

Optima Consumer Credit Limited

Vulnerable Customer Policy

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Scope and Applicability

This document provides information on the identification and treatment of vulnerable customers who contact **Optima Consumer Credit Limited** (The Firm) in day to day processes and this policy is applicable to all employees.

The Vulnerable Customer Policy is in place to ensure that procedures are in place with suitable adaptations, tools and training to mitigate potential consumer harm. This policy is underpinned by the TCF principles and policy.

The policy is designed to ensure that The Firm has:

- appropriate training for its employees in relation to vulnerable customers
- appropriate procedures in place to follow when dealing with vulnerable customers
- appropriate procedures to ensure that the identification and treatment of vulnerable customers is taken into account in day-to-day operations
- procedures in place to ensure that vulnerable customers are given every opportunity to pursue their financial objectives
- appropriate Management Information is in place to ensure poor customer outcomes for vulnerable customer are identified and rectified

Legislative Requirements

Protecting the interests of vulnerable customers is a key focus for the FCA and has been a priority since 2015.

The FCA published its Approach to Customers which is underpinned in the main by PRIN 2.1 and CONC 7.3. In addition, there are sections relating to the fair treatment of customers in COBS, COLL and MCOB handbooks.

Background

The Firm understands that customers can be considered vulnerable at different periods in their life due to circumstances at that time and has adopted the FCA definition of a vulnerable customer and has applied it to this policy and procedure.

“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”.

The Firm has a culture where the interests of customers is at the heart of the organisation. Culture will run through the company from the leadership team and feed through to every employee within the business.

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The Firm fully accepts that vulnerability can affect consumers across all financial products, services and stages of the customer journey and has therefore implemented a 'Vulnerable Customer Policy and Procedures' document to ensure all reasonable steps are taken to assist customers in making the appropriate borrowing decision.

The Firm is committed to ensuring that the operations of its employees do not have any negative impact upon vulnerable customers.

For the purposes of this policy vulnerable customers are existing and prospective customers, whose ability or circumstances require us to take extra precautions in the way that we provide our services, to ensure they are not disadvantaged in any way.

No specific vulnerable characteristics have been identified within the target market, however within the demographics of the target market, it is possible that on occasions, some customers could fall within one or more of the vulnerable categories, detailed in the 'What is a Vulnerability' section below, at some point during the relationship.

The Firm understands that, if suitable policies, procedures and training is not in place, this could lead to poor customer outcomes, particularly for vulnerable customers. The Firm has therefore developed all policies and procedures taking into account customer profile and vulnerabilities. Poor customer outcomes could include:

- Customers not obtaining their financial objectives
- Customers not obtaining the best product for their needs
- Customers being unable to afford the repayments due on a recommended finance product
- Customers not understanding their obligations in respect of a credit agreement

If the customer does not fully understand the product available, for any of the reasons highlighted in the vulnerability categories above or are suffering income stress through reasons highlighted in the life event and resilience categories, they could suffer consumer harm.

What is Vulnerability?

A vulnerable customer could be considered to be anyone who by virtue of their health, age or circumstances may be less able than others to:

- Realistically and objectively identify and prioritise their own needs.
- Fully understand the risk, cost or implications of any advice provided.
- Assess information in the usual format, for example, orally during meetings or visually in respect of written advice.

Vulnerable customers may also include anyone who by virtue of health, age or circumstances, may be more likely to:

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- Be easily influenced.
- Accept advice without consideration to its suitability.

All customers are at risk of becoming vulnerable and this risk is increased by the following 4 vulnerability driver categories. For the purposes of this policy we consider a vulnerable adult to be a person aged 18 or over who falls within one or more of the following areas within the categories below:

- Health –
 - Addiction
 - Hearing or Visual Impairment
 - Low Mental Capacity / Cognitive Impairment
 - Mental Health Condition or Disability
 - Physical Disability
 - Severe or Long Term Illness
- Life Event –
 - Bereavement
 - Caring Responsibilities
 - Domestic Abuse (including economic control)
 - Income Shock
 - Relationship breakdown
 - Retirement
 - Other Life Event (including criminal convictions)
- Resilience –
 - Inadequate or Erratic Income (outgoings exceed income)
 - Low Emotional resilience
 - Low Savings
 - Over Indebtedness
- Capability –
 - Learning Impairment
 - Low Knowledge / Confidence in Managing Finances
 - No or Low Access to Help or Support
 - Poor English Language Skills
 - Poor Literacy or Numeracy Skills
 - Poor or Non-Existent Digital Skills

The above vulnerability drivers should be considered within a whole spectrum of vulnerabilities. Customers may experience one or more vulnerabilities which will impact their potential for harm. For example, a person with anxiety (Health driver) may be managing their condition and not therefore be vulnerable, however if they were to suffer a reduction in income (Life Event driver) they would move further down the vulnerability spectrum with a greater risk of a poor outcome. The Firm will aim to understand each customer's individual circumstances to ensure that good outcomes are delivered.

