

Finalised Guidance on the fair treatment of vulnerable customers

In February 2021, we published Finalised Guidance on the fair treatment of vulnerable customers ([FG21/1](#)). The Guidance provides clarity on what firms should do to understand the needs of consumers in vulnerable situations and what changes they need to make to meet the standards set by our Principles for Businesses (the Principles).

We also published a [short summary of the Guidance](#) and a Feedback Statement ([FS21/4](#)) discussing responses to consultations GC19/3 and GC20/3.

In May 2021, we held a [webinar](#) to help firms understand the role they play in treating vulnerable customers fairly. This document answers the most frequently asked questions (FAQs) from this webinar and other external engagement.

The FAQs are grouped by theme, and our answers link to key chapters and paragraphs in the Finalised Guidance ([FG21/1](#)), Feedback Statement ([FS21/4](#)) and other relevant documents, including our consultation on [a new Consumer Duty \(CP21/13\)](#).

In this document:

- [Why the fair treatment of vulnerable customers is important](#)
- [Firms' actions in treating vulnerable customers fairly](#)
- [Application and scope of the Guidance](#)
- [How we will supervise whether firms are treating vulnerable customers fairly](#)
- [Understanding customers' needs](#)
- [Skills and capabilities of staff](#)
- [Practical action: product and service design](#)
- [Practical action: customer service](#)
- [Practical action: communications](#)
- [Monitoring and evaluation: what firms need to do](#)
- [Data protection](#)
- [Other legal and regulatory obligations](#)
- Other relevant work:
 - [New Consumer Duty](#)
 - [Diversity & Inclusion / Equalities](#)
 - [Our work with regulators and government](#)

Why the fair treatment of vulnerable customers is important

Paragraph 1.1. of the Guidance explains that 'a vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care'.

Characteristics of vulnerability may result in consumers having additional or different needs and may limit their ability or willingness to make decisions and choices, or to represent their own interests. Vulnerable consumers may be at greater risk of harm, particularly if things go wrong. So, the level of care that is appropriate for these consumers may be different from that for others.

Principle 6 underpins the need for firms to take particular care in the treatment of vulnerable customers.

- Customers' interests: A firm must pay due regard to the interests of its customers and treat them fairly.

In 2006, the FSA set out 6 outcomes under Principle 6 that firms should strive to achieve. Alongside our Principles, these outcomes are at the core of what we expect of firms for all consumers, including vulnerable consumers.

We know some firms have made significant progress on the fair treatment of consumers with characteristics of vulnerability, including in their response to the pandemic. However, we have seen examples of others failing to consider their needs, leading to harm.

We want to drive improvements in the way firms treat vulnerable consumers and bring about a practical shift in firms' actions and behaviour. We want vulnerable consumers to experience outcomes as good as those for other consumers and to get consistently fair treatment across the sectors we regulate.

Firms' actions in treating vulnerable customers fairly

1. What should firms do to treat vulnerable customers fairly?

Firms should embed the fair treatment of customers in vulnerable circumstances in their business models, culture, policies and processes. Firms' senior leaders should create and maintain a culture that enables and supports staff to take responsibility for reducing the potential for harm to vulnerable customers.

The Guidance sets out the actions that firms should take to treat customers in vulnerable circumstances fairly in the following areas:

- **understand the needs** of their target market / customer base
- ensure their staff have the right **skills and capability** to recognise and respond to the needs of vulnerable customers
- **respond to customer needs** throughout **product design, flexible customer service provision and communications**
- **monitor and assess** whether they are meeting and responding to the needs of customers with characteristics of vulnerability and make improvements where this is not happening

Firms should read the Guidance to understand more about what they should do. To help them we have published a diagram outlining all of the actions that firms should take ([Figure 1 in the Guidance](#)).

The Guidance is full of examples and case studies. While these may not always be from your sector, we encourage firms to consider what they can learn from other sectors and how the key messages in the example or case study may be relevant to your firm.

