

VULNERABLE CUSTOMERS

GUIDANCE FOR DEALERS

This document is designed to provide you with tools and guidance that will help you to:

- 1. Understand specific vulnerabilities you may encounter.**
- 2. Structure your conversations when you identify a vulnerability.**
- 3. Support customers who are identified as having a vulnerability.**



Definition of Vulnerable Customers

The FCA (Financial Conduct Authority) define a vulnerable customer as someone who **“Due to their personal circumstances is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”**.

If we do not take action and consider the needs of customers in vulnerable circumstances, this could lead to poor customer experiences and outcomes, complaints and reputational damage.

Vulnerable Customers Guidance for Dealers

This document has been designed to help you to identify and support customers who may have specific needs as a result of a vulnerability. There are links within the document that will take you directly to sections that will provide you with advice and guidance regarding specific vulnerabilities along with industry and regulatory recognised tools to assist you along this journey.

It also provides details regarding any legal or regulatory requirements you need to be aware of when discussing vulnerabilities with a customer.



Our role – how we can help

We can support you so you are not responsible for taking decisions alone. We can give you guidance on how to interact with the customer or we can speak to the customer on your behalf. Our contact details are included at the foot of each page. However as you are face to face with the customer you are better placed to help and support the customer and this document will help you achieve this.

Your responsibilities

Throughout this document we will provide you with various tools that can be used and key indicators to look out for to ensure you support the customer and any specific needs they may have. During your interaction with the customer you should always be alert and consider any signs of vulnerability.

TEXAS Protocol Tool

Before moving on to look at specific vulnerabilities it is important you understand how to:

1. Capture the details of any vulnerabilities that are disclosed.
2. Ensure you have EXPLICIT permission from the customer to record this information.

The **TEXAS** protocol should be used to ensure you follow the legal and regulatory requirements regarding the capture and recording of vulnerabilities and manage disclosure effectively.

This approach if followed will ensure the customer understands what we will do with the information they have shared.

- T** — **Thank** the customer for telling you about their circumstances. Advise the customer it will help you better support them throughout their application.
- E** — **Explain** the information will be stored on the dealership system and sent to Black Horse to be stored on our systems to further support the needs of the customer. It will be retained for the product life plus ten years before being deleted.
- X** — Gain **eXplicit** consent to record their support need(s). This is crucial and a legal requirement. Also, explain you may be required to pass the customer through to the Black Horse New Business Processing team who can provide additional support, if required.
- A** — **Ask** questions to clarify the information. Be sensitive and ask questions that are relevant and tailored to the customer's circumstances.
- S** — **Signpost** the customer – what will happen next and where they can find further help and support from Black Horse and external organisations such as:

Citizens Advice

www.citizensadvice.org.uk

Tel: 0300 332 100

Samaritans

www.Samaritans.org

Tel: 116 123

Age UK

www.ageuk.org.uk

Tel: 0800 678 1174

TYPES OF VULNERABILITY

**LACK OF ENGLISH
LANGUAGE SKILLS**

**MENTAL CAPACITY
LIMITATIONS**

**MENTAL HEALTH
DISORDERS**

**THE YOUNG &
THE ELDERLY**

**PHYSICAL
DISABILITY**

**LOW INCOME
OR DEBT**

**UNDER
DURESS**

LACK OF ENGLISH SKILLS

Customers without a good command of English are still able to take out finance, but care needs to be taken to ensure that a translator or interpreter is present to help the customer and to ensure that they understand the agreement that they are entering into.

There are a number of requirements you must follow to ensure that you meet your data privacy requirements whilst at the same time supporting the customer to ensure that they are in the best position to make an informed decision regarding their purchase. These are outlined on the next page.

Requirements for an interpreter

If a third party is going to act as an interpreter, there are certain requirements that must be met. These are:

Identification and verification

- Family member or friend: must be over 18 and have valid identification i.e. a passport or driving licence. You must retain a copy of their I.D. along with a telephone number.
- Official interpreter: formal identification (badge) – You must retain a copy of their badge along with a contact telephone number.

