

Vulnerable Customer Policy

Moonraker Motorcycles Ltd

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Purpose

The purpose of this policy is intended to provide direction to all dealer staff in terms of the regulatory requirements and the expectations that both firms have in terms of identifying and responding appropriately to vulnerable customers' needs and requirements.

Scope

This policy applies to and is mandatory for all employees of Moonraker Motorcycles Ltd

Ownership

This policy is owned by Paul Clarke, Director of Moonraker Motorcycles Ltd who is responsible for oversight and monitoring of its application within the business.

Definition of vulnerability

The Financial Conduct Authority (FCA) defines vulnerable customers as the following: '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.'

Vulnerable Consumers are customers and prospective customers whose personal circumstances may impact their ability to exercise clearly informed decision making.

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 firms. Vulnerability can become apparent at any stage or the customers journey with the firm.

The following are examples of how customers can be vulnerable;

- Mental health problems i.e. depression or anxiety
- Difficult financial circumstances i.e. recent unemployment
- Physical health problems i.e. disability or long-term illnesses
- Communication skills i.e. an individual who has limited English

This is not an exhaustive list.

Requirements

The FCA Principles for Business (PRIN) are the regulatory cornerstone for directing regulatory expectations on firms. Principle 6 requires that firms 'must pay due regard to the interests of its customers and treat them fairly'

This is a broad requirement but clearly indicates fair customer treatment and embraces all aspects of customer interaction and service.

We are required to treat all its customers and potential customers fairly and ensure they receive fair outcomes.

Key Risks

The key risks we face when dealing with vulnerable customers are summarised as follows:

- Failure to identify customer vulnerability where this may not be obvious, forming inappropriate judgements that then drive the wrong types of behaviour,
- Failure to adopt a consistent, customer centric approach irrespective of whether the customer has a vulnerability, creating a difference in standards of customer service – notwithstanding that we need to respond to individual customer needs,
- A poor customer experience leading to misunderstanding of the customers' requirements and needs resulting in the customers making inappropriate purchases,
- Negative customer feedback, complaints and costly remediation when things go wrong,
- Reputational damage and loss of market share,
- Regulatory intervention, censure or fine.

Key principles

The following are key principles that must be adopted. Failure to adopt them may result in performance management being invoked.

The following are examples and are not limited. All staff should be vigilant to identify and respond appropriately:

1. We will treat all customers courteously and with respect;
2. We will adopt the necessary skills and behaviours to ensure they receive a professional customer service, including where necessary affording them the necessary time they need to deal with us;
3. We will seek support from colleagues or the management team if we come across a type of vulnerability that we do not feel able to handle. This is not a performance management issue; it is a prudent and professional response to dealing with a difficult circumstance;
4. We will not form preconceived ideas or responses based upon how a customer is interacting with us;
5. We will not make defamatory comments or remarks (either to colleague(s) internally) or externally about our customers.

How can the business assist vulnerable customers?

Consistency - Firms should have an effective policies and procedures in place to ensure a consistent approach across operations

Clear Information - Providing clear information to customers before and after sale ensures that vulnerable customers are more likely to make informed decisions

Staff Training - Providing staff with sufficient training to enable vulnerable customers to be identified and have their sensitive issues handled appropriately

Empowering Staff - Referring vulnerable customers to staff who have the authority and discretion to take a tailored approach to a customer's circumstances

Flexibility in Service - Treating customers as individuals and considering how our service can be adapted to meet their specific circumstances. Signposting customers to organisations that can offer specialist advice to assist a customer with their vulnerability

Identifying a Vulnerable Consumer

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 before making a decision.
- Unusual silences

What to do if we are engaging with a Vulnerable Consumer.

Just because somebody is vulnerable does not automatically mean that they are unsuitable for the products and services the Firm supplies. As soon we think we may be engaging with a Vulnerable Consumer we should immediately make a record of the same and ensure we adhere to this policy. This is marked on the CRM system and we inform lenders where necessary.