Application and scope of the Guidance

2. Which firms does the Guidance apply to?

Paragraphs 1.11 to 1.16 of the Guidance explain that it is Guidance on our Principles. So the Guidance applies to all firms where the Principles apply. It applies to the supply of products and services to retail customers who are natural persons, even if a firm does not have a direct client relationship with the customer.

Firms will need to use their judgement to decide precisely what the Guidance means for them. It will apply to firms in different ways because of the significant differences in firms across and within sectors. For many firms, the entire Guidance may be relevant to their business. For other firms, only certain chapters might be relevant. This may be the case where firms do not have a direct relationship with customers. For example, in distribution chains.

3. Which customers does the Guidance apply to? Does this include business customers?

Paragraphs 1.11 and 1.17 of the Guidance explain that it applies to firms' dealings with retail customers who are natural persons. This includes individuals as well as businesses or charities which are not incorporated.

It does not apply where businesses or charities are incorporated because in that case, it is the corporate body, not any natural persons running it, that is the firm's customer.

Firms should however remember that the Principles, including the obligation to treat customers fairly, extend to all customers. Firms may still find this Guidance helpful when considering how to comply with their obligations under the Principles for incorporated businesses. For example, when dealing with a representative of an incorporated business who has characteristics of vulnerability.

4. Do firms need to follow the specific actions described in the Guidance?

At paragraphs 1.13 to 1.16 of the Guidance we explain what terms used throughout the Guidance such as 'must', 'should', and 'may' mean. We explain that while firms are not bound to adopt or follow any of the specific actions described in this Guidance, they must meet the standards set by our Principles and treat customers fairly. We explain how firms should use their judgement to consider what each section of the Guidance means for them - taking steps to understand the needs of vulnerable customers in their target market and customer base and taking appropriate action to meet those needs.

How we will supervise whether firms are treating vulnerable customers fairly

5. How will the FCA monitor if outcomes for vulnerable consumers are improving?

The fair treatment of vulnerable consumers is embedded into all our work. This includes when considering applications for authorisation, change in control or variation of permission at the Authorisations gateway, to carrying out evidence-driven investigations looking at markets, making policy interventions such as rule changes or guidance, and in supervisory and enforcement action.

Paragraphs 1.25 to 1.31 of the Guidance explain that we will monitor how firms are treating vulnerable customers through our regular engagement and intelligence gathering with firms, as well as through research and analysis of insights including with consumers and provided by our Consumer Network and other stakeholders. Firms should note that the way we supervise the treatment of vulnerable customers will be integrated into our supervisory approach – it will not be a one-off supervisory exercise. So we may ask about outcomes for vulnerable customers during regular interactions or as part of project work.

We will formally evaluate firms' progress and the effectiveness of our Guidance and actions in 2023/24. This is an opportunity to review and reflect publicly on what action firms have taken and whether we have seen improvements in the outcomes experienced by vulnerable consumers.

6. What action will the FCA take where firms are breaching the Principles in relation to the treatment of vulnerable consumers?

We have high expectations for the standard of care that firms give to consumers. We want firms to consistently focus on consumer outcomes so that consumers can act and make decisions in their interests.

We are investing in our capabilities in data and intelligence which will support our understanding of consumers' experience. We will continue to work closely and proactively with firms, consumer groups and partner organisations in the UK and internationally. We will use data and intelligence to ask questions where we suspect misconduct, even where we are not the principal regulator.

We use our supervisory tools, for example alerting firms to concerns through dear CEO letters, requiring an action plan for the firm to address root causes and formal commitments from the firm's Board. We also use our enforcement powers – criminal, civil and regulatory – to take action against firms and individuals that do not meet our standards. We plan to share more data publicly about firms to help inform consumers and influence firms' conduct.

Details of how we supervise and enforce, including how we enforce the Principles, how we use Guidance and the use of sanctions, can be found in our [Approach to Supervision](#) and [Enforcement Guidance](#) in the Handbook. Paragraphs 1.27 and 1.31 of the Guidance also provide high-level information about this.

7. How will the Financial Ombudsman Service use the Guidance when considering complaints about the fair treatment of vulnerable customers?

