

VULNERABLE CUSTOMERS POLICY

Browns of Richmond Limited

Vulnerable Customers Policy

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# 1 INTRODUCTION

## 1.1 WHAT IS A VULNERABLE CUSTOMER?

A vulnerable consumer is someone who due to their personal circumstances is especially susceptible to detriment particularly when a firm is not acting with appropriate levels of care. (FCA definition).

In respect to our particular business model, as a vehicle sales garage with a customer base made up 10% of commercial clients and 90% of regulated clients such as sole traders and retail individuals, we understand that our regulated customer base is much more susceptible to vulnerability than say a business client. We have analysed our vehicle offering in order to understand who we might appeal to. We are a used vehicle sales garage, selling vehicles for what we would consider to be average to slightly higher than average sale value we see for a used vehicles sales business, therefore we understand that our target market might prevalently be average to higher income adults or business clients wishing to purchase themselves a new vehicle for personal or business use. We do also sell vehicles at lower value, and we understand that the variance in value of stock could result in a variance in the customers who approach us. Some customers may have higher income levels than others, some may be able to pay upfront, whereas some will find the financing option more attractive, some may have great credit whereas others might be compromised.

We are especially conscious that in the current climate – post covid and in the midst of a cost of- living crisis – it could be cause for a further rise in customers who could be considered to be vulnerable. The most common vulnerability at present would be a customer struggling to make payments/struggling financially due to the cost-of-living crisis. Even those with a higher income may be struggling with their monthly repayments due to a significant rise in the cost of living. Post covid and as the cost-of-living crisis continues, more and more individuals are struggling with their monthly payments. This is something that is at the forefront of our minds when introducing clients to finance. We understand the main need of our customers will be to purchase themselves a new vehicle which meets their desires/requirements, but also keeping the costs to a minimum and ensuring they can meet payment without causing harm to their financial situation, whether that will be payment upfront or via a finance option. We

see low income/debt as one of the most prevalent vulnerabilities within our target market at present with everything above considered.

## 1.2 IDENTIFYING A VULNERABLE CLIENT - EXAMPLES OF RISK FACTORS FOR VULNERABILITY – UNDERSTANDING THE CHARACTERISTICS OF VULNERABILITY IN OUR MAIN CUSTOMER BASE

The following list, which is non-exhaustive, sets out the types of factor that can mean that a customer should be categorised as vulnerable:

- Low income and/or debt – we feel this is the most prevalent vulnerability within our target market, especially with the cost of living crisis and aftermath of the pandemic, but the rest of the list below are also vulnerabilities which we consider our target market may well experience.
- Low literacy, numeracy and financial capability skills
- Physical disability
- Severe or long-term illness
- Mental health problems
- Caring responsibilities (including operating a power of attorney)
- Being ‘older old’ for example over 80, although this is not absolute (may be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, onset of ill-health, not being comfortable with new technology)
- Being young (associated with less experience)
- Change in circumstances (e.g. job loss, bereavement, divorce)
- Lack of English language skills
- Non-standard requirements or credit history (e.g. armed forces personnel returning from abroad, ex-offenders; care-home leavers, recent immigrants)

We feel that it is vital that any staff member will undertake the appropriate vulnerable customers training in order to be able to identify a vulnerable client and know what steps to take when this happens. We understand the negative impact we could have on our customers

should we fail to properly identify them as vulnerable customers and assist them properly through the process when taking out finance on a vehicle we are selling to them. For example, if we do not properly identify a vulnerable customer who is struggling with income or debt, and then go forward with connecting them to a lender for a financed deal, we could potentially cause the customer more financial harm. Due to this and other similar situations, we understand that it is our duty to properly identify such vulnerable customers so that we can assist them wholly throughout the process and avoid causing them any further harm or worsening their vulnerability.

Our firm is presently staffed by the Directors and 8 members of staff. Staff will be going through standard training procedures including training on vulnerable customers. To be able to sufficiently identify a vulnerable client will be mandatory before any new staff member can independently engage with any client, and the Directors and staff are also currently going through training on this in the same respect.

### **1.3 IMPACT OF CHANGE IN CIRCUMSTANCES AND INCOME**

A change in personal circumstances can cause a consumer to fall into a vulnerable situation – all the more so if the consumer already has one or more risk factors.

People are particularly at risk in their interaction with financial services when they experience a change in circumstances that often leads to a financial shock.

This shock could be an unexpected large expense or a loss of income. A drop in income, or income volatility, can cause particular problems due to the ongoing commitment presented by many financial products. A reduction in ability to meet these financial commitments can cause both immediate and longer-term problems. In our case, the increased interest rates in line with inflation poses a risk to our customers who are taking out finance on vehicles we are selling to them. We understand that the repayments may be higher than usual due to this, and we must consider this and how a customer may meet their financial obligations when introducing a client for finance.

There is a limit to the damage we can do to the clients financial position, as we will only be acting as an introducer to the lenders as our credit broking is only ancillary to our vehicle sales, we aren't a vehicle finance brokerage and we do not undertake fact finds on behalf of the lender. We are only privy to basic information from our clients and the lender ultimately

collects all documentation from the client and makes the final decision, we are simply introducing secondary to our main activity as a vehicle sales garage. With that being said, we do not take for granted the impact that introduction could have on the client should it not be suitable for them to take out finance.

To assist us with determining whether a client may be vulnerable/unsuitable for the financial products on offer, we will seek to understand the client's circumstances and financial background by asking questions about their credit rating and enquire as to whether they have had any late payments, defaults, CCJ's and bankruptcies so as to ensure we make appropriate recommendations. If we are made aware of any reason the financial product might not be suitable for the customer (based on the information they provide us with) then we will make the customer aware of our concern and make them aware that we would not engage further with the finance transaction. If, based on the questions we ask about the clients outgoings and credit score etc, we see the customer is fit for finance, then we will send them to the lender who will also have its own guidelines re suitability and affordability, and we take these into account when proposing financing options to the clients and ensure not to recommend finance where we see this clearly is not a good route for the client to take such as if they have a very poor credit score or monthly outgoings exceeding their income etc. Ultimately the lender will determine whether a loan is suitable based on its own assessment criteria and credit policy guidelines.