Further Requirements

- Allow sufficient time for the interpreter to translate the information to the customer advise the interpreter to tell the customer that written communication, internet and telephony services will be in English.
- Confirm with the interpreter that the customer understands the translation clearly enough to make an informed decision.
- If a customer's command of English isn't sufficient for them to understand the product they are applying for and you feel they do not understand what is being discussed you must call us to discuss the next steps.
- If you feel the interpreter does not understand what is being discussed, or that the interpreter is not acting in the customer's best interests, you must call us to discuss next steps.

You must read the Data Privacy notice on the following page to the interpreter.

Requirements for an interpreter

In order to meet our regulatory requirements the following **MUST** be read in full to the interpreter:

Data Privacy Notice

“The personal details that you give me today will be held by Black Horse Limited which is part of Lloyds Banking Group. More information on Black Horse Limited can be found on the website at www.blackhorse.co.uk.

Your personal data will be recorded within the customer’s notes for the purposes of fraud prevention and monitoring. It will be retained for the product life plus ten years before being deleted. Black Horse will not use it for any other purpose and will not contact you about the customer’s product. It is important that you understand how the personal information you give us will be used. If you want any more information about this, you can find the Black Horse full privacy notice at www.blackhorse.co.uk/privacy”.

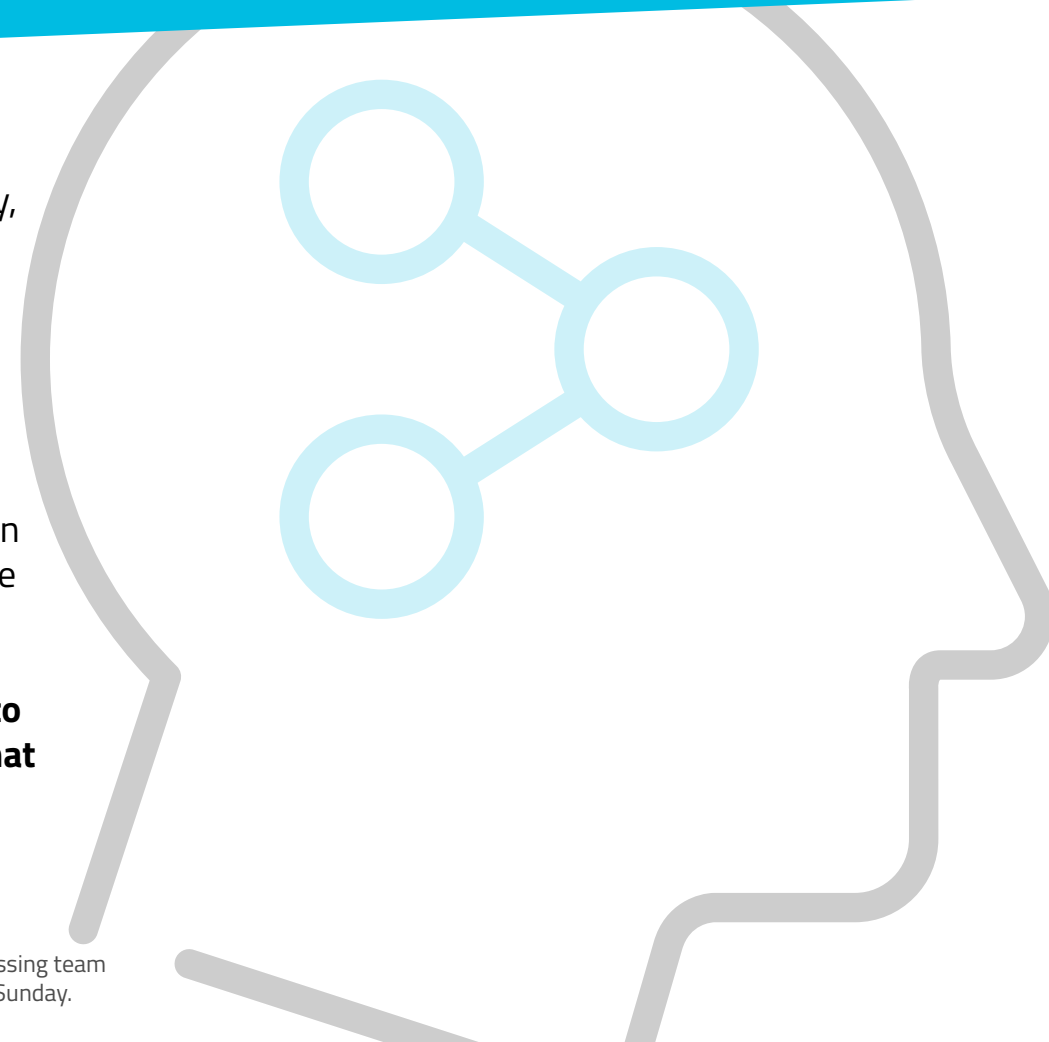
MENTAL CAPACITY LIMITATIONS

This includes conditions that may impact on an individual's ability to make decisions and includes: low literacy, numeracy, dementia, substance abuse (Alcohol, Drug).

During a lending application if a customer with mental capacity limitations does not receive the right support they may take out credit they do not understand, recall taking it out, or realise it needs repayment.

In order to assist you in identifying a customer with a decision making limitation and then to provide appropriate support we would recommend that you use the **BRUCE** protocol.

You should always assume that a customer has the ability to make a decision, but also actively check for any evidence that they do not.



BRUCE protocol

The **BRUCE** protocol can be used to both identify and help support customers with decision making limitations.

- B** — **BEHAVIOUR AND TALK** – you should monitor a customer’s behaviour whilst talking and look for indications of difficulties with:
- R** — **REMEMBERING** – is the customer exhibiting any problems with their memory or recall?
- U** — **UNDERSTANDING** – does the customer grasp or understand the information given to them? Does the customer find it difficult to concentrate and has not been able to make much sense of the new information they have just read regarding the features and conditions of the loan?
- C** — **COMMUNICATING** – can the customer share and communicate their thoughts, questions and decisions about what they want to do? You notice continued problems with concentration and memory?
- E** — **EVALUATING** – can the customer ‘weigh-up’ the different options open to them? Does the customer become frustrated about all the questions they are being asked during the loan application process and all the hoops they feel are being made to jump through?

How you can help

We need to balance our duty to protect customers of limited mental capacity with their right to make their own decisions.

If you have concerns:

- **DO NOT** arrange finance for the customer immediately.
- **ASK** to repeat key information back to you to ensure that they have understood.
- **ASK** the customer whether there is someone who they would like with them to help with the process of applying for finance.
- **ALLOW** the customer time to make the decision, including going away to discuss the decision with a friend, relative or carer.
- **SUGGEST** that the customer takes some time to think the decision over – some mental capacity limitations (for instance, intoxication and some forms of mental illness) may not always be present.
- **CONTACT US** immediately if you become aware of or suspect a limitation.

MENTAL HEALTH DISORDERS

Mental health challenges and Mental health conditions can take many forms and can be difficult to identify; there are no expectations for you to be able to diagnose mental health issues. If a customer explicitly tells you they are suffering from a mental health issue, it is important that you follow the **TEXAS** protocol as outlined in this guide.

You should not assume this means they have limited ability to make a decision unless there is some evidence of this. If you believe the customer's mental health issue may be affecting their ability to make decisions please follow the guidance given under **Mental Capacity Limitations**.

If you believe the customer may be suffering from mental health issues It is important that you inform us of this so we can help to support the customer, but you must ask the customer's explicit permission to tell us about the information they have given you. Explain we will use this information to ensure we are treating them fairly and supporting them as appropriate.