Paragraphs 2.128 to 2.133 of our Feedback Statement explain how the Financial Ombudsman Service considers complaints. As with all complaints, firms need to be clear in their representations to the Financial Ombudsman Service on any approach taken and why the firm considers it appropriate. Equally, and in line with the outcomes-based approach, firms should

not rely solely on the examples and case studies in the Guidance as there are many different approaches to how they might treat vulnerable customers fairly.

Understanding customers' needs

8. Who are vulnerable consumers?

Paragraph 1.1. of the Guidance explains that "A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care."

Chapter 2 of the Guidance focuses on understanding the needs of vulnerable customers. It explains how to think about vulnerability as a spectrum of risk and how this risk is increased by having characteristics of vulnerability. These could be poor health, such as cognitive impairment, life events such as new caring responsibilities, low resilience to cope with financial or emotional shocks, or low capability, such as poor literacy or numeracy skills.

Characteristics of vulnerability may result in consumers having additional or different needs and may limit their ability or willingness to make decisions and choices, or to represent their own interests. Vulnerable consumers may be at greater risk of harm, particularly if things go wrong. So, the level of care that is appropriate for these consumers may be different from that for others.

9. Why do you use the term 'vulnerable customers' – isn't this outdated and inappropriate? How do firms discuss customers' circumstances with them without causing upset?

When we talk about vulnerability we often use 'vulnerable customers' as short-hand as this term is widely used and understood, both across financial services and non-financial services sectors.

However, we recognise this can be sensitive. Many people don't consider themselves vulnerable – no matter what characteristics they have or how difficult their circumstances, and they will not want the label 'vulnerable' applied to them. And people may become more or less vulnerable, and so have an increased or reduced risk of harm throughout their lives. At paragraph 2.9 of the Guidance we suggest that firms do not use this term in interactions with customers. We reiterate this at paragraph 2.21 of the Feedback Statement. We are also challenging ourselves to use language as clearly and accurately as possible, and to avoid using this term where possible.

Firms should focus on understanding what harms customers in their target market / customer base are vulnerable to, and the impact circumstances or characteristics can have on customers. Firms should then consider what needs customers might have and ensure that staff have the skills and capabilities to respond to those needs by taking practical action i.e. through product and service design, customer service and communications.

For example, recording that a customer has a visual impairment or limited digital skills may not in itself help as it doesn't tell staff what additional care or support they might need to provide. Firms should consider what information they need to understand customers' needs and translate that into support and action. The following information may help firms:

- the TEXAS model and Money Advice Trust and Money Advice Liaison Group guide to vulnerability and GDPR, referenced at paragraph 3.18 of the Guidance
- GDPR Principles set out in Appendix 1 of the Guidance

10. Why have you not expanded the drivers of vulnerability to include the impact of domestic and economic abuse or gambling?

Addiction (which covers gambling addiction) and domestic abuse (including economic control) are both listed in Table 1 of the Guidance as characteristics of vulnerability. We also include good practice examples and case studies to help firms understand how they can support consumers with these characteristics. For example:

- domestic abuse (including economic control): paragraph 3.7 and example on page 19
- gambling: paragraph 4.49 and example on page 29

Table 1 lists the 4 key drivers of vulnerability and example characteristics under each of the drivers. This is to support firms to think about the different characteristics or circumstances that can lead to consumers having additional or different needs, or being at increased risk of harm. Paragraphs 2.6 to 2.11 explain that this is not a complete exhaustive or definitive list and that characteristics can be complex and overlapping. Our definition of vulnerability is intentionally broad for this reason and firms should consider what characteristics of vulnerability are relevant to their target market and customer base.

11. Does older age automatically mean a consumer is vulnerable?

No. The key consideration should be understanding what customers are vulnerable to and the impact circumstances or characteristics can have on them. However, as explained at paragraph 2.11 of the Guidance, firms should be aware that some groups of consumers may be more likely to have certain characteristics of vulnerability. For example, older consumers may be more likely to experience poor health or certain life events.

12. In the Guidance it says that “staff should take steps to encourage disclosure where they see clear indicators of vulnerability but are not expected to go further than this to proactively identify vulnerability.” You go on to say that staff should recognise and respond to consumers’ needs. What does this mean in practice?