In some instances, vulnerability and the associated stress can have an effect on people's emotional state, cognitive ability, and ability to function. This may include feeling stressed and anxious, feeling unable to cope, too upset to talk, finding it difficult to concentrate, think clearly, assimilate information, and make decisions, and finding it difficult to deal with new or unfamiliar tasks.

In these conditions, the impact of a problem or difficult interaction can be magnified, and vulnerability to unscrupulous practices is increased, creating a vicious circle. The individual's practical ability to seek redress may also be diminished.

During recent months and years, and particularly since the financial crisis, this policy is more relevant than ever and it is extremely important that our directors, current staff, and any future staff understand and are aware of our processes (as set out in this policy) for dealing with a customer with a possible vulnerability.

Some of our key points for us to be aware and conscious of in this area are as follows –

**1. Active Listening and Empathy:** We understand that financial challenges can arise. Our approach is rooted in active listening and empathy. When interacting with clients facing financial constraints, our directors and staff will provide a supportive and understanding environment.

**2. Tailored Solutions:** We are committed to offering affordable options that align with each client's budget. Our directors and staff will work closely with financially constrained clients to present vehicles that meet their needs without causing undue financial strain.

**3. Financing Transparency:** If financing is an option, we will clearly explain the available choices, including rates, down payment requirements, and monthly payment plans. Our aim is to ensure that clients are well-informed about their financial commitments. We will ensure to communicate these important bits of information via different mediums (in person, in writing) to ensure the client has a chance to digest the information and has time to ask questions. If we feel the customer might struggle then we can read through any key documents with them and allow them to ask questions as we go.

**4. Flexibility in Payment Plans:** If there is an option for this then this should be presented to the client, so payments are more manageable and easing any financial burden.

**5. Trade-In Assistance:** For customers with a vehicle to trade in, we will explain how this can contribute to reducing the overall cost of their new purchase. Our small team will guide them through the trade-in process and provide a transparent assessment of the trade-in value.

**6. Providing Information:** We will inform customers about any available information that we are aware about which could support any change of circumstance.

**7. Respect for Decision-Making:** Clients are encouraged to take their time in making a decision that aligns with their financial comfort. We will never apply undue pressure, ensuring that clients feel empowered throughout the decision-making process. As stated above, we ensure to give the client all information both in person and in writing, and allow them to ask as many questions as possible, and we will ask them questions too, to ensure their understanding. We will suggest the client has a trusted companion with them if we feel this might be useful in their situation.

**8. Financial Education:** We believe in empowering our clients. We will offer information about budgeting and managing vehicle-related expenses, helping them make informed choices beyond their initial purchase.

**9. Additional Support:** If a client's financial challenges require more comprehensive assistance, we may suggest seeking guidance from available counselling services, ensuring they receive the support they need. We can also provide the client with sources of free debt advice if we notice something that worries us regarding their financial situation.

**10. Professional and Respectful Approach:** Throughout all interactions, our directors and staff will maintain the highest level of professionalism and respect, ensuring that every client feels valued and understood, regardless of their financial situation. He will oversee any possible future staff to ensure they meet these same standards.

**11. Follow-Up and Future Opportunities:** In cases where a client does not proceed with a purchase due to financial constraints, we will follow up in a considerate manner at a later time. Our goal is to maintain a positive relationship and provide assistance whenever their financial situation improves.

This policy reflects our commitment to treating all clients with care and consideration, particularly those facing financial challenges. We aim to provide solutions that align with individual circumstances and contribute to a positive client experience with us. We must ensure we do not cause financial harm to our clients in the short or long term via our introductions, and so by applying the processes above, we will shed more light on vulnerable clients and ensure we are taking the steps necessary to ensure they understand the process and products on offer.

#### 1.4 VULNERABILITY AFFECTS US ALL

We, or our family and friends, can all face times of stress and difficulty, when our abilities to cope may be compromised.

For example, we may experience a change in circumstances such as job loss or bereavement, or onset of a serious illness. Financial strain has become a common issue within today's society, especially with the cost-of-living crisis and the aftermath of the global pandemic. In some cases difficulties may be short lived, but for many they may be longer term or



permanent. The affects of the cost of living crisis is most relevant within our sector/target market, and we see this as a long term issue, rather than a vulnerability which is short lived.

As well as this, large numbers of people have longstanding physical or mental conditions that can make interacting with financial firms challenging. Financial services should be designed so that they make the hard times easier – whereas, in reality, some of the barriers people face when interacting with financial services make an already stressful situation worse, and result in further harm for consumers.

Vulnerability has many forms. It can be caused by long-term characteristics such as a disability, or short-term circumstances such as job loss. It can be sudden, such as the diagnosis of serious illness, or gradual, like dementia. It can fluctuate and be episodic, as in the case of some mental illness.

Most of us will experience some sort of vulnerability at some point, and we feel that financial strain is common among our target market/wider society in current times.

People are particularly at risk in their interaction with financial services when they experience a change in circumstances that leads to a financial shock. Income shock is common and could come in the form of an unexpected large expense, or a loss of income due for example to job loss, reduction in hours, illness, bereavement, or taking on caring responsibilities.

Vulnerability is not just something to do with the characteristics of the consumer – it can be created or exacerbated by the policies and practices of firms. The way we design our systems and processes can make a huge difference to the ease with which consumers interact with them. Training our staff to listen and understand, equipping them with flexible options and, where appropriate, providing our staff with the ability to refer particular problems to specialists within a firm that have the expertise and discretion to address difficult situations can also help. Training is something that all of our staff members will be required to undertake and advice and guidance at any point staff feel they might be interacting with a vulnerable customer should be sought from the Directors prior to any independent engagement with any vulnerable client.

Rather than designing products and processes for a mythical perfect customer the broad range of experiences of real consumers' needs to be taken into account.

The impact on the consumer of our firm failing to deal appropriately and flexibly with vulnerability can be severe. From a financial point of view, our customers may be tipped into a spiral of debt, feel the need to take out high-cost products (such as payday loans) or take on higher risks (e.g. not take out the proper insurance). Some may withdraw from the market altogether, preferring to maintain control by keeping cash at home. An unsatisfactory interaction with financial services can create additional stress, increase isolation, dependency, or exposure to fraud (for example by sharing cards and PINs), and take up valuable time and energy for people who are already in a difficult situation. We note how severe of an impact we could have on the customer in both the long and short term, and so we ensure training and support is in place for our staff dealing with customers in these situations. Details on training is featured in more detail throughout our plan.

