

FCA firms' treatment of customers in vulnerable circumstances – review

Published: 07/03/2025 / last updated: 17/03/2025



Why the review?

The FCA acknowledges that everyone may experience vulnerable situations at various points in their lives. Such circumstances can influence consumers' needs and the way they interact with financial service providers which could increase the risk of harm. Consequently, the FCA encourages businesses to implement measures that promote favourable results for customers experiencing vulnerability.

The FCA recognises that tackling these challenges can be difficult and has offered examples for companies to examine and modify as needed.

What the FCA did

The FCA has examined how businesses support vulnerable customers and reviewed the relevance of their existing guidelines.

During the **FCA review**, discussions were held with various stakeholders, including companies, trade associations, consumer organisations and academics. It was emphasised that the guidance continues to be valuable and significant in the context of the Consumer Duty. Consequently, the FCA has decided not to amend the guidance or impose new obligations on firms at this time. Instead, stakeholders recommended that additional

case studies would be more beneficial.

What information did the FCA want to gather:

1. Actions firms have taken to understand and respond to the needs of customers in vulnerable circumstances.
2. The outcomes experienced by customers in vulnerable circumstances.
3. Stakeholders' views of the guidance, including its continuing relevance under the Consumer Duty.

It conducted interviews with representatives from consumer organisations, trade associations and academic institutions to gather diverse viewpoints on:

- How firms have taken action to support customers in vulnerable circumstances.
- Consumer outcomes.
- The effectiveness of the guidance

The surveys involved 1500 consumers and responses from 725 firms.

The survey included both consumers exhibiting characteristics of vulnerability and those who did not, facilitating a comparison of experiences and outcomes between the two groups.

It's worth noting a proportion of the interviews was conducted in person. These face-to-face interactions included individuals who:

- Are not online (i.e., those who are digitally excluded)
- Experience conditions that limit their online access (such as visual disabilities)
- Reside in economically disadvantaged regions

The keynote takeaway from the review was that firms wanted more case study examples instead of amendments to the current guidance.

Outcomes

The study revealed that companies have taken steps in recent years to provide consumers with appropriate communication channels. Consumers in vulnerable situations were able to identify numerous instances of effective practices implemented by service providers.

The majority of companies involved in the FCA multi-firm initiative for outcomes monitoring were unable to demonstrate their effectiveness in monitoring and addressing outcomes for customers in vulnerable situations. This includes:

- Not being clear on what good outcomes look like or having clear ways of measuring them.
- Not escalating issues or making changes where needed.

Good practices

The FCA identifies several important practices:

- Clearly define a good outcome. Firms that successfully track results for customers in vulnerable situations often define what constitutes a positive outcome for specific products or services. This approach aids in organising and guiding how these companies assess whether their customers achieve favourable results.
- Use good quality data to understand the outcomes of customers in vulnerable circumstances. Better able to understand whether they were delivering good outcomes. They could then use this to inform their approach to improving outcomes.
- Have clear escalation processes to identify poor outcomes.
- Have strategies to make improvements.
- Be able to show what they did where they identified poor outcomes and evaluate whether those actions are effective.
- Improving clarity of communications and explanations of the next steps executors needed to take.
- Signposting to sources of financial and tax advice.
- Have senior leadership that is engaged on outcomes for customers in vulnerable circumstances. The FCA observed that authentic engagement from senior leaders - beyond mere theoretical commitment - enhanced the quality and coherence of a firm's approach to addressing vulnerability, as well as elevating the importance of vulnerability within the firm's culture.
- Take steps to identify signs of vulnerability and encourage customers to disclose their needs.

- Respond flexibly to customers' needs and act with an appropriate level of care when engaging with customers in vulnerable circumstances.
- A further important point to note is that the FCA is interested in product and product development. The FCA wants to see evidence that Firms have considered vulnerable customers in the product development stages (and the product teams understand the requirements) so ensure this information on this is fully recorded.

Case Study Examples

1. Firms using MI to compare outcomes of different cohorts

A lender cross-referenced credit application rejection data by customer support needs captured in the application process.

This revealed that customers with extra mobility needs were being automatically declined at a high rate, indicating they might be receiving poor outcomes. This triggered an investigation, which discovered that customers with mobility needs who stated their main source of income as benefits were automatically declined due to an auto-decisioning policy.

In light of this understanding, the lender reassessed the policy to ensure that customers with mobility requirements would achieve equitable results moving forward.

2. Escalate issues and act to improve outcomes

Certain companies took the initiative to assess customer experiences and results. In instances where monitoring of outcomes was more effective, these firms acted in response to unfavourable results, demonstrating flexibility in addressing customers' situations.