While firms cannot be expected to meet needs they are not aware of, paragraph 3.9 to 3.14 of the Guidance explains that firms should recognise and respond to needs where these are clear. Firms should also take steps to encourage disclosure where they see clear indicators of vulnerability. The Guidance includes examples of what this means in practice and the box on page 21 provides examples of signs and phrases to actively look out for that could indicate vulnerability.

Firms’ customer service systems and processes should support staff to record and access information about customers’ needs and encourage customers to disclose needs – including in digital journeys. We have used our communications on vulnerability (and the wider response to the Covid-19 pandemic) to encourage consumers to tell their service provider about their needs and how they can be supported.

Paragraphs 3.17 to 3.20 of the Guidance include information about recording and accessing information about customers’ needs. These also reference useful tools like the TEXAS model which helps ensure staff record (i) the most relevant information about characteristics of vulnerability, (ii) how these characteristics affect support needs, while (iii) helping to meet data protection requirements.

We are increasingly hearing that firms want to do more in this space but don’t know how to approach this. There are tools and technology available such as technology which identifies changes in behavioural patterns, eg delays in completing forms or changes to spending

patterns. Firms are not required to use technology like data analytics or machine learning, but they may find it helps their customer service.

As explained at paragraph 2.140 of the Feedback Statement, if firms want to explore the use of innovation to improve outcomes for consumers they can contact our [Innovation Division](#).

Skills and capabilities of staff

13. Isn't this just about frontline staff?

No – staff, from senior management through to frontline and relevant back-office staff, can influence outcomes for vulnerable consumers.

Paragraphs 3.4 to 3.8 of the Guidance say that firms should ensure that all relevant staff have the appropriate skills and capability, as well as support from appropriate systems and processes, to understand and take into account the needs of vulnerable consumers in their work.

All relevant staff should also understand how their role can affect vulnerable consumers. For example, staff working in product and service design or transformation programmes should take vulnerable customers' needs into account as part of the design process or transformation agenda.

If these staff do not have a sufficient understanding of the needs of vulnerable consumers in a firm's target market, products, customer service systems and operations may not meet consumers' needs.

14. What training would you recommend?

As explained in paragraph 2.43 of the Feedback Statement, it is for firms to determine exactly what level and form of training is relevant and proportionate for them, taking into account the size of firm and business model.

Chapter 3 of the Guidance covers skills and capabilities of staff, and paragraph 3.8 explains that firms should improve the skills and capability of staff in a way that is proportionate. It provides examples that may be suitable for smaller and larger firms.

When determining what training may be relevant firms could also consider the following:

- The needs of their target market and customer base and tailor training accordingly eg so that staff understand the impact that characteristics of vulnerability that are most prevalent in a firm's target market or customer base may have on customers, and what support they could offer.
- What their monitoring and assessment is showing eg while a firm may have policies in place for the fair treatment of vulnerable customers, the firm's management information may show that policies are not put into practice.
- That staff should be able to recognise when it is appropriate to seek additional support, such as escalating a case to the next level, seeking additional help from specialist teams or referring a consumer to third party support.

It may also be helpful for firms to share best practice or to engage with trade or professional bodies.

Practical action: product and service design

15. How do you ensure that both firms and the FCA take an inclusive design approach and that the lived experiences of customers really drive the issues that are considered important and how these are tackled?

For firms: Chapter 4 of the Guidance highlights inclusive design as a way that firms can ensure products and services meet the needs of consumers.

We encourage firms to research the needs of consumers with characteristics of vulnerability in their target market and customer base and we include examples of how firms could put inclusive design into practice. We also signpost to Fair by Design and the Money Advice Trust's practical guide for firms.

For us: Ensuring that consumers have an appropriate degree of protection is central to what the FCA does. This includes protecting vulnerable consumers. So we recognise the importance of needing to understand and respond to the real experiences of consumers and of hearing from consumers directly.

