



# **YORKSHIRE BUILDING SOCIETY**

# **VULNERABLE CUSTOMER POLICY OVERVIEW**

Updated April 2024

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## 1. Purpose

### The Purpose of the Policy

The purpose of the Vulnerable Customer Policy is to set out our approach to identifying and interacting with vulnerable customers to ensure we deliver “good customer outcomes”. A “good customer outcome” is a wide definition and does not just relate to the avoidance of financial detriment, it includes instances which cause or could cause distress and inconvenience. A ‘good customer outcome’ also helps to support customers in being able to achieve their financial objectives. The purpose of this policy document is to:

- Define what constitutes a vulnerable customer.
- Set out how customers will achieve a good outcome.
- Outline the controls that ensure adherence to the Vulnerable Customer Policy.
- Outline how vulnerable customer consideration will be used to drive business improvements.

### Applicable Regulations and Legislation

The YBS approach to the treatment of vulnerable customers evolves in line with Consumer and Regulatory demands. Treatment of vulnerable customers is covered within FCA principles 2,3,9, and 12 in the Finalised Guidance for Fair Treatment of Vulnerable Customers and is supported through industry and regulatory guidance which is monitored and reflected within the Policy.

In addition, the Policy reflects YBS’s legal obligations:

- The Equality Act (2010) – No discrimination and making reasonable adjustments.
- General Data Protection Regulation – processing special category data under the Data Privacy Policy.

### Requirements of the Policy

To deliver good outcomes to our customers we must consider the circumstances of each individual and in our dealings with them tailor our approach, removing any unreasonable barriers that restrict the customer accessing our products and services.

YBS has no appetite for customer conduct failure. Our Conduct Risk Appetite states that “We will only offer products and services which meet customer needs, and where we can manage any conduct risks which arise including consideration of customer vulnerability and impacts on and of climate change. We act in good faith to prevent foreseeable harm and if failures occur, we proactively identify, establish root cause and remedy via our own actions”.

## 2. Scope

The Vulnerable Customer Policy applies to all brands within the Yorkshire Building Society (YBS); including agencies who act on behalf of the society and all services and products that are provided to customers or stakeholders. The standards set out in the policy will apply to providers, where the third party interacts directly with YBS customers. These requirements are set out in the Procurement, Outsourcing and Third Party Risk Policy.

This policy relates to the treatment of vulnerable customers.

## 3. Definitions

- **YBS vulnerable customer definition:** A vulnerable customer is someone who due to their current personal circumstances may be susceptible to detriment and therefore may require us to engage with them in a different way to meet their individual needs. The requirements within this policy must cover:
  - Existing Customers
  - Potential Customers
  - Non-Customers who engage with us on behalf of Existing Customers

- **Stakeholder:** A person, company or group that hold the authority or obligation to act on behalf of a customer. Examples of stakeholders include but are not limited to; Solicitors and those who hold Power of Attorney.
- **Third Parties:** YBS uses several third parties to provide elements of the overall product and service proposition. Depending upon the product and service, and supporting contract, the nature of the relationship can include:
  - Product manufacturer (e.g. YBS-branded white label product)
  - Product business partner (e.g. YBS customers introduced to a third party)
  - Customer-facing service provider (under YBS or brand)
  - Non customer-facing supplier (e.g. provision of supporting service within wider Process)
- **Colleague:** YBS colleagues (permanent and temporary) and colleagues delivering services to YBS as employees of third parties.
- **Customer Facing Colleague:** a colleague that will as part of their day to day routine, interact with customers through any channel.
- **Extra Care Team (ECT):** a team of specialist colleagues whose primary focus is the support of our vulnerable customers and providing expertise and knowledge to all customer-facing colleagues.
- **First Point of Contact (FPOC):** the colleague/department, including third parties and outsourced service providers, that is the first point of direct business interactions.
- **Non-customer facing areas:** is a department or team where colleagues will not typically engage with customers as part of their daily routine.
- **UCB:** YBS has an obligation to protect its colleagues and customers from unacceptable customer behaviour which is supported by the UCB Policy.
- **Vulnerable Customer Panel:** Is a defined member panel with cross business representation that sits to ensure customers receive good outcomes which are appropriate to their circumstances and without exposing the Society to unnecessary risk. The panel will meet and aim to find suitable solutions which may be available to the customer where our standard process and procedures would put them at a disadvantage due to their circumstances and all other options have been exhausted.

## 4. Policy Statements

### Vulnerable Customers

- We must assess a number of factors when considering if a customer is vulnerable, and the support they may require, including whether the vulnerability is either a permanent or temporary situation for an individual. The basis of whether a customer is vulnerable, or not, must be assessed on a case by case basis and this assessment must consider the key factors which may make them susceptible to unfair customer outcomes.
- The FCA defines four key drivers for vulnerability – Health, Life Events, Resilience and Capability. The following are types of circumstances and characteristics, as detailed by the FCA in Finalised Guidance FG21/1 which may suggest vulnerability, but these are not exhaustive, and the identification of vulnerable customers must be individual, responsive and aimed at removing barriers to accessing our products and services.



