



# **HOME LEISURE DIRECT WORLDWIDE LTD**

## **VULNERABLE CUSTOMER POLICY**

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## 1. Policy statement

**Home Leisure Direct Worldwide LTD** (*hereinafter referred to as the **Company***) are committed to identifying, assessing and managing vulnerable customers in accordance with our own objectives and policy, as well as any regulations and guidelines set out by our regulators. We aim to treat all customers, who we define as being vulnerable, in a fair, clear and respectful manner.

We have implemented several identification and assessment tools within the procedure section of this document, aimed at identifying, assessing and dealing with all Vulnerable Customer situations and to consistently ensure that our staff are aware of, and knowledgeable about Vulnerable Customers, including how to handle all situations.

Our policy content states our intent and obligations with regards to handling customers with vulnerabilities and includes external guidance and information as provided by the FCA and the Money Advice Liaison Group (MALG).

## 2. Purpose

The purpose of this policy and procedure document is to identify and support vulnerable customers and to promote transparency and openness in all the business practices and processes that the Company and our staff create and engage in. It also defines the steps to be taken by all staff when dealing with a Vulnerable Customer or associated situation.

The Company and its staff are committed to ensuring that all customers are treated in a fair and consistent manner, but we also recognise that some circumstances require additional interactions and/or steps to ensure that the customer is getting a product/service that is suitable and ethical.

Our staff are provided with in-depth training on what makes a customer vulnerable and how to identify, assess and deal with any vulnerability. We are committed to ensuring that any customer who has a relationship with our company, is treated in a fair, reasonable and supportive manner.

## 3. Scope

This policy and procedure document relates to all staff (*meaning permanent, fixed term, and temporary staff, any third-party representatives or sub-contractors, agency workers, volunteers, interns and agents engaged with the Company in the UK or overseas*) within the organisation and has been created to ensure that staff deal with the area that this policy relates to in accordance with legal, regulatory, contractual and business expectations and requirements.

### 3.1. Definition

The 2 main definitions of a vulnerable customers as used by the Company are:

**a. Customers who are unable, for whatever reason, to make an informed decision at the time of dealing with them** – customers falling into this category include those with language barriers, hearing difficulties, those with mental health issues, suffering from bereavement, learning difficulties or the elderly. These customers may struggle to decide on whether the service or product you are providing is in their best interests.

**b. Customers whose welfare (financial, mental or physical) could be put at risk through choosing the service or product you offer** – these customers include anyone who is going to be put at detriment from taking up your offer. This includes financially (*i.e. if taking out a loan or setting up a payment plan could cause them added financial stress*).

**The FCA defines 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."*

In their Approach to Consumers guidance paper, the FCA noted four factors that can act as drivers to actual or potential vulnerability. These factors (*and the examples provided*) are non-exhaustive, but are referenced in this policy as part of our approach to vulnerable customer awareness and communication: -

- **Health** - examples can include physical disability, chronic illness, visual/audio impairments, mental health issues, impaired mental capacity
- **Life Events** - examples can include caring responsibilities, bereavement, income/job reduction/loss, relationship issues, non-standard requirements (*i.e. ex-offenders, refugees*)
- **Resilience** - examples can include low/fluctuating income, debt, low/no savings, lack of support
- **Capability** - examples can include low knowledge/understanding/confidence in managing financial matters, poor literacy/numeracy skills, language barriers, learning impairments

## 4. OBJECTIVES

The Company are committed to providing the highest level of due diligence and ethical treatment with regard to any customer or potential customer who is identified as being vulnerable or being at risk from a vulnerable situation. To this end, we have developed the below objectives which are used to create our internal procedures for dealing with vulnerable customers.

**The Company aims to: -**

- Ensure that we have the suitable, relevant and compliant tools, controls and measures in place to identify, handle and monitor vulnerable customers
- Have structured induction training workshops and support tools to explain and guide in the vulnerable customer requirements
- Train all staff on a rolling basis in the identification, communication and understanding of

what vulnerabilities are and how to approach them

- Have robust vulnerable customer procedures in place at all times and ensure their continued relevance and compliance with the regulations and guidelines
- Research and take expert advice on specific vulnerabilities such as Mental Health and debt so that our staff and procedures are adequately aligned with the standards
- Use support aids and scripts for front line staff
- Use ongoing assessment tests and evaluations for all staff to ensure understanding and knowledge of vulnerabilities
- Use vulnerable customer aids in place to help customers with specific situations, including but not limited to: -
  - o Braille letters
  - o Large print materials
  - o Multiple contact options (*email, phone, post, online, face to face*)
  - o Send all phone quotes/information in writing prior to any agreement being sent
  - o Third-party procedures for relatives, carers etc
- Ensure that all materials, content and information is user-friendly, easy to understand and jargon free
- Ensure that all systems and automated processes are regularly audited for compliance
- Ensure staff, product and information flexibility to provide a complete and ethical service to all customers, regardless of their situation
- Ensure a consistent and structured approach across the organisation and our staff
- Implement strict and robust policies and procedures for affordability assessments and data protection
- Have specialist teams and/or staff in place to deal with specific vulnerabilities and provide them with additional support, training and evaluations