As well as major quantitative research (for example our Financial Lives survey), we engage with our Consumer Network (made up of third sector organisations) and we carry out qualitative research with consumers to help improve our understanding of consumer experiences and their needs on particular topics.

For example:

- In our High-cost credit review we used focus groups to better understand consumers' experience of overdrafts. Video interviews with the consumers were also a powerful tool in bringing to life real consumers' experiences for senior decision-makers including our Board.
- Recently with our access to cash work, we commissioned consumer research exploring the needs and preferences of people who rely on cash, to better understand their experience and views.

Through our innovation work, such as our Digital Sandbox and TechSprints, we also bring together stakeholders to develop solutions to difficult challenges. And many of these have focused on areas such as inclusion, resilience and access, where inclusive design plays a key role.

We are subject to the Public Sector Equality Duty and we also carry out Equality Impact Assessments on our policy interventions, which encourage us to think about the likely impact of our work on different groups.

As part of our Transformation programme, we are enhancing our approach to consumer engagement. This includes looking at how we embed the consumer voice and consumers' lived experience more routinely into our prioritisation, policy development and decision making.

Practical action: customer service

16. How far should firms go in responding to needs?

Firms should take reasonable steps to respond to the needs of their target market/ customer base so that customers with characteristics of vulnerability are not disadvantaged. We recognise that the support offered needs to be proportionate.

For example, when considering the communication needs of consumers (eg translating or providing different formats) we don't say that all firms have to provide the same services. Instead firms should consider any significant need or demand in their target market/customer base and adapt their support accordingly.

Paragraph 4.42 of the Guidance also highlights that firms may need to make changes to comply with the Equality Act 2010, in particular the duty to provide reasonable adjustments for disabled people. The Equality and Human Rights Commission (EHRC) is responsible for the regulation of the Equality Act but we engage closely with the EHRC when issues cover similar ground.

17. How can we expect firms to recognise and respond to vulnerable consumers when they only operate online?

There's a lot firms can do even in remote or digital environments and we expect the same fair treatment from online providers.

Some firms have access to significant amounts of data through their work on digital journeys, which enables them to recognise vulnerability and take additional care to achieve fair outcomes.

Encouraging customers to tell firms about their needs as part of the online journey can also be valuable, as can proactively flagging or providing support as part of that journey. This is discussed at Chapter 4 of the Guidance and includes examples of solutions that might help customers. This includes jargon busters where customers hover over a word and an explanation is provided, which might be enough for some customers where they just need a bit of clarification or additional information. Or giving the option to notify the firm of a change in circumstance via an app or live web chats.

Firms may also find the findings from our [Coronavirus linked forbearance review](#) useful. As part of this work we found that some firms were:

- asking customers to record any needs when they start an online journey, allowing appropriate follow up questions or for the customer to be routed to an appropriate customer team if required
- including contact details for non-digital support throughout the digital journey, allowing customers to drop out of the process if they required an alternative approach, were unsure how to proceed or needed to discuss their circumstances. This is important as, for some consumers, a fully digital journey won't meet their needs.

If firms are introducing touchpoints to either ask customers about their needs or tell them about support available it's important that they don't just do this at the start of the customer journey as people can be in vulnerable situations at any time. Firms should think about the most appropriate way of reaching their customers.

18. What should firms do to allow third party support for customers or to encourage customers to make arrangements?

Some consumers in vulnerable circumstances may need additional support in making decisions or rely on others to make some decisions on their behalf.

Paragraphs 4.50 to 4.54 of the Guidance outline how firms can put in place both formal and flexible mechanisms for customers who need third party support on a short or longer-term basis.

Paragraphs 4.55 to 4.58 of the Guidance also contain information about specialist support. Firms may find the case study on page 36 of the Guidance useful as this explains how one firm has implemented pre-emptive and flexible processes for dealing with temporary vulnerability and has explored different types of third party representation. By discussing third party support with customers the firm can empower customers to make decisions about third arrangements themselves, before difficult situations arise.