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Procedure

Identifying Customer Vulnerability

The Firm will generally engage with customers over the telephone. Visible vulnerabilities will usually be easier to recognise, e.g. blindness or motor disabilities. Others are harder to identify. The Firm will look out for clues which could indicate vulnerabilities, such as:

Auditory clues:

Customers who say the following:

- I can't understand the information/email you have sent me
- I can't hold on all day
- I'm having some problems
- My circumstances have changed, or
- Ask for repetition or repeat themselves
- Mention medication
- Become upset
- Take a long time to give answers to questions

Visual clues:

- Shortness of breath
- Customer is becoming upset or distressed
- Body language suggests they are confused

Other clues:

- Not remembering past conversations
- Struggling to understand information they have been given

Written clues:

- Writing unclearly or inconsistently
- A letter written by somebody else on their behalf

Managing Customer Vulnerability

The Firm has 5 basic principles for enhancing the experience when dealing with vulnerable customers:

- **Confidence and Trust** – be clear on what's happening and why, and what's expected of the customer
- **Accessible Information** – communicate in a clear and understandable way
- **Clear Choices** – help customers understand the consequences of their choices and take informed action
- **Easy Journey** – make the journey as easy as possible. Remove obstacles, help customers stay on the path
- **Specialised Support** – make sure customers have easily accessible, specialised support when they need extra help

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When dealing with vulnerable customers The Firm will ensure that the process is made accessible through adaptation, for example recommending large print communications to be supplied by the lender to partially sighted customers, and that the manager dealing with vulnerable customers adapts their approach to speaking with customers. The Firm will ask all customers **'is there anything extra you might need to help you through this application?'**.

All vulnerable customers will have individual circumstances, with no two customers being the same. It is likely that a number of adaptations and approaches will need to be considered when dealing with vulnerable customers and The Firm will be treat customers on an individual basis.

Making our Service Accessible

To ensure that the customer is able to make an informed decision, it is imperative that they understand the information given to them. Further assistance may be required if the customer is struggling to absorb information.

To make the process easier for customers, The Firm will use the following simple steps in all communications with customers (verbal and written where applicable).

- Use clear language
- Use plain, non-technical English
- Slow delivery speed not talk too fast
- Offer information in small chunks so too much information is not given in one go

The Firm will always check customer understanding at each step of the process by:

- Contacting the customer regularly to ensure they feel well-informed
- Asking if they would appreciate having a friend or family member join them
- Being prepared to spend more time with customers who require additional assistance

The Firm will generally have initial contact with the customer via a telephone and will do their best to access and understand all the information that the customer needs.

All written material supplied by the lender such as letters, leaflets or emails are written in clear and simple language to make them easy for all customers to understand and will be available in larger print. The customer can contact the lender for this.

The Firm has in place a range of services and processes to support all customers. Some of these are aimed at people with disabilities who may well not be vulnerable, but form part of our wider suite of support for customers who need us to do things a little differently.

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Customers may be referred directly to our lenders where the lender has other specific accessibility aids available, such as:

- Typetalk calls
- British Sign Language
- Next Generation Text
- Hearing loop
- Audio letters
- Braille letters
- Yellow Perspex/filters
- Magnifying glasses
- Signature guide
- Pen grips

The Firm will not put any barriers in the way of vulnerable customers at any stage of the customer journey.

The customer journey will generally include the following stages:

- The customer will be called after taking delivery of their good before the application is fulfilled.
- We will make the lender aware if we identify any form of customer vulnerability.

Process for Employees Dealing with Vulnerable Customers

When a potentially vulnerable customer has been identified, or the firm reasonably believes that they are dealing with a vulnerable customer, the Vulnerable Customer Policy and Procedure will be followed.