## 4.1. DEBT & MENTAL CAPACITY

Mental health is one of the most common issues that can result in a customer being vulnerable. The Company provides thorough staff training and support to identify and deal with customers who have declared themselves as or meet the criteria for having mental health issues.

This policy follows the guidance set out by the Royal College of Psychiatrists and Money Advice Liaisons Group (MALG) on debt and mental health. It is the Company's policy to use the standard 7 basic questions contained on the Debt and Mental Health Evidence Form (DMHEF) for identifying mental health cases, as below: -

1. Does the person have a mental health problem?
2. Does the person have a mental health problem that currently affects their ability to deal with money?
  - a. Does this mental health problem have a name?

- b. How does this mental health problem affect the person's ability to deal with money?
3. What was the approximate date of: -?
  - a. The first onset of this mental health problem
  - b. The first treatment given for this
  - c. The most recent episode of this mental health problem
  - d. Is this episode currently ongoing?
4. If the person is receiving treatment or support for this mental health problem, is there any aspect of this that affects their ability to manage money?
5. Are there any other relevant impacts/effects that the person may experience in their everyday life due to their mental health problem?
  - a. What other relevant effects are there?
6. Does the person have any difficulties with communication due to their mental health problem?
7. Can the information provided in this form be shared with the person it is about?

***The Company follows the Codes of Practice relating to the collection of medical evidence about mental health conditions and always aims to: -***

- Take steps to establish whether the mental health problem affects the customers' ability to manage money or their debt.
- Work with the customer in a patient, clear and helpful manner to resolve the debt problems and use workable solutions.
- Provide reasonable periods of time for the customer to provide evidence of any mental health condition and place accounts on hold during this period.
- Prevent any interest and/or charges from being added to the account during the consultation period.
- Work with authorised third parties to help the customer resolve their debt issues.

Where the Company has identified that a customer is considered vulnerable, we always encourage them to disclose any potential mental capacity limitation and actively look out for indicators of a potential mental health capacity limitation.

Any information collected regarding a mental health problem is always kept secure and encrypted in accordance with our information security protocols and is only retained for as long as necessary under the GDPR/DPA18 regulations.

***When dealing with any potential mental capacity, we always ensure that: -***

- Accounts are placed on hold and charges/interest are frozen during any communication and consultation period
- No further mental and or financial stress or burden is placed upon the customer
- All staff with a responsibility for using medical evidence are trained in how to read, interpret and make decisions about the basis of medical evidence

- We use and follow the MALG 12 steps for dealing with vulnerable customers
- Customers are treated on a case by case basis according to their mental health issues and all factors are taken into consideration when processing an account

## 5. PROCEDURES

### 5.1. INTRODUCTION

The Company understand that the term '*Vulnerable Customer*' applies to numerous and varied situations and circumstances, therefore we have outlined the procedures in this document for each Vulnerable Customer type as identified in our Vulnerable Customer Policy.

This procedure document contains specific vulnerable circumstances and the steps that we take to manage each situation, however we also have generic procedures as set out below which are applicable to every Vulnerable Customer situation and have been developed to meet the regulatory standards as well as taking into consideration the needs of those with additional vulnerabilities.

***Where a customer has been identified and/or declared as being vulnerable, The Company always ensures that the below steps/processes are followed: -***

- Ensure that all staff are provided with the training and tools to identify, understand and deal with vulnerabilities and vulnerable customers
- Email/telephone sales information and/or advice is followed up in writing containing the discussed content and any relevant terms & conditions and disclosure information
- With regard to debt collection and/or debt management services, accounts will be placed into a manual process (*as oppose to automated*), to ensure that the customers' situation is properly handled
- Ensure that staff on the front line are provided with additional vulnerable customer training and given appropriate lines of reporting should they need to escalate a matter
- ***Ensure that ways to contact us are clearly visible on all communications and our website and provide a choice of ways to communicate with us, including: -***
  - Post
  - Email
  - Face to Face
  - Telephone
  - Online Chat
- Ensure that all written materials are clear, to the point and jargon free
- Ensure that where applicable, the products/services that we offer are flexible and made to suit the customers' needs and requirements
- Offer flexible outcomes on products/services as dictated by the customers' situation and circumstances
- Deal with any authorised third-party in a helpful and transparent manner