When speaking to the Vulnerable Consumer we should:

- Provide additional opportunities for the customer to ask questions about the information we have provided.
- Continuously seek confirmation that they have understood the information that has been provided.
- Ask if there is anybody with them who is able to assist them.
- Offer them the opportunity to complete the transaction after a period of further consideration.
- If for any reason, we think the customer does not understand the service which is being offered to them we must not proceed with the transaction and advise them that we will write to them with further information about the product or services they are seeking.

This policy will be reviewed and approved by the nominated individual on an annual basis.

Appendix 1 outlines guidance in relation to what staff should look out for, tips for talking to potentially vulnerable customers and considerations to make pre-sale or when dealing with ongoing administration.

Further Queries

If you have any queries on this policy, then please raise them with your line manager in the first instance. Thereafter, or in their absence, they should be referred to the individual named below.

Appendix 1

Recognising Vulnerable Consumers

Vulnerability can typically fit in one or more of the following three categories:

1. Mental, emotional and physical: impaired ability to make a decision or to deal with us effectively, with examples being:
 - a mental health condition (e.g. dementia)
 - Physical disability or old age where the individual requires support to manage their day to day decision making or activities (e.g. blindness, deafness)
 - Emotional situations, such as involvement in a motor accident, or bereavement.
2. Educational/language:
 - language barrier.
 - learning difficulty.
 - poor reading, writing or numeracy skills where a customer may not fully understand written or verbal communications.
3. Financial:
 - difficulties in funding the monthly repayment.
 - Older customers who may have limited means of earning an income
 - Young customers who are inexperienced in arranging and understanding finance and the consequences of not maintaining payments.

It can be difficult to identify that a customer is vulnerable when speaking to them on the phone, or when transacting online or in writing where non-verbal communications (facial expressions and body language) are not visible. Therefore, it is important always to listen carefully to customers on the phone and to provide online customers with a clear option for themselves or a third party acting on their behalf to speak to a member of our staff by telephone. For those customers choosing the on-line option due to hearing difficulties, the option of us speaking with a third party or communicating in writing or through email should be considered.

What should customer facing staff be looking for to identify whether a customer is vulnerable?

- They ask you to speak up or speak more slowly:
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 - They appear confused:
 - Do they know what is being discussed?
 - Do they ask unrelated questions?
 - Do they keep wandering off the point in the discussion and talking about irrelevancies or things that don't make sense?
 - Do they keep repeating themselves?
 - Do they say 'Yes' in answer to a question when it is clear they haven't listened or understood?
 - They take a long time to get to the phone and sound flustered or out of breath, indicating they may have a lack of mobility due to age or illness.
 - They take a long time to answer questions. They say, "My son/daughter/wife/husband deals with these things for me".
 - Where there is a language barrier, they are vulnerable as they may not fully understand what is being said to them.
 - They say that they don't understand their paperwork, a previous phone conversation or recent correspondence.

Some tips for talking to potentially vulnerable customers

- Speak clearly and enunciate.
- Set expectations for the conversation or call – outline all the information that will be required – account numbers, personal details, etc – and how long the call is likely to last.
- Be patient/empathise.
- Don't rush them – if they need to put the phone down to find account details it could take them some time.
- Guide the call to keep it 'on topic'.
- Don't assume that you know what the consumer needs – it's easy to rush through if the consumer is slow or not able to explain what they need.
- Clarify understanding at every point posing the question "is there anything you'd like me to explain?"
- Ask the consumer to explain to you what they understand the agreement to be.
- Offer alternatives to dealing with things by phone – maybe they would prefer to transact the business by post or email; does the customer have access to another person who is authorised by the customer to listen to the call and help the customer understand.
- Don't assume that the person you are talking to is sighted – they may be unable to read serial numbers or statement details.
- Don't assume that the person you are talking to can hear everything you are saying – they may have a hearing impairment.
- Remember that vulnerable consumers can sometimes be forgetful or overly trusting.
- Give the consumer time to explain fully – don't interrupt or show impatience.
- Listen for what isn't being said, not just what is – e.g. absence of price, commitment, timing type questions on the part of the person receiving the call should ring alarm bells.
- Ask if there is a better time to call – e.g. some people will function better in afternoons than mornings.
- Ask whether there is anyone else they need to talk to before making the decision.