## 1.5 TYPES OF VULNERABILITY

Vulnerability can come in a range of guises, and can be temporary, sporadic or permanent in nature. It is a fluid state that needs a flexible, tailored response from us.

Many people in vulnerable situations would not diagnose themselves as 'vulnerable'

The clear message is that we can all become vulnerable, especially within today's society.

To enable us to identify potential vulnerability and prioritise our efforts, we use a risk factor approach.

### Summary

- Vulnerability involves the interplay between individual circumstances, situations and market factors
- A consumer's state of mind can have a major impact on behaviour and decisions
- A change in circumstances, and multi-layered risk factors, are particular flags for potential vulnerability
- The number of people involved is large and rising - prioritisation is vital to achieve a realistic approach

Vulnerability is not just to do with the situation of the consumer. We acknowledge that vulnerability can be caused or exacerbated by the actions or processes of our firm. The impact

of vulnerability is strong, and many people are trying to cope with difficult situations and limited resources, energy and time. Stress can affect state of mind and the ability to manage effectively. We note that more of our customers will be experiencing financial stress within today's society, and this stress can then have a knock on effect on their decision making and mental health. In such conditions, where a customer is stressed or struggling with their mental health, being confronted by a complex telephone menu system that gives no option of talking to a person; a 'computer says no' response; a call handler without time or inclination to listen, or a system that fails to record what may be distressing circumstances and forces the customer to repeat themselves at every point of contact, can all create a spiral of stress and difficulty, resulting in detriment.

In order to address the needs of vulnerable customers correctly, it is important that we are able to identify them. In many cases, more than one risk factor is present which increases the consumer's vulnerability.

Our current and any future staff need to be alert to the signs that the person they are talking to may not have the capacity, at that moment in time, to make an informed decision about the implications of the agreements that they are being asked to make. This is not a diagnosis of a condition; it is just an extension of the staffs' existing skill of listening, identifying needs, and adjusting their approach accordingly to suit the customer and assist them in the best means possible.

#### **FCA Research (From Occasional Paper 8 Feb 2015)**

*Financial services, products and systems often 'streamline' consumers and are not designed to meet nonstandard needs of those who don't fit into a set mould.*

*The response of frontline staff – whether it's in a branch or on the phone – is crucial to the customer's experience. The firm may have great specialist teams or policies, but if frontline staff don't deal with the situation appropriately, access to a good outcome may be missed.*

*Staff on the frontline do not need to be experts, but they need sufficient training to facilitate a proper conversation, to know where internal expertise lies, and know how and when to refer on.*

*Most problems relate to poor interactions, or systems that don't flex to meet needs, therefore making people's situations more difficult.*

*Some consumers are overwhelmed by complex information and can find it hard to distinguish between promotional material and important messages about their products.*

*In some areas, an inaccurate interpretation or overzealous implementation of rules (such as those around data protection or affordability) is preventing firms from meeting the needs of vulnerable customers.*

*Many vulnerable consumers may be valuable customers if firms respond to their needs and treat them flexibly. However, these consumers may withdraw from the mainstream market and their problems may spiral if their needs are not met.*

A good vulnerability strategy will benefit all customers

In many ways, products and services that are designed in an inclusive way to respond better to the needs of those in vulnerable circumstances will also work better for the majority of customers, increasing levels of customer satisfaction. So embedding an inclusive strategy that aims to make services available, usable and accessible to all regardless of personal circumstances, will lead to better performance for everyone in the longer term and, arguably, greater levels of consumer satisfaction across the board.

Part of the FCA's role is to protect consumers - fair treatment is integral to this.

Consumers in vulnerable circumstances (particularly in our target market customers experiencing financial difficulty and in turn stress/a poor mental state) may be less likely than others to be able to represent their own interests, and more likely to suffer severe detriment if something goes wrong. In order to be treated fairly, customers need well-designed, straightforward to understand products that meet their needs over their lifetime, and flexible service that is able to respond to individual circumstances. The way in which we strive to meet the needs of our customers is discussed throughout this policy, particularly set out below.

## 2 HOW WE TREAT VULNERABLE CUSTOMERS – ENSURING OUR DIRECTORS AND STAFF HAVE THE SKILLS REQUIRED

### 2.1 CHOICE OF WAYS OF COMMUNICATING

We have a choice of ways of communicating available whenever customers need to make contact with us, and these are designed in an inclusive way so that they are flexible, clear, easy to understand and meet customer's needs. All communication with clients should be clear, transparent and staff members should handle any interaction with due care and attention. This means following the core tenants listed under 1.3.

We offer a choice of communication styles, via our website, via the phone, in writing, in person, to ensure the customer fully understands the information we are providing them with. A choice of communication styles is a key part to ensuring our customers understand the information we are providing and assists in slowing down the process to enable positive friction. Where our customers are experiencing stress, or are struggling with their mental health, our friendly staff will be able to speak directly with them and take time to assist them throughout the process, rather than being directed to an automated phone system.

We will speak with the vast majority of our customers face to face as we are a used vehicle sales business and certainly in most cases our customers will of course come on site to view/test drive/collect their new vehicle. When speaking face to face, we will also give customers a copy of any important information in writing so that they have time to digest the information and have the option to ask questions. This slows down the process and encourages positive friction. This also means that customers who might struggle with communication or have poor literacy skills will have more ways to process the information. It also means that any customers struggling with their mental health, or suffering financial stress, can ask any questions and let us know of any concerns they may have. We ensure to ask lots of questions when going through the documentation, such as "do you have any questions about XYZ" or "are there any areas of concern within XYZ which you wish to discuss or ask questions about". If the financed deal is taken 'offsite' (such as a customer were to come to look at a vehicle and then leaves and calls up and wishes to purchase and take out finance) then we will speak with the customer on the phone as well as emailing them with all

of the key documentation. This allows them extra time to read the documentation and come back to us with further information or any questions they might have, again, encouraging positive friction and enabling customers who may be experiencing stress lots of time and a calm environment to make their decision in. We do not want our customers to feel rushed or pressured, and so enabling lots of time to go through key documentation and ask questions is key to our process. Where the customer is no longer onsite with us, we would schedule a further call with them so that they have plenty of time to go off and read the documentation, discuss with family/friends/their support system where required, have time to reflect and come back to us with any questions they might have.