These organisations elevated concerns to senior management, modified their processes as required and assessed the effectiveness of their actions.

3. Improving processes and evaluating actions

Following the discovery of an unusually high volume of complaints concerning the accounts of deceased clients, the company undertook a comprehensive evaluation of its bereavement customer journey, focusing on its communication strategies.

The firm established specific goals for this review. It conducted interviews and assessed documents with individuals who have firsthand experience to gain insights into the existing customer experience with both the firm and its competitors, identifying prevalent challenges and effective practices.

Subsequently, the firm formulated guiding principles to shape the design of future customer journeys aimed at improving the overall customer experience. It also put forth suggestions for refining its processes.

The company provided a period for these



recommendations to take effect before reassessing the complaints data to see if there had been any improvements in outcomes.

The following areas were identified as poor

- Lack of clarity on what firms consider to be good and poor outcomes.
- Poor quality or insufficient data preventing firms from effectively measuring customer outcomes, and how these differed for customers in vulnerable circumstances.
- Unclear and inconsistent approaches regarding when to act and what actions to take in response to poor outcomes for particular groups.
- Lack of engagement, challenge and direction from senior leaders.

Companies often struggled to demonstrate a comprehensive understanding of the needs and traits of customers in their target market, as well as a clear vision of what constitutes a good deal for customers with different or additional needs.

Other areas of consideration

Multiple communication channels

Individuals in vulnerable situations highlighted the necessity of having multiple communication channels, such as online services, chatbots and mobile applications. Those with health issues and those lacking digital access appreciate in-person assistance and face-to-face interactions.

Nevertheless, qualitative findings indicate that some consumers with health conditions, particularly those related to social anxiety, favour online communication methods to avoid personal interactions. Additionally, it is crucial for individuals facing adverse life events to have the flexibility to choose how to initiate or receive contact based on their specific needs and circumstances.

Consumers may opt not to share information for various reasons; however, when applicable, companies should proactively encourage them to provide details about their situations or requirements.

In instances where consumers did share information, some indicated that they had to repeat their

disclosures multiple times due to their provider's inability to implement suitable adjustments.

Reminders

Rules – under the Consumer Duty, firms must:

- Ensure they support and enable consumers to make informed decisions about financial products and services.
- Give consumers the information they need, at the right time and presented in a way they can understand.
- Develop an approach to testing communications which provides assurance that consumers can identify and understand the information needed to make effective decisions.
- Ensure communications are likely to be understood by the firm's intended customers.
- Tailor communications to retail customers, considering their characteristics, including any characteristics of vulnerability.

Under the FLA vulnerability guidance, firms should:

- Ensure all communications and information about products and services can be understood by consumers in their target market and customer base.
- Consider how they communicate with consumers in vulnerable circumstances, thinking about their needs and, where possible, offer multiple channels so customers in vulnerable circumstances have a choice.

Both firms and experts alike viewed the guidance and the Consumer Duty as mutually beneficial. Several firms highlighted that the Consumer Duty has underscored the significance of addressing vulnerability. Consequently, experts expressed strong backing for maintaining the Guidance as an independent resource to enhance and support the Consumer Duty.

The FCA says it will maintain its collaboration with the industry to foster ongoing improvements, especially in aspects that companies find more difficult when assisting customers in vulnerable situations. Additionally, the FCA has decided not to revise its guidance for firms regarding the fair treatment of vulnerable customers, as it believes it continues to be relevant and beneficial in conjunction with the Consumer Duty, according to insights gathered from this recent review.

What we think at Auxillias

The FCA's latest review reinforces what we've long believed – many firms are still struggling to turn good intentions into meaningful action when it comes to vulnerable customers. While some businesses are making real progress, too many are unclear on what good outcomes look like, lack the right data to track them or fail to act when issues arise. The firms that succeed will be those that go beyond policies and processes, ensuring every customer – regardless of their circumstances – gets fair and consistent treatment.

At Auxillias, we don't just help firms tick compliance boxes – we help them embed lasting, practical change. Whether it's refining your approach to identifying and supporting vulnerable customers, helping with gap analysis and policy development, improving your data and MI strategies or ensuring senior leadership is genuinely engaged, we provide expert legal, compliance and training support tailored to your needs.

If you're looking to strengthen your approach to vulnerability and align with Consumer Duty, get in touch to see how we can help.

Contact us

Our expert team can help you navigate the landscape. Book a call with us today to discuss how we can support your business by [filling in this form](#), or contact Jo or Daksha on the details below.



Jo Davis
Jo.Davis@auxillias.com
+44 (0)7741 240114



Daksha Mistry
Daksha.Mistry@auxillias.com
+44 (0)7458 304068