- The vulnerability can be identified either by:
 - The customer – they can advise that they have a specific vulnerable characteristic

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- The firm – can have identified one or more vulnerable characteristics during the course of a conversation or meeting
- We must make the finance provider aware if we identify any form of customer vulnerability.
- We will record on the customer's file the reason that the customer is considered vulnerable along with which categories the customer is considered to fall within.
- Where any information relating to the vulnerability is considered to be sensitive (e.g. medical information), an appropriate Manager must ask the customer if they consent to the information being recorded on their file.
- Sensitive information must be kept accurate (in the customer's own words) and up to date. Care must be taken and it must be checked for accuracy, be relevant but not excessive. The needs or adaptations requested by the customer should be recorded rather than an assumed underlying condition.
- If the customer does not consent to the sensitive information being recorded, we must advise that by NOT doing so would mean that the customer would have to explain their situation again at each visit or call.
- We must satisfy ourselves that if the customer has particular needs, we will tailor communications to those needs and that a sole point of contact is provided to ensure a consistent service.
- We must regularly review vulnerable customer files to ensure that regular contact is being maintained until the goods are delivered and the customer is happy with their purchase.
- The Firm has adopted the following best practice examples to achieve the required outcomes:
 - We will always ensure the vulnerable customer is treated as an individual
 - Always give the customer time to explain fully or to find details or information
 - Always listen for what isn't being said, not just what is – e.g. absence of understanding, commitment, timing should ring alarm bells
 - Always aim to guide the conversation to keep it on topic to help keep the customer focused and avoid them from becoming distracted
 - Provide sufficient training to be able employees to recognise signs of vulnerability and enable them to listen to vulnerable customers.
- During conversations with vulnerable customers, we must use an appropriate method of speaking or communicating, depending upon the vulnerability characteristics which have been identified, see examples below:
 - Speak clearly and enunciate where the customer has:
 - Suffered a Health Event:
 - A minor hearing impairment
 - Low mental capacity / cognitive impairment
 - Suffers from a Capability Event:

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- Low knowledge or confidence in managing finances
 - No or low access to help or support
 - Poor English language skills
 - Poor literacy or numeracy skills
 - Learning impairment
- Be patient and spend time listening whilst the customer gets to the core problem where the customer has:
 - Suffered a Health Event:
 - Low mental capacity / cognitive impairment
 - Mental health condition or disability
 - Suffers from a Capability Event:
 - Learning impairment
 - Low knowledge or confidence in managing finances
 - No or low access to help or support
 - Poor English language skills
 - Poor literacy or numeracy skills
 - Suffered a Life Event:
 - Bereavement
 - Domestic abuse
 - Relationship breakdown
- Empathise where the customer has:
 - Suffered a Life Event:
 - Bereavement
 - Domestic abuse
 - Relationship breakdown
 - Caring responsibilities
- We should always check the customer's understanding all stages of the customer journey:
 - Never assume to know what the customer needs – it's easy to rush through if the consumer is slow or not able to explain what they need
 - Ask the customer to explain to you what they understand is happening
 - Never assume that the customer is sighted
 - Never assume that the customer can hear everything you are saying – they may have a hearing impairment
- If a customer does not want to be called again as a direct result of their incapacity or health issues, then a Manager should respond with suggestions of alternative means of communication.
- Where a problem occurs as a result of the customer's incapacity, and perhaps lack of understanding, a Manager should review the details of the conversation to identify where the misunderstanding took place and identify what procedural changes or additional training is required to prevent it happening again.
- Signposting customers to relevant organisations:

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- Where a vulnerable customer does not have the capacity to make the decisions that are required or is suffering financial difficulties, the Senior Manager will try to identify a carer or someone who is authorised to act on behalf of that customer or suggest that the customer contacts a source of assistance, such as the local Citizens Advice Bureau <https://www.citizensadvice.org.uk> 03444 111 444, The Citizens Advice Consumer helpline (03454 04 05 06), Age UK (0800 169 2081), or Trading Standards.
- Where a customer suggests that they may be thinking of committing or have committed any form of self-harm then the Senior Manager should transfer the call to a relevant agency such as the Samaritans 116 123 or alternatively contact the police.
- Where a customer appears to be suffering from mental health problems, refer them to: Mind www.mind.org.uk 0300 123 3393
- Where a customer has suffered a bereavement, refer them to: Cruse Bereavement Care, <https://cruse.org.uk> 0808 808 1677
- See vulnerable customer useful contacts list for additional organisations

Assessing Capacity and What to do When a Customer Discloses a Mental Health Issue

Under The Mental Capacity Act 2005 or The Adults with Incapacity (Scotland) Act 2000, the message is still the same for circumstances where The Firm suspects a customer does not have full mental capacity to make a financial decision.