## 2.2 TREATING PEOPLE AS AN INDIVIDUAL AND RECORD MAKING

We recognise that everyone is bound within an individual set of circumstances and our responses are tailored accordingly. Although we note that overall it may be most common that our customers are struggling with financial strain or poor mental health due to today's wider society, we acknowledge that there is not a one size fits all when it comes to vulnerability, and each individual will have their own very personal experiences throughout life which shape them as an individual and can affect their decision making ability. It is our intention to always listen carefully to our customers and let the conversation take its course without judgement, ensuring the message from the customer is clearly understood before undertaking any actions.

It is our intention to diligently record information properly so that customers do not have to be repetitive if they contact us later and we are able to refresh our understanding prior to making any further contact with them. We will have a customer file for each customer where we store all key information, any vulnerability will always be noted on their file, and we will ensure to make note of this when with the customer as we will have a standard file we complete for each customer with key information which will have a section where we can disclose any vulnerabilities or extra notes we see as key for each member of staff to be aware of. After any appointment important information/disclosures will be logged on a client file to ensure we are always aware of who we are dealing with and what their situation might be.

All paperwork for each client will be stored and we will have a hard copy and a OneDrive system containing all files which we can update as/when we receive new information. We understand that updating these while a customer is onsite is not always possible, we always set aside time after an appointment to log any important information and the customer is also welcomed via paperwork to disclose any important information to us which we would then keep record of.

### 2.3 ENABLING/ASSISTING OUR CUSTOMERS TO DISCLOSE THEIR VULNERABILITY

We aim to give the customer the opportunity to disclose any vulnerability at any point of interaction, but the sooner we find out about the vulnerability, the more we can assist. We will ask the questions surrounding vulnerability as part of our standard documentation. At the initial disclosure document stage, we will ask the customer if they require any further help or assistance and will give them the opportunity to disclose vulnerability before we proceed.

As well as questions within our paperwork, we will train staff to be able to have an open discussion with the customer and to invite them to disclose any possible vulnerability. We will train our staff to consider these following questions when having a conversation with our customers surrounding vulnerability -

“Why would a customer disclose a vulnerability?” – we understand it is hard enough experiencing stress, poor mental health, or debt for example, without it then being compounded by further poking and questions, and so it’s important we then also address the below with the customer to encourage them to disclose...

“What would the customer’s motivation be to disclose, what’s in it for them?” – we need to ensure we make it clear to the customer exactly how we can better assist them should a vulnerability be disclosed. We should give the customer a few simple examples of possible vulnerabilities and exactly what we would do in that circumstance to assist/tailor the sales experience. We hope that this would make the customer feel more comfortable, safe, and regarded in our presence and in turn they would be more hopeful about disclosing their vulnerability to us. Shedding light on their vulnerability will also mean they have access to further assistance/benefits. Our main goal is to make it easy for our customers to disclose this information to us, being empathetic, kind, and gentle in our conversations.

Thinking of our own experiences of dealing with large organisations and the frustrations we may have when doing so, we do not want our customers to have this experience with ourselves. Online chats and automated phone calls will never help customers feel they can disclose a vulnerability. We make our customer experience personal, friendly, calm and helpful, so that the customer is able to have an open conversation with a person, whether that be face to face, or over the phone.

Where vulnerability is disclosed, we will take in the information provided and review/log the where required. When/if a customer chooses to disclose, this represents a moment of trust and opportunity. We will train all staff to follow the TEXAS drill in this case, which is as follows

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T - thank the customer and explain to them that the information will enable us to deal with their plans better

E – explain how we will use this information

X – get their explicit consent to record the information

A – ask them questions about their circumstances to assess how we can help further

S – tell them where they can get external help if required

We recognise that vulnerability could mean the customer requires support and expertise which we may not be able to provide. We can then use our list of specialist organisations/charities where appropriate to refer customers for further help.

We are such a small team that it will be easy for us to communicate any vulnerability a customer may be facing to each other. At present we are staffed by the directors supported by 2 members of staff. The directors and members of staff have worked together well for some time, and we will easily be able to communicate any vulnerability we see to each other, and most likely the majority of members of staff will often be present on site and so will have the same experiences with customers and be fully aware of their position.

We are committed to deal openly and transparently with a vulnerable person's representative / carer and be as upfront with any help and information we are legally able to provide – we will always seek ways to help and not rely on overzealous interpretation of regulations to exclude.



For example, if someone is recently bereaved, has a power of attorney or a third-party mandate, we will ensure they receive consistent advice and treatment.

A vulnerable customer may opt to have a family member or trusted friend assist them, that decision would be the customers and we would only seek to identify that individual if they were, rather than just supporting, acting on behalf of the customer under a power or attorney. We will ensure that our communications are clear and understood by the supporting person such that they are able to provide the level of support that the client needs. Such a scenario could be where the customer has poor English skills and needs the support of family member or trusted friend who is able to translate.

If we suspect a customer is in financial difficulty, we will be proactive in contacting the customer and seek to offer sympathetic assistance and resolution and signpost to free sources of advice as necessary as discussed above.

## 2.4 TRAINING AND FEEDBACK

As a business we are committed to changing the way we deal with vulnerable customers that may not be effective.

We will promote a culture where staff are encouraged to understand and empathise with vulnerability. We recognise that staff who provide the first point of contact with customers may not have much experience of people in vulnerable circumstances – in our case we are a small firm with a small amount of client facing staff and so it is easy to focus the training required to his skills/weaknesses in this area. Building knowledge of various vulnerabilities and the number of people involved, encouraging an appreciation of what life can be like for some people in difficult circumstances and encouraging a desire to help, is key to this culture. All staff who deal directly with customers need to know enough about vulnerability to pick up on warning signs or triggers and signpost/refer on appropriately. It is acknowledged by us that any staff cannot be expected to be experts on all types of illness. Rather they need to spot clues that enable them to refer on to more specialist assistance. We will provide staff training on what to look out and listen for, the directors will keep their knowledge up on this via training programmes and assistance from external compliance consultants in order to help them coach the rest of the staff on this.