Things to consider before making a sale

- Ask yourself honestly whether a 'yes' is real agreement or just submission.
- Staff should consider whether the customer demonstrates that they have a general understanding of what decision they need to make and why they need to make it. Do they understand the consequences of making, or not making, this decision? Can they understand and process information about the decision? And can they use it to help them make a decision?
- Be careful to distinguish between verbal cues and agreement e.g. 'oh yes' could mean 'I'm listening' not 'I'd like to go ahead'.
- Ask the following questions: "do you need to discuss this with anyone else"/ "would you like me to explain any part of this call again"/"did you want to think about this before making a decision"/"is there anything we can do to help you deal with us".
- If they say something that suggests they don't fully understand what you have said, be prepared to repeat or paraphrase to clarify understanding - don't repeat verbatim but louder!
- Don't assume that they fully understand all the implications of the offer/agreement. Explicitly and clearly confirm all the important information.
- Make sure that the consumer is not flustered, agitated or in an emotional state when they make a decision – if you think they are - agree with the customer to call them back later.
- Suggest that they talk it through with someone else and offer to ring them back. Where appropriate suggest that a guardian or carer could be present on the call.
- Can you send details of the offer in the post or by email for them to consider, what format does the consumer require e.g. Braille, Large Print or Audio?
- Offer to discuss with a trusted third-party carer or family member, if this would help. Note the file with the consent details.

Further Guidance

The practitioners pack, 'Consumer Vulnerability: Practical tips', includes very useful information, the contents page of which is shown below, and link is at the bottom of this section:

1. Where to start?

2. Key areas to explore.

3. Consumer needs: what can good look like?

4. Innovative practice within industry: case studies.

5. Recognising consumer vulnerability:

(a) Risk Factors for consumers of financial services

(b) Triggers to support staff on the frontline

6. Handling vulnerability disclosure and navigating the Data Protection Act:

(a) The Information Commissioners Office, the FOS and handling third party disclosures

(b) TEXAS, IDEA and CARERS drills

7. Tips from firms – what has been reported to work well.

8. Good practice guidance.

<https://www.fca.org.uk/static/documents/occasional-papers/occasional-paper-8-practitioners-pack.pdf>

Do's and Don'ts when assisting vulnerable customers

Do's

- Speak clearly and enunciate
- Listen carefully to the customer
- Set expectations, if possible, for the conversation or call – outline all the information that will be required – account numbers, personal details, etc – and how long the call is likely to last.
- Be patient/empathise.
- Guide the call to keep it 'on topic'.
- Clarify understanding at every point posing the question "is there anything you'd like me to explain?" "Can you tell me the monthly repayment? Is this ok?"
- Ask the consumer to explain to you what they understand the agreement to be.
- Offer alternatives to dealing with things by phone – maybe they would prefer to transact the business by post or email; does the customer have access to another person who is authorised by the customer to listen to the call and help the customer understand.
- DPA still needs to be completed with the applicant and noted on the record
- When speaking to a 3rd party on behalf of the customer – take the person's name and relationship and note this on the record.
- Remember that vulnerable consumers can sometimes be forgetful or overly trusting.
- Give the consumer time to explain fully – don't interrupt or show impatience.
- Listen for what isn't being said, not just what is – e.g. absence of price, commitment, timing type questions on the part of the person receiving the call should ring alarm bells.
- Ask if there is a better time to call – e.g. some people will function better in afternoons than mornings.
- Ask whether there is anyone else they need to talk to before making the decision.

Don'ts

- Don't shout
- Don't talk over the customer
- Don't be obstructive
- Don't rush them – if they need to put the phone down to find account details it could take them some time.

- **Don't assume that you know what the consumer needs – it's easy to rush through if the consumer is slow or not able to explain what they need.**
- **Don't assume that the person you are talking to is sighted – they may be unable to read serial numbers or statement details.**
- **Don't assume that the person you are talking to can hear everything you are saying – they may have a hearing impairment.**

Don't form preconceived ideas or responses based upon how a customer is interacting with us