Some examples of Mental Health Disorders

- **Anxiety disorder**
- **Panic attacks**
- **Bipolar Disorder**
- **Borderline personality disorder**
- **Depression**
- **Dissociative disorders**
- **Paranoia**
- **Post traumatic stress disorder**
- **Psychosis**
- **Seasonal Affective Disorder**
- **Stress**
- **Emotional Distress**

Emotional distress, such as bereavement, can temporarily affect a customer's ability to make a decision. If the customer shows signs of this, make sure that you follow the guidance we have provided above regarding customers with a limitation. It may be that in some cases, it is better for the customer to delay making a decision.

This is not an exhaustive list of Mental Health Disorders and Mental Health Disorders can be short, mid or long term. You can find further information on Mental Health Disorders at www.mind.org.uk.

THE YOUNG & THE ELDERLY

Customers that are young or elderly may need additional support when making decisions. Being elderly could mean that customers are more prone to certain limitations such as physical or mental impairments.

Being young could mean that customers have less experience which could limit their understanding of financial products. Five key areas that typically differ to other customers are:

- Financial needs and circumstances.
- Capability and preferences.
- The likelihood of experiencing specific life events.
- The likelihood of experiencing changes in physical and mental health.
- The possibility of mental capacity limitations.

The **BRUCE** protocol can be used to both identify and help support young and elderly customers with decision making limitations.



PHYSICAL DISABILITY

A physical disability can take many forms and you should always take a customer's disability into account to provide the best possible support.

For example a customer with a physical disability such as being partially sighted, blind or deaf may require specific help.



Advice and additional resources that may help to support disabled customers

We can also provide additional support for visually impaired customers through the RNIB business service to provide pre-contractual and credit agreements in the alternative formats listed below:

1. Large print
2. Braille
3. Audio CD Versions

If the options above are not sufficient for you to fully support the customer, please contact us so that we can consider if there are additional steps we can take to help the customer.

Other examples of ways you can help:

- Do not cover your mouth with your hand if our customer is deaf or partially deaf - they may be lip reading.
- Ask the customer if they have any special requirements that may help with communicating.
- Be patient, flexible and respect personal space.
- Encourage the customer the opportunity to take away the documentation to read with a friend or family member

LOW INCOME OR DEBT

Customers that have a low income or that are in financial difficulty, may be more susceptible to harm if they take on additional lending that they cannot afford.

Our affordability assessment should enable us to identify these customers and to protect them from entering into lending that they cannot afford, but if the customer gives you reason to believe they are in financial difficulty and this is not reflected in the information provided to us, you should let us know immediately. We can then ensure our lending decision is fair and does not make their financial situation worse.



UNDER DURESS

Customers could be particularly susceptible to harm if they are being placed under duress by a third party. The customer could find themselves with a credit agreement that they do not want or that they cannot afford.

A customer may be acting under duress if they are being pressurised to take out finance by a third party such as a friend or family member or, in extreme cases, as part of a criminal activity.

It is important that we identify and support these customers to prevent the harm that may arise.

The following page will help you identify what to do if you suspect you are dealing with a customer under duress.



How to identify a customer who is under duress

It will not always be possible to tell if the customer is under duress, but there are signs that you can look out for to help identify customers in this position:

- Is the vehicle the customer is purchasing consistent with their needs and their current vehicle?
- Is the customer clear about why they want to purchase the vehicle they have chosen?
- Is the customer accompanied by another person and if so, do they seem at ease with the person or do they look anxious or upset?

Examples of a customer who is under duress

Remember that a customer under duress might appear to be on their own with a 3rd party out of sight.

- A customer is elderly and with a much younger adult who appears to be making the decisions
- A customer who appears nervous about making decisions.
- A customer appears agitated, upset, or quiet

What you should do

Contact the New Business Processing team IMMEDIATELY if you suspect a customer is under duress.