We will avoid rigidly scripted responses - staff will have the flexibility to allow a conversation to develop if they sense that a customer may be experiencing difficulty.

The firm is manned and run by the Directors and the current staff and any new staff are to be made to study the vulnerable customers policy when they join our firm and will also be given training on dealing with vulnerable clients upon joining and annually thereafter. The directors will also undertake this training to ensure his knowledge remains up to date and refreshed.

Our training will include:

- Training and discussions on how to identify a vulnerable client and how to engage with them.
  - Training presentations provided by external compliance consultants
  - Paid external training courses such as via money advice trust
- Ongoing coaching on the job, providing feedback.

We understand that in order to support any vulnerable customers, we must first ensure that (the directors, current and any future staff) charged with the responsibility of engaging with vulnerable customers have continual access to the emotional support needed. Any staff members we take on will attend vulnerability training once a year provided by the directors who will obtain higher level training as set out and recommended by the Money Advice Trust. We feel that it is important to remove the fear involved in these interactions, enabling difficult conversations: It is recognised that our staff, and of course our directors, may feel awkward or scared of having conversations around issues such as mental or other forms of illness, stressful situations and dealing with customers who may be distressed. Therefore, they may not feel able to encourage customers to disclose vulnerabilities. We aim to remove as much of this fear as possible, via increased understanding, and clear guidance on how to respond and joining future staff on client appointments where needed.

All our staff (especially those involved in sales) are trained to look out for vulnerable customers, including being provided with a list of warning signs to look out for. If a vulnerable customer is suspected/identified, the directors will typically step in and either take over the deal or coach the sales rep through the interaction.

We will also have regular meetings to discuss experiences and any issues staff may have will be key as we can use feedback/new information to improve our processes and provide staff with extra training material or verbal support where required. The directors and will regularly review data relating to vulnerable customers and how staff are dealing with them as part of our business model. Meetings will include a discussion of any procedural changes to improve our interactions with vulnerable customers, and case studies/examples of interactions and what to do in these situations as with the above. If necessary changes are identified then it will be agreed at the meeting who will oversee the implementation of any changes, how these will be made, and within what timeframe – typically it will be the SMF29’s responsibility to oversee changes. We will collect feedback from our staff members in relation to their dealings with vulnerable customers to assist us in identifying the areas we need to target training wise – how they are feeling, confidence levels, any areas of concern, collect their questions, ask them to feedback on their experiences. Using this data will help us to target any areas we are lacking in and provide more focused training.

## 2.5 PRODUCT LITERATURE – PRODUCT DESIGN

It is acknowledged that there are limits to what we can reasonably do to form a view as to whether or not a customer has, or may have, some form of capacity limitation. However, it is good practice, in product literature provided to customers prior to providing a relevant product or service, to invite customers to disclose (on a voluntary basis) whether there are any issues relating to their health or general well-being which may be relevant to the consideration of any product or decision by the firm. Any such invitation should make clear that the information provided will be used solely to facilitate an informed service being provided.

If a customer provides information which indicates that he does, or may, have some form of mental capacity limitation that might impact on his ability to make an informed decision, this should not lead to him automatically being denied access to the product or service being sought. It should act as a trigger for us to consider what reasonable steps might be taken in order to amend our usual processes to ensure that the customer is treated fairly and a positive outcome results for the customer as discussed in sections above.

### **2.5.1 PRODUCT GOVERNANCE – PRODUCT DESIGN**

Any new vehicle or all vehicles that are posted will include financing options that are available allowing any vulnerable customer to have as much information as possible. The design and distribution of our vehicle advertisements will include relevant information and we will monitor the company's performance in treating vulnerable customers in accordance with the requirements set out in this policy. We will also ensure that any promotion of finance is first checked by our compliance team before publishing, to ensure each promotion is always clear, fair and not misleading to the customer.

Upon authorisation, we would be able to offer finance on the vehicles we are selling, and of course can then start advertising this to clients. We feel it is very important that we market the service in a clear, fair, and not misleading way so that all customers are able to understand our service, what we can offer, and the limits to our service. We will make sure that we design our adverts for finance to give a representative example, including example of the monthly repayments and a representative APR example based on the most likely APR our customers would be offered based on cases we have seen.

We will always ensure to make the customer aware of our FCA status, and the limit to our service. We make sure not to use jargon on any of our advertisements, ensuring the language being used can be easily understood – basic English, and examples of repayments etc clear so that the customer can consider whether, on the face of it, finance may/may not be a good option for them. With vehicle sales ads we ensure that all key information is clearly listed, and we are clear and concise with the features of a vehicle, price, milage etc. It is key that our advertisements are easily read and understood by our customers as we understand that there is a possibility of language barriers or poor literacy skills with our target market. We will not hide any extra costs, all costs will be made clear as part of our advertisements in order to be clear with the customer and not cause any financial harm via misleading adverts.

### **3 VULNERABLE CUSTOMERS AND OUR BUSINESS MODEL**

We recognise that some of our customers may be categorised as vulnerable, due to either their financial profile or mental and/or physical impairment.

As a firm we pay due regard to the needs of all our customers and do not exclude particular client groups from sales or the possibility of taking out finance, but rather we assess every customer or potential customer on their particular circumstances.

#### **3.1 OUR PROCESS FOR DEALING WITH POTENTIALLY VULNERABLE CUSTOMERS**

A person is unable to make a specific decision if they cannot understand information about the decision to be made, cannot retain that information in their mind, cannot use or weigh that information as part of the decision-making process, or cannot communicate their decision.

A person with mental health problems or suffering with stress who is in debt is particularly vulnerable due to their (potential):

- Lack of money management skills
- A reliance on benefit income
- Fluctuations in income or inability to work
- Unmet housing, care or treatment needs
- Poor communication skills
- A relationship breakdown
- Generally stressed state of mind – lacking the ability focus on big decisions

##### **3.1.1 DISCLOSURE**

This is when a potential customer may share something private and personal that may identify them as “Vulnerable”.

We understand that being a customer with a mental health problem can be difficult and they may not be comfortable disclosing anything personal themselves or their mental welfare, in fact they may not even always be aware.