The Firm will assume that the customer has capacity unless proven otherwise. The Firm will consider the following factors in deciding whether the customer is unable to make a decision:

- Does the customer understand the information relevant to the decision
- Can the customer retain the information
- Can the customer use or weigh up the information as part of the process of making the decision
- Can the customer communicate their decision (whether by talking, sign language or any other means)

The Firm will:

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- Undertake the initial assessment without others present
- Assess whether the customer is under any undue pressure
- Ask open questions – not just yes/no questions
- Ask the customer to replay information back
- Check understanding a few minutes after the discussion
- Ask the same questions in a different way to check for a consistent response
- Once lack of capacity has been established, then bring in others to assist the customer
- Refer to appropriate organisations where appropriate (See vulnerable customer useful contacts list)

Signposting for Employees Dealing with Vulnerable Customers

The Firm will signpost customers with mental health problems and vulnerability, if deemed appropriate.

Signpost to internal or external help (where this is appropriate)

1. Refer internally to a specialist team/employee within the organisation
2. Refer externally to an organisation such as:
 - a. Citizens Advice – England: 03444 111 444 / Wales: 03444 772 020, for free, independent advice
 - b. NHS 111 (non-emergency) for more help with a mental health problem or NHS Direct – England & Wales on 0845 46 47
 - c. NHS 24 – Scotland: 08454 242424
 - d. The Samaritans – 0845 790 9090 (for suicidal or despairing people)

All members of staff, regardless of grade or level who have any customer contact must read this policy regularly and ensure they understand it fully

The Firm will not unfairly discriminate against a customer who it understands, or reasonably suspects, has a mental capacity limitation, in particular, by inappropriately denying the customer access to credit.

Training for Employees Dealing with Vulnerable Customers

The Firm understands that it has a duty to help ensure that vulnerable customers are identified and adaptations made. The Firm will undergo regular reviews of the current policy and procedure and ensure that regular employee training is provided to ensure that the firm continues to maintain the skills to:

- Know how to identify vulnerable customers
- Know how to identify factors that can create vulnerability
- Know how to have a conversation to understand the customer's vulnerability

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- Take action to signpost to further support
- Understand what adaptations are available when dealing with vulnerable customers
- Have the appropriate tools available to enable them to deal with vulnerable customers

The Firm will ensure employees are provided with at least annual training on this policy. Employee training is designed to ensure all employees are aware of their obligations under vulnerable customer legislation.

The Firm is aware that there may be occasions where practical and emotional support may be required for employees during the course of dealing with vulnerable customers. In these circumstances the following options may be considered:

- Taking a short break
- Taking time off work / leaving early
- Signposting to a relevant organisation

The Firm will keep up to date with industry and regulatory communications regarding dealing with vulnerable customers to ensure that this Policy and Procedure document remains relevant and up to date.

Management Information (MI)

The Firm aims to ensure that vulnerable customers receive good customer outcomes as identified by The Financial Conduct Authority (FCA). The Firm adheres to the FCA's Principles for Business and in particular has considered Principle 6, 'A firm must pay due regard to the interests of its customers and treat them fairly', when developing the Vulnerable Customer Policy.

To ensure poor outcomes are identified, The Firm will collate monthly MI, in areas such as:

- Customer complaints received regarding the product and service received
- Levels of customer vulnerability
- Whether the vulnerabilities identified were recorded and appropriate adaptations made
- Were customer vulnerabilities updated regularly
- Were vulnerable customers discriminated against

MI as above will be collated monthly and will be reviewed in full. Where poor outcomes and trends are identified, root cause analysis will be carried out and action will be taken to prevent re-occurrences, including review of policy and procedures and additional training.

Compliance

Any employee who fails to follow this policy may be subject to disciplinary action, up to and including termination of employment.

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Version Control

Version	Date Implemented / Amended	Reviewed by	Date Reviewed
1.0	July 2023		