33 years on a page

Senior Insights Director and Consultant with a deep understanding of consumer protection within the financial services sector

20+ years Life & Pensions, Asset Management:

- Intermediary trackers
- Customer experience
- Strategic and tactical insights

10+ years Retail Banking and Insurance:

- Regulator and Consumer Protection
- FCA Account Director whilst at GfK and Ipsos, providing the regulator with insights to help shape policy
- Insights activation and consultancy

Consumer Duty Implementation:

- Duty board reporting architecture
- Outcomes measurement
- Understanding Vulnerable Customers

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