We are aware that only a small minority of customers actually disclose any information that might “label” them as vulnerable.

We aim to create a positive “Disclosure Environment” for customers, to make them as comfortable as possible to disclose any important information that will help us support them if they are deemed as vulnerable

Understanding potential Barriers to Disclosure:

(a) Fear Of Financial Harm – a common reason for non-disclosure is the fear that a person’s access to a financial service would be lost once a firm knew about their mental health problems

(b) Lack of opportunities - The lack of clear and accessible opportunities to disclose. Customers need to be aware that they can easily make disclosures to us, clients provided with clear signage.

(c) Damage from data - Some customers may not disclose due to concerns about how their data would be used.

(d) Anticipation of judgement, disbelief and pity. Some customers will not disclose for fear that a firms would morally judge or not believe them

Overcoming These Barriers:

We seek to ensure disclosures are responded to in a professional but human way.

In the Event of Disclosure we will adopt the TEXAS protocol:

T: Thank the customer for the information and advise them that it will help you deal with their issue better.

E: Explain how you will use the information the customer has provided.

X: Staff must obtain explicit consent to use and record the information they have disclosed.

A: Ask questions to get information that will help you understand their circumstances relating to how they communicate with you and if they need help from a carer or relative.

S: Signpost the customer to internal or external help when appropriate, e.g. audio-description ser-vices or written material in different languages.

### **3.1.2 IDENTIFICATION**

Customers may be recognised as potentially vulnerable through self-identification or through indicators the organisation has identified above. All of our staff have a responsibility to remove barriers for customers and should consider this overarching policy when interacting with any customer or potential customer to highlight and identify potential vulnerabilities.

Customers must be able to contact us through any of our communication channels and by any reasonable means, which may include asking a third-party representative to act on their behalf, to notify us of vulnerable circumstances without any barrier. We have discussed above the support provided when using a third-party.

Assessing a person's mental health is complex but needs to be recognised in early contact and addressed appropriately. If we believe a person may be vulnerable, we will clearly, and kindly, ask 3 key questions:

1. Does your mental health affect your financial situations?
2. Does it affect your ability to deal with or communicate with us?
3. Does anyone help you to manage your finances such as a family member?

Signs we look out for when identifying vulnerability in customers:

- Do they ask you to speak up or speak more slowly?
- Do they understand what you are saying, or do they miss important bits?
- Do they appear confused about what is being offered?
- Do they ask any unrelated questions?
- Do they keep wandering off the point in the discussion and talk about irrelevant things or things that don't make sense?
- Do they keep repeating themselves?
- Do they take a long time to answer questions or say that someone else deals with these things for them?
- Do they have a language barrier?

- Do they say they don't understand their bank statements, a previous phone conversation or recent written correspondence?

It is critical to our business that the below is considered when dealing with any client:

Making reasonable adjustments for vulnerable customers is essential to ensure that they can access our services and products without being at a disadvantage due to their vulnerabilities.

Here are some examples we might consider in the event a vulnerable client has been identified:

1. **Extended Test Drives:** Offer longer test drive periods to customers with mobility challenges, cognitive impairments, or other vulnerabilities. This allows them to assess the vehicle more thoroughly and make an informed decision.
2. **Flexible Viewing Appointments:** Provide flexibility in scheduling appointments for customers who may need more time or specific conditions for viewing vehicles. This could include evenings or weekends to accommodate their availability.
3. **Clear Communication:** Ensure that all communication materials, including contracts, brochures, and pricing details, are presented in a clear and easy-to-understand format. Provide explanations or summaries if necessary.
4. **Assistance with Paperwork:** Offer assistance with completing paperwork for customers who may have difficulty understanding or completing the necessary forms, such as individuals with cognitive impairments or language barriers.
5. **Personalised Information:** Tailor the information provided to each customer's specific needs and preferences. For example, if a customer has hearing loss, consider providing important details in writing or using visual aids.
6. **Additional Time for Decision-Making:** Allow customers who may need more time to make decisions due to cognitive challenges, stress or anxiety the space they need to consider their options without feeling rushed.
7. **Support from Advocates or Family Members:** Be open to customers bringing along advocates or family members who can provide support and help them make informed decisions.



8. **Remote Interaction:** Offer alternative ways of interacting with customers, such as providing information over the phone or through video calls, to cater to those who may find it difficult to visit the dealership in person.
9. **Preparation for Test Drives:** Prepare vehicles for test drives in advance, considering any specific needs of the customer.
10. **Providing Written Summaries:** Maybe if the customer has been identified as a vulnerable, after a discussion or negotiation, provide that customer with written summaries of the key points to ensure clarity and understanding.
11. **Financial Assistance Information:** If a customer is experiencing financial vulnerability, provide information about available financial assistance or options that may suit their situation, i.e., counselling.
12. **Easy Access to Information:** Make sure that information about your vehicles, pricing, and financing options is easily accessible on our website or through other means.
13. **Sensitive Communication:** Train all staff to communicate sensitively and patiently with vulnerable customers, addressing their needs and concerns respectfully. Directors are available to support any staff where necessary.
14. **Alternative Payment Options:** Offer flexibility in payment methods where possible.

It is important that we remember that the adjustments we make should be tailored to the specific needs and circumstances of each individual customer. The goal is to provide an inclusive and accessible experience that meets their requirements while treating them with respect and dignity.

When engaging with customers over the phone it is often difficult to identify a vulnerable consumer because it is not possible to see many of the characteristics, such as body language and facial expressions, which may identify whether the prospective customer requires additional information and guidance to enable them to make an informed decision. For this reason, it is critically important to listen carefully to all customers and to identify people who may be classed as a vulnerable consumer.

Typical telephone characteristics include:

- An inability to hear or understand what is being said
- Repeated questions of a similar nature
- Comments or answers which are inconsistent with the telephone discussion or which indicate they have not understood the information which has been provided.
- Verbal confirmation that they don't understand or that they require the assistance of somebody else in making a decision.
- A shaky/nervous/anxious voice or nature

When assisting with signing up consumers we regularly engage with customers face to face. When doing this the same characteristics are likely to be evident but body language and facial expressions may also assist in identifying the vulnerability.