Practical action: communications

19. Do all firms now need to provide a multi-channel approach?

Paragraph 4.76 of the Guidance sets out that firms with a predominantly single channel strategy should think about the possible communication needs that consumers with characteristics of vulnerability in their target market or customer base may have and consider providing another channel or channels, where possible. The example after paragraph 4.9 of the Guidance says that firms could provide contact details to allow customers to exit online or automated processes and speak to someone where necessary.

Chapter 4 also explains that

- Where a firm is changing the channels it offers, or an existing customer is no longer able to engage with a product or service because of a characteristic of vulnerability, firms should consider what steps are appropriate to ensure they continue to treat customers fairly
- Firms should take additional care in how they can proactively manage such changes where a consumer is very vulnerable or the potential for harm is serious. For example, they may wish to consider supporting the customer to find an appropriate alternative provider or product / service.

Monitoring and evaluation

20. How do firms monitor the fair treatment of vulnerable customers? What evidence will they need to provide to show that vulnerable customers are getting outcomes as good as other customers?

Chapter 5 of the Guidance explains what firms can do to monitor the fair treatment of vulnerable customers. It is important to note that as the Guidance is made on our existing Principles, any approach should be building on what firms do already to know that they are treating customers fairly.

If firms don't take steps to monitor outcomes for vulnerable customers, they risk delivering inconsistent and potentially poor outcomes. They won't know where vulnerable consumers are receiving poor treatment and won't be able to improve the quality of their products and services. Firms should expect us to ask them about this – and to be ready to show us the information they are using to monitor whether they are achieving outcomes for consumers with characteristics of vulnerability that are as good as those for other consumers.

This includes how their business models, culture, policies and processes result in the fair treatment of all consumers, including those who are vulnerable.

21.If firms are expected to monitor their own actions and outcomes does this mean they need a 'common vulnerability data-set' that every firm should record?

Under Principle 6 we expect firms to have management information (MI) or measures in place to test whether they are treating all their customers fairly, including delivering the 6 Treating Customers Fairly (TCF) outcomes. We don't think there needs to be a separate, common vulnerability dataset across all of the sectors the Guidance applies to. While MI that is common to all firms, such as complaints analysis, could be helpful, what is proportionate for a large bank will be different to what is needed from a sole-trader advisor.

Other data on outcomes that will be relevant will be different between types of firms. For example, retail lending firms might consider referrals to and feedback from specialist services such as debt help. In cash savings firms, the holding of legacy products may be of interest as this could show whether consumers in vulnerable circumstances are receiving rates not as good as other customers.

Other MI will be qualitative, such as from customer feedback and file reviews.

Chapter 5 of the Guidance provides examples of the types of MI that firms could use. As the Guidance is made on our existing Principles, it references the TCF guide to Management Information which is a helpful steer for firms when monitoring outcomes for all customers, including customers with characteristics of vulnerability.

22.How can industry collaborate to support vulnerability in a more consistent way so that regardless of the firm, the customer feels supported and looked after?

We want to see industry taking the initiative and working together.

We have already seen good initiatives from individual trade associations, professional bodies, training providers and third-sector organisations. These include sharing case studies and help sheets, initiatives such as vulnerability taskforces which provide training materials, and tools that can help firms benchmark their progress against the Guidance and identify areas for improvement. The Guidance contains some good practice examples such as firms working with organisations specialising in support for those living with dementia, or domestic abuse charities. We also know that some firms have made their guides or case studies publicly available.

We encourage firms, trade associations and representative bodies to share knowledge, good practice and to work together to address shared challenges where this does not involve sharing sensitive information and would not give rise to competition concerns. We would like to see vulnerability leads at trade associations across sectors coming together to share learning and expertise in areas of common interest.

Data protection / GDPR

23.Can you give us more guidance on data protection? How can firms ensure they are recording and sharing data to achieve good outcomes, but also complying with data protection legislation?

We recognise this is something that firms are keen to get right. We have worked closely with the Information Commissioner's Office (ICO) when developing the Guidance and Appendix 1 helps firms navigate the key data considerations in achieving good outcomes for all consumers. Nothing in the Guidance is intended to conflict with data protection legislation.