Table 1: Characteristics associated with the 4 drivers of vulnerability

Health	Life events	Resilience	Capability
Physical disability	Retirement	Inadequate (outgoings exceed income) or erratic income	Low knowledge or confidence in managing finances
Severe or long-term illness	Bereavement	Over- indebtedness	Poor literacy or numeracy skills
Hearing or visual impairment	Income Shock	Low savings	Poor English language skills
Mental health condition or disability	Relationship Breakdown	Low emotional resilience	Poor or non-existent digital skills
Addiction	Domestic abuse (including economic control)		Learning difficulties
Low mental capacity or cognitive disability	Caring responsibilities		No or low access to help or support
	Other circumstances that affect people's experience of financial services eg, leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions		

(Financial Conduct Authority, Finalised guidance FG21/1 Guidance for firms on the fair treatment of vulnerable customers)

\*YBS has specific policies and processes in relation to Financial Crime, Financial Abuse and Modern Day Slavery. If colleagues note indicators of any of these crimes, then you must refer to the Financial Crime documents and guidance which provide specific help in dealing with these issues our customers may fall victim to.

## Identification

- Customers may be recognised as potentially vulnerable through self-identification or through indicators the organisation has identified. All colleagues have a responsibility to remove barriers for customers and should consider this overarching policy when interacting with any customer or potential customer to highlight and identify potential vulnerabilities.
- Customers must be able to contact us through any of our communication channels and by any reasonable means, which may include asking a third-party representative to act on their behalf, to notify us of vulnerable circumstances.
- Non-customer facing colleagues communicate details of potential vulnerability to the Extra Care Team, where exploration of circumstances will be completed by the Extra Care Team in liaison with the non-customer facing colleague if required.

## Treatment

- Due to the diversity of the factors that can contribute to the level of customer vulnerability (see table 1) there will not be one approach that can be adopted to fit each circumstance. The over-riding principle is that good outcomes are achieved throughout the customer journey, and any vulnerability related barriers are removed to allow access to our products and services. It is therefore essential that colleagues take a flexible approach as our failures can lead customers to suffer financial and non-financial impacts.
- Although our aim is to remove barriers wherever possible to fully support our vulnerable customers, this does not automatically mean going outside of policies and procedures which could increase the risk of a poor outcome to the customer, or which puts YBS at additional risk, outside of its appetite.
- Colleagues must consider vulnerable customer needs in all interactions; alternative methods, such as Braille or Large Print, will be accommodated where possible to remove access barriers.
- We should remove barriers for customers being able to contact us, and they should have the option to interact with us via their channel of choice, may this be telephone, face to face, digitally.
- Processes and procedures including changes to these will be tailored to enable the identification and treatment of vulnerable customers specific to the nature of the product or services offered and our interactions with customers across the whole customer journey.
- Business areas must make use of available MI, Insight Data lead indicators and wider external insights to identify any emerging vulnerable customer risks.
- Areas must have process and controls for the identification and appropriate support of vulnerable customers.
- Where a vulnerable customer has cause to complain and their complaint cannot be resolved at FPOC, the complaint will be triaged by our Customer Relations. All complaints are assessed individually and where the complaint may impact the customers vulnerability the complaint will be prioritised.
- Colleagues must escalate individual cases where vulnerable customers are at risk of an unfair outcome with situations that fall out of existing policy / procedure.
- Colleagues must seek to provide additional support to enable customers to make informed decisions and maintain access to products and services.
- When recommending or applying digital solutions for customers (such as registration for online) it is important to consider if they have both the access and skills to continue to service their account online and that we aren't creating further barriers for them in the future.
- YBS has an obligation to protect its colleagues and customers from unacceptable customer behaviour (UCB). There is specific guidance which stipulates how these instances will be handled, which references how vulnerable customers will be treated in these scenarios.

## Products, Channels and Business Change

- Products will be designed by the appropriate product development team and will take into account vulnerable customer considerations; this will be managed under the product governance process.
- All products and channels including written, face to face, phone and online digital channel will be periodically reviewed based on an appropriate risk rating to ensure vulnerable customer's are considered, this will be managed under the product and relevant channel governance processes.

- For any Business Change, the impacts to vulnerable customers will be considered as outlined in our Change Lifecycle Governance Framework.
- If customers inform us that they are unable to use a distribution route (e.g. Digital) and this limits their ability to take advantage of certain products or services, we will make reasonable adjustments to remove barriers and offer alternatives where possible to allow the customer to engage and benefit from that product or service.

## Third Party Relationships

YBS uses several third parties to design and deliver products and services to customers.

- During the Third Party Risk Triage Assessment, if it is identified the supplier is in scope for the Vulnerable Customer Risk Lens, the suppliers ability to comply with the expectations as outlined within section x of (insert third party standards) and any additional requirements must be documented within the supplier contract or statement of works (SOW).
- Where a vulnerable customer risk is identified this will be managed by the suppliers relationship manager under the Third Party Governance Framework.
- When there is concern regarding a suppliers ability to meet the required vulnerable customer treatment standards, this must be escalated through the appropriate channels.