### **3.1.3 TREATMENT**

Due to the diversity of the factors that can contribute to the level of customer vulnerability (see 3.1 above) there will not be one approach that can be adopted to fit each circumstance.

The over-riding principle that must be adhered to by the directors and colleagues in their dealings with vulnerable customers is that fair outcomes are achieved throughout the customer journey, we are avoiding causing the customer any kind of short or long term harm via our service and products, and any barriers are removed to access our products and services. It is therefore essential that colleagues take a flexible approach as our failures can lead customers to suffer financial and non-financial impacts.

Steps we take if we believe a customer may be vulnerable:

- We speak slowly, clearly and explain fully
- We are patient and empathise where appropriate
- We don't rush as it may sometimes take the customer time to get relevant information together
- We keep on the subject under discussion
- We do not make assumptions about a customer's needs

- We clarify understanding at every point and always ask if there is anything else they would like us to explain
- We ask the consumer to explain to us what they understand the agreement to be
- We offer alternative types of communication – phone, post, email, in person
- We do not make assumptions that the person we are dealing with is sighted as they may be unable to read or understand serial numbers or account numbers
- We do not make assumptions that the customer we are talking to can hear everything we say as they may have a hearing impairment
- We always remember that the customer we are speaking to may sometimes be forgetful or overly trusting and believe that a sales representative is always acting in their best interest
- We understand that some customers may be lonely and welcome the opportunity just to talk to someone
- We give the customer time to explain their circumstances fully and don't interrupt or appear impatient
- We also listen for what is NOT being said, for example, lack of questions about cost, interest rate, lack of commitment, timing of responses, extended silences
- We always ask if there is a better time to discuss matters as some customers may perform better at different times of the day
- We ask if there is anyone else the customer may need to talk to before making the decision

What is mental capacity? - Mental capacity is a person's ability to make a decision. Whether or not a person has the ability to understand, remember, and weigh-up relevant information will determine whether they are able to make a decision based on that information. The person will also need to be able to communicate their decision.

The mental capacity of a customer may be limited in a way which prevents them from being able to make certain decisions because of an impairment of, or disturbance in the functioning

of their mind or brain. Stress which comes from debt or the wider financial crisis can be just as much of a hindrance here.

Mental capacity is always defined in relation to a specific decision at a specific time. Consequently, when considering an application for a product, or change in product factors, we should take account of the customer's circumstances at the time at which the application or request is made.

We should take appropriate steps to identify whether or not the customer appears able to understand, remember, and weigh-up the information and explanations provided to them, and, when having done so, make an informed decision.

Mental capacity limitations can be either permanent or temporary (or be fluctuating over time). For example, if the economy and financial crisis worsens, we understand that the vulnerability risk with our customers may worsen overall, or if it lessens, we understand that other vulnerabilities such as language barriers may become the overriding vulnerability. We will be flexible to this change, and we understand that each individual will be completely different from one another, and just because a customer is or is not experiencing vulnerability when in contact with us, does not mean this will be permanent. We know that life is unpredictable, and circumstances can change dramatically.

Consequently, the fact that a person may not have had the mental capacity to make a particular type of decision in the past, does not necessarily mean that they currently do not have, or will never have, the capacity to make such a decision.

Mental capacity limitations may also be partial. Under such circumstances the person concerned is likely to be able to make certain decisions but not others. Decisions that may require the understanding, remembering and weighing-up of relatively complex information, are likely to be more challenging for many individuals with mental capacity limitations than more straightforward spending decisions.

### Financial Literacy

Mental capacity is not the same as financial literacy, although, in practice, it may often be difficult for our staff to differentiate between the two. In terms of a limitation of mental capacity, the customer has some kind of impairment of mind or brain function.

Alternatively, a limitation in financial literacy is likely to be a result of inadequate education or specifically financial education which then means a customer is unable to, or feeling insufficiently empowered to, manage their own finances, engage confidently with firms, and make informed financial decisions.

Those with limitations in financial literacy and those with limitations in mental capacity can both be classified as groups of actual or potentially 'vulnerable customers'. Given that customers with either form of limitation (or both forms) might have difficulty making informed decisions, rather than taking steps with a view to seeking to differentiate between the two categories of persons we will apply this vulnerable consumers policy in both circumstances.

We acknowledge that there are limits to us forming a view as to whether a customer might have some form of capacity limitation and so we feel that it is good practice in literature provided to customers prior to providing a product or service to invite customers to disclose (on a voluntary basis) whether there are any issues relating to their health or general well-being which may be relevant to the consideration of any product or decision by the firm. This was discussed above within this policy document at more detail.

Any such invitation should make very clear that the only purpose such information would be used for would be to better facilitate an informed service being provided.

If a customer provides information which indicates that they do, or may, have some form of mental capacity limitation that might impact on their ability to make an informed decision, this should not lead to them automatically being denied access to the product or service being sought.

It should act as a trigger for us to consider what reasonable steps might be taken in order to amend our ordinary processes to ensure that the customer is treated fairly and a positive outcome result for the customer.

Prior to concluding the loan:

- We ensure that the consumer demonstrates that they have an understanding of the decision they need to make, why they need to make it and that they understand the consequences of making, or not making that decision.

- We ask if they need to discuss the matter with anyone else, or if they would like us to explain anything else, or if there anything else we can do further to help
- We are always prepared to repeat anything to clarify understanding
- We do not assume that the customer fully understands all the implications of the agreement and explicitly and clearly confirm all the key features
- We suggest that they talk it through with someone else and offer to re-contact them. If appropriate we suggest that a third person could be present

Post Contract:

- If we identify particular communication needs, we store that information so future contacts are handled appropriately with their permission
- We record that we are satisfied that the customer completely understood everything that was discussed
- We allow customers to make a personal declaration about their capabilities or communication needs and store this information with their permission
- Any records that are held are with the full knowledge and consent of the customer and are deleted when the relationship no longer exists in accordance with GDPR.

In order to monitor and assess whether we are meeting and responding to the needs of our customers with characteristics of vulnerability, we request feedback from all customers and review how each case went internally. As part of our implementation process with consumer duty, and ensuring we are treating vulnerable customers fairly, we will consider developing a feedback questionnaire to be sent to randomly selected customers. This questionnaire would be issued to a proportion of current customers (as optional) upon a sale closing. Feedback collected through these questionnaires will be recorded and considered, and discussed internally. We will have meetings to discuss whether any changes to our products or services are necessary. The directors will frequently be reviewing processes in this way as part of daily business and will assess feedback/changes required as/when he receives new information which requires action.