As we are not the regulator of data protection matters it is not appropriate for us to give guidance on how firms should comply with data protection legislation. If firms remain unsure in the first instance, they should obtain their own legal advice or consult Data Protection Officers in their own organisation where these are available.

There is also a wealth of information on the ICO's website and from other organisations that firms may find useful. This includes the Money Advice Trust and Money Advice Liaison Group's guide to vulnerability, GDPR and disclosure. To help firms we have added links in the Guidance to key resources and topics of interest.

If firms are experiencing common or similar questions it may be helpful to share these with their trade associations and professional bodies as the ICO may be able to support these organisations in developing an approach. The ICO can only help if trade associations provide details of the specific scenarios they are concerned about.

24. What legal basis should be used to record and share information? When might it be appropriate to not rely on consent?

Appendix 1 of the Guidance refers to relevant information on the ICO website. As outlined in the [ICO's blog about consent](#), firms should also note that consent is not the only basis they can or should rely on and it may not be appropriate to rely on consent in all cases. The ICO also provides further information about when firms can change the lawful basis they use to process data.

25. How can firms use data to understand their customer base and measure outcomes? Doesn't GDPR stop them from doing this?

Firms can use a range of information, including information they hold themselves. Aggregated and anonymised data may not be subject to data protection legislation. The ICO has more information about anonymisation on their website. Firms could, for example, use anonymised data to understand more about demographics and behaviours in their customer base. This could help them when reviewing whether their products and services remain appropriate for their target market.

There are also publicly available resources such as our Financial Lives surveys, or insights from consumer organisations and charities which can give an idea of the difficulties consumers are currently facing, or may soon face, particularly because of coronavirus. This could help firms identify potential risks to their target market, work out what they need to do to support staff awareness of these risks, and what additional steps they may need to take to reduce the risk of harm to their customers.

Chapter 5 of the Guidance includes detail about what information may be useful for firms in understanding their customers' needs and measuring outcomes. This reflects the MI and insights many firms told us they already use, or which stakeholders suggested would be helpful.

26. What's your view on data sharing initiatives?

Any information sharing should comply with data protection requirements – and links to helpful information are in Appendix 1 of the Guidance.

Paragraphs 4.59 to 4.61 of the Guidance outline that firms should ensure that they have systems and processes that allow customer service staff to record and access information that will be required in the future to respond to vulnerable consumers' needs. We know from responses to our consultations that things like legacy systems may make it difficult to share information both within and across groups of firms, but firms should do what they can to

ensure that consumers do not have to repeat information, particularly where this would lead to further distress.

The Guidance also refers to ‘tell us once’ style services and systems as examples that may help, although we are not able to recommend a particular provider of these services.

As explained at paragraph 2.41 of the Feedback Statement, we continue to work closely with fellow regulators via the UK Regulators Network (UKRN) on matters relating to data and vulnerability. Encouraging the use of, and innovation in, data to improve vulnerable consumer outcomes is a UKRN workplan theme so we’ll be considering this with other regulators, including the ICO.

Other relevant legal and regulatory obligations

27. How does the Guidance interact with existing regulation and legislation?

Paragraph 1.18 of the Guidance sets out that as well as the Principles, firms may have to comply with other legal and regulatory obligations for vulnerable consumers. It explains that the Guidance does not replace or substitute other applicable rules, guidance or law and does not require firms to act in a way that is incompatible with legal or regulatory requirements. Appendix 2 of the Guidance sets out what some of these may be. For example, the Equality Act 2010 and rules and guidance relating to financial promotions and communications, and complaints.

This is not intended to be a complete or exhaustive list and firms will need to consider for themselves how they comply with all their legal and regulatory obligations.

28. Does the Guidance change responsibilities of firms in distribution chains and where business is intermediated?

Paragraphs 4.27 and 4.28 of the Guidance explain that the Guidance aligns with, and does not go beyond, existing obligations regarding distribution arrangements. It should be taken to align with sector specific regulations that create obligations on regulated entities within supply chains. It is not intended to imply that a firm must take on the regulatory responsibilities of other authorised firms in the distribution chain.