## Controls and Adherence

- The Vulnerable Customer Policy and accompanying guidance will be clearly signposted and accessible by all colleagues.
- First Line Risk Assurance undertakes monthly testing to ensure that good customer outcomes are achieved; this metric feeds into the Conduct and Compliance Conduct Risk Appetite to ensure oversight at a senior level.
- YBS operates a breach reporting process (defined separately), which could potentially result in a communication with the appropriate regulator.
- When assessing whether a breach of this policy and associated procedures has occurred, all colleagues must also consider whether a regulatory breach (including breach of a Conduct Rule or the wider requirements of Our Trust Code) has occurred. All suspected medium and high risk regulatory breaches (including breaches of Conduct Rules) must be reported through the Regulatory Compliance Breach Incident Reporting Procedure.
- Each area has responsibility to keep up to date with upcoming regulatory changes. To assist with this, Compliance undertakes horizon scanning from a number of external sources and shares updates on regulatory developments with stakeholders.
- YBS recording of special category data personal data meets General Data Protection Regulation (GDPR) requirements, regarding each vulnerable customer record and additional support measures. This is in accordance with the Data and Record Retention Schedule, which supports the Information Management Policy. Records can be maintained for 15 years as per the YBS Data and Record Retention Standard.
- When recording and handling personal data, and in particular special category data, colleagues must adhere to the Data Privacy Policy.

- Resolution Delivery provides regular and accurate reporting to senior management.

## Digital Channels

- It is vital that digital products, services, and their journeys are designed inclusively considering the full range (appropriate to the characteristics of the target market) of customer diversity including ability, language, culture, gender, age, and other forms of human difference, in line with the frameworks defined under Consumer Duty implementation.
- The Digital Channels team are specifically accountable for making sure journeys across YBS, CBS, Accord websites and the YBS Savings app are designed inclusively and maximise accessibility for customers.

## Design

- Content writing, structure and page design should create user experiences that serve as many people as possible and with accessibility at the core of any objectives being delivered by our content designers and user experience designers.

## Technical principles

The following should be considered when implementing changes within digital channels:

- URL link text and descriptions
- Colour contrast and shapes
- Use accessible fonts
- Form fields and labels
- Text readability
- Images and video
- Keyboard only navigation

## User Testing

User testing should be carried with an audience at least as diverse as our customer base taking into account the full range of accessibility needs that 1 in 5 of our customers face. As a minimum testing should be carried out in relation to the following basic areas of accessibility:

- Dyscalculia and user with low numeracy
- Dyslexia
- Autism
- Users of screen readers
- Low vision
- Physical and motor disabilities
- Deaf or hard of hearing
- Anxiety

## 5. Implementation and Monitoring

### Implementation

- All YBS colleagues are required to complete the 'Vulnerable Customers' e-learning, on the intranet Learning Portal, annually and as a new starter.
- Policy updates will be communicated via Newsfeed and any other appropriate mechanisms to cascade to colleagues will be agreed.

- The Resolution Delivery Team business partner to ensure all colleagues responsible for adherence understand requirements set out in the Policy.
- The Extra Care team in Resolution Delivery will support colleagues to identify and implement appropriate customer treatment.

## Monitoring

Vulnerable Customer MI is regularly reviewed ensure oversight and adherence to the Vulnerable Customer Policy and associated guidance by colleagues, through the Customer Insight Forum.

Where issues/trends are identified which may suggest the Policy is not being followed, actions are formally tracked through Business Partner meetings and if required escalated through the Complaint and Vulnerable Customer Forum (quarterly basis), which is a sub-meeting of the Customer Service Division Risk Committee.

There are also operational performance controls and governance within business functions – whether mandate levels, in-built governance process controls, or management checking. The Senior Managers have primary responsibility for these controls to ensure adherence to this policy.

Additionally, a programme of oversight from 1st line risk teams and 2nd/3rd line functions will provide regular assurance and engagement from an independent perspective.

Oversight of Vulnerable Customer is undertaken by the following activities:

ACCOUNTABILITY	ROLE HOLDER (Director)
Quality Assurance (1st Line Risk)	Senior Manager – Business Management
Training & Competency	Directors of direct customer contact functions
Compliance Monitoring	Director of Compliance
Audit Monitoring	Interim Chief Internal Audit Officer
Product Design	Director of Mortgages
Marketing and Digital	Director of Marketing and Digital Channels

Early notification of risks and issues will be reported to the Divisional Director of Risk in respect of any policy dispensations with a potential impact <£500k.

The Enterprise Risk Team will be notified in respect of any policy dispensation with a potential impact >£500k (N.B formal risk tolerance may be required if relevant).

## 6. Approval

The Vulnerable Customer Policy is approved by the Customer Services Division Risk Committee, Enterprise Risk Committee and Board.

The Vulnerable Customer Policy is annually reviewed and re-approved.