The following data will be recorded and reviewed to assess whether our products and services are meeting customer needs and contributing to good customer outcomes and whether groups of consumers are receiving worse outcomes.

- Customer feedback
- Complaints
- Feedback from lenders we work with
- Review/research on the lenders we work with

We request feedback from customers at the close of sale to enable us to understand whether we are providing the right level of aftersales care and attention to our clients. Feedback will be reviewed, and any changes necessitated by the survey response will be implemented across any new deals.

Where necessary changes are identified, the directors and specifically the SMF29 will oversee the implementation of any changes, how changes will be implemented and in what timeframe.

Should we receive poor feedback, or feel that we have not handled a situation to the best standard, then we will first seek to resolve any issues with our customer directly, and will also make an internal log of any issues and discuss how we could improve on this should we face a similar situation in the future. For example, say a customer came to us with a language barrier or poor literacy skills, and they struggled to understand some of our paperwork and we failed to assist, we would review internally what we could do next time to avoid this happening again, e.g – review the language used on our paperwork to ensure it's basic English and not using jargon, consider the option of recommending the client brings a trusted individual back with them to a second appointment to discuss documentation further, read through the document with the client and allow them to ask questions where they do not understand, ensure we ask questions to satisfy ourselves that the customer is understanding etc.. This will all be logged on our system so that we can refer back for further options should we find ourselves in a similar situation again.

The directors will always ensure to make note on how a dealing with a vulnerable customer has gone, and if there were any areas for improvement, we would then have a meeting/discussion with each other and suggest solutions so that we are always improving on our process for dealing with vulnerable customers and learning from any mistakes or weaknesses in our service which may come up. We are a very small team and so it is easy for us to both review processes together regularly/have discussions if we feel there are weaknesses in our process.

As discussed within this policy, if we identify a customer who may be in need of specialist advice which we are unable to offer, we will refer them to, or we will seek guidance from an appropriate organisation such as:

- Stepchange
- Money Advice Trust
- CAB
- Samaritans
- Age UK
- Alzheimers Society

We will have information on this as standard on all of our paperwork and on our website, but if we feel there is a particular need to highlight this information then we will have documents prepared to email out so that we can quickly and easily provide this information to our customers whilst on the phone with them if required. We will allow them to ask questions when on the phone and we can assist them with making contact to any specialist support service or third party if required.



## 4 REVIEW AND ONGOING TRAINING & SUPPORT

We understand that in order to support any vulnerable customers, we must first ensure that the staff charged with the responsibility of engaging with vulnerable customers (currently just the directors in a client facing role) have continual access to the emotional support needed.

Any staff members we take on in customer facing roles will attend vulnerability training once a year provided by a senior member of staff (the directors) who will obtain higher level training as set out and recommended by the Money Advice Trust.

If required, staff who have been engaged with a vulnerable person will have access to professional support where they will have the opportunity to discuss the impact the conversation may have had on them.

Staff and management will always review how we have engaged with a vulnerable client and seek recommendations for improvement of our service, both internally and externally.

Where the above review has identified a failure on our behalf to meet the needs of a vulnerable customer, identified by either customer feedback, a received complaint, employee feedback or other we will:

- a) Audit Current Practice - Review current propositions, process and client communications, what problem areas are identified
- b) Develop Strategy - Create high level and lower level changes in strategy, specific to employee roles
- c) Roll Out - Communicate policy and strategy changes to all staff. Conduct staff training and updated guidance around changes
- d) Evaluate, Change, Review - Evaluate performance against success indicators (seek client/employee feedback), maintain training and implement periodic review and re-evaluation

### 4.1 ROOT CAUSE ANALYSIS

We will implement processes to evaluate whether we as a firm are meeting the needs of vulnerable customers and if not, how we can amend our processes to ensure that we are.

We will do this by constantly reviewing the customer journey to see if there are areas in the journey where:

- it appears we do not fully understand the needs of vulnerable customers, if the performance of the directors had lead to poor outcomes for vulnerable customers,
- if the service we provide cause foreseeable harm or
- if our customer support does not meet the needs of vulnerable clients.

Our target market is the general public so we are susceptible to dealing with vulnerable customers. As this is the case we will carry out proactive data analysis so that we can identify where vulnerable customers are more likely to suffer harm when things have gone wrong or where there are patches of poor staff knowledge and performance.

We will consider the following aspects of our relationship with customers:

- Are products/services meeting the needs of customers when providing information and support to make decisions?
- Is customer service and communications meeting the needs of vulnerable customers?
- Are customers experiencing difficulties engaging with ourselves throughout the customer journey ?
- Are vulnerable customers supported and encouraged to share information about their circumstances or their needs?
- Are customers able to access products/product features that are suitable and that meet their (changing) needs?

## 4.2 INFORMATION REVIEW

We will look at the following sources of information to understand if good outcomes are being delivered for vulnerable customers:

- Looking at complaints data (ensuring it is easy for vulnerable consumers to make complaints, and that complaints can be made through multiple channels).
- Using feedback that may not be sent to the firm directly, including online reviews and social media complaints.

- Using insights from organisations with an understanding of the ‘lived experience’ of vulnerable consumers, such as consumer bodies, charities and other third sector organisations. This may include published insights.
- Allowing staff (where applicable) to feedback honestly when they think processes for vulnerable consumers could be improved.
- Reviewing whether processes and policies are effective in the fair treatment of vulnerable customers.

We will not monitor the above information as a one-off exercise. Consumer needs and circumstances will change and evolve as are the ways different consumers prefer to interact with firms.

If firms we do not regularly collect and analyse information on the experience of consumers with characteristics of vulnerability in our customer base, we risk being unable to ensure that we are delivering the right outcomes for vulnerable consumers. We may also miss new areas of need or opportunities to achieve this more effectively.

We will take action where we see poor outcomes for vulnerable consumers to understand what is driving those outcomes. We will ensure learning is effectively fed back into product and service design to ensure that improvements can be made and that the needs of vulnerable customers are met at all times.