Other relevant work

29. How do the proposals for a new Consumer Duty align with the fair treatment of vulnerable consumers?

Our [consultation on a new Consumer Duty](#) was published in May 2021. This aims to raise the standard of care afforded to all consumers.

The needs of customers in vulnerable circumstances is one of the explicit factors that firms would be required to consider when meeting their obligations under the Consumer Duty. Firms would need to act to ensure the improved outcomes we expect from the Consumer Duty (for all consumers) are equally felt by those of their customers in vulnerable circumstances.

30. What further work is the FCA doing to support and promote diversity & inclusion?

We are increasingly focused on how we can make better use of our Public Sector Equality Duty (PSED) and use the full range of our regulatory powers. We are exploring how we can support firms to build more diverse and inclusive workforces. We have published a joint [Discussion Paper \(DP21/2\)](#) on Diversity and Inclusion in the financial sector with the Prudential Regulation Authority (PRA), to explore how we can improve standards of diversity and inclusion across the firms we regulate, to improve market and consumer outcomes.

We are also doing more to better understand the disparities faced by some groups of consumers who have different diversity characteristics, and using those insights and analysis in our policy and culture work. Diversity is especially relevant to our work on vulnerability in the context of the pandemic, which has had a disproportionate impact on certain groups of consumers. For example, a higher proportion of Black, Asian and minority ethnic adults reported their financial situation worsened since the pandemic began.

Through our work on firm culture, we want firms to consider diversity and inclusion from two angles – as employers and also in terms of how they serve their markets. And we have been clear in our Guidance on the fair treatment of vulnerable customers that we expect firms to deliver products and services that take into account the needs of their customer base.

If firms are going to be in a position to understand and meet the needs of their customers, as we expect them to, they need to consider whether they have the diversity of background, experience and the right culture to overcome biases and meet these needs.

31. You say it is likely that a breach of the Equality Act will be a breach of FCA rules. Is the FCA going to take action for breaches of the Equality Act, such as failure to make reasonable adjustments for disabled people?

Paragraph 2.6 of the Feedback Statement explains that the FCA does not have powers to enforce the Equality Act, and it is not our role to assess compliance with the Equality Act.

However, some of our considerations may be similar when assessing compliance with our rules and guidance. For example, we can and will take action under our Principles when firms aren't treating customers fairly, including if they are not treating disabled customers fairly because they do not make appropriate changes to meet their communication needs. If we are concerned that firms are acting in breach of our rules, and we suspect this may also be a breach of the Equality Act, we will work with the EHRC to support each other's work.

32. Why are so many regulators acting on issues of vulnerability? How do you work with other regulators to ensure a joined-up approach to the fair treatment of vulnerable consumers?

We know that many of the problems consumers face cut across regulated sectors. This includes lack of engagement, low income or indebtedness, the opportunities and challenges posed by smart data and digital developments. As outlined at paragraph 2.143 of the Feedback Statement, it is important that we work with other regulators and government to share insights and best practice, and to work together to improve outcomes for consumers in vulnerable circumstances. Examples of where we work together include the UK Regulators Network (UKRN), the Consumer Protection Partnership and the BEIS Ministerial Consumer Forum.

This is particularly important where issues and challenges consumers face across the different sectors may be similar, although it doesn't mean regulators' solutions and approaches will always be the same. This is because of differences between the regulatory regimes, the nature

of products and services in our sectors and differing needs of consumers in the sectors. So joint projects are considered on a case-by-case basis and entered into where learning from each other's approaches and collaboration will add real benefits.

Examples of joint working include:

- work with UKRN and the Office of the Public Guardian to develop the [Power of Attorney Guide](#)
- an overview of [regulators' approaches to the fair treatment of vulnerable customers](#), including discussion about minimum standards
- publishing [performance scorecards](#) about customer service across various sectors

UKRN has recently published its [multi-year workplan 2021](#) which shows that regulators have committed to continue working together to improve outcomes for consumers in vulnerable circumstances or with additional needs.

We continue to look for opportunities to collaborate with other regulators, particularly where harms are common across sectors and where solutions are likely to benefit from a joint approach.