- Ensure that any sensitive and/or confidential information disclosed to us regarding the customers' vulnerability is safe and secure and used, stored and destroyed in accordance with The Data Protection Act 2018 and/or the General Data Protection Regulations (GDPR)
- Ability to flag accounts where a vulnerable customer has been identified so that other staff can see immediately how the account is to be managed in the future

## 5.2. VULNERABLE AWARENESS REVIEW

The company have identified and reviewed multiple factors that may pose harm or act as a barrier for vulnerable customers using our products/services and have developed measures and controls to reduce or eliminate the impact of these.

### 5.2.1. CUSTOMER NEEDS

We have reviewed and incorporated the FCA guidance on dealing with vulnerable customers and have used their driving factors and potential harms to further develop our policy and measures in this area. We recognise that vulnerable customers are more likely to experience certain barriers or issues as a result of their vulnerability and we continuously work hard to ensure that our products, services and advice are flexible, accessible and inclusive.

In accordance with the FCA guidance, we understand that the below potential harms can be a factor for many vulnerable customers, and we pay specific attention to these areas when dealing with any customer who has been identified as vulnerable or potentially vulnerable: -

- Financial exclusion
- Difficulty in accessing services
- Partial exclusion
- Disengagement with the market
- Scams

#### Over-indebtedness

- Exposure to mis-selling
- Inability to manage a product or service
- Purchasing inappropriate products or services

Based on the above factors, we have been able to consider the impact to customers and possible effects and outcomes of these potential harms. This has enabled us to consider the needs of vulnerable customers and to develop effective controls, products and services aimed at making our company approachable, inclusive and accessible.

### 5.2.2. EMPLOYEE AWARENESS & TRAINING

The Company provide an **annual** training programme that is provided to all new, temporary and existing staff, reminding and updating them on the requirements, guidelines and company ethos of managing Vulnerable Customers.

The Company are committed to ongoing professional development and 1:1 training sessions and workshops around the ideas and ethos of Vulnerable Customers and ensure feedback is given and can be received at all times. We provide regular staff assessments on the subject of customer vulnerabilities and follow up all training session with assessments and feedback forms to ensure that the staff are gaining the correct information and understanding from the workshops.

We recognise that informing, training and assessing front line staff and those with dedicated vulnerable customer roles is essential in removing barriers and reducing potential harm. We work hard to ensure that our staff have adequate and effective skills and knowledge to help vulnerable customers and to ensure that the right and relevant product, service or advice is provided every time.

### **5.2.3. CONTROLS & MEASURES**

The company has dedicated procedures in place for dealing with specific vulnerabilities such as financial difficulties and mental health issues, as well as processes for a range of vulnerabilities including hearing impairment, visual impairment, those with disabilities and temporary vulnerabilities such as bereavement.

We have ensured that adequate and effective signposting is **available in our materials** to assist those who require extra help and we also carry out regular reviews on our written materials and products/services to ensure that they are accessible for all.

We welcome customer feedback and include customer communication in our vulnerable customer training sessions. Feedback and complaints are reviewed regularly to ensure that any issues raised by those considered vulnerable are addressed and revised as soon as possible. We have ensured that our communication channels and customer service processes encourage customers to share information about their vulnerability and associated needs and we use this information to further develop our existing procedures, controls, materials and products/services.

## **5.3. FINANCIAL DIFFICULTIES**

### **5.3.1. PREVENTION**

Where possible, it is the Company's aim to prevent an account from entering into arrears in the first instance. Where previous arrears have occurred or the customer has already notified us of financial difficulty, the account is flagged and monitored, and close communication kept with the customer for a specified period.

Offering options such as missing a payment and making a double payment the next month; payment holidays or accepting lower instalments for a set period and then increasing the payments to make up the shortfall can often prevent arrears from developing.

Where a customer is not yet in a business relationship with us and they are applying for a loan or credit, we will always carry out a full credit check and affordability assessment to ensure that they are in a financial position to meet the ongoing repayments.

### 5.3.2. NOTIFICATION

Where a payment is missed on an account for whatever reason, an automation is built into the system to send a missed payment letter to the customer on '**Payment Date +3**'\*, asking them to contact the office as soon as possible and providing them with guidance should they be experiencing financial difficulties.

A duplicate notification is sent to an account manager or the arrears team who contact the customer **3+ days\*** after the first missed payment to find out the reason and enter into arrears discussions, should they be applicable.

*(\* 3 days' leeway is to be given for all notification due to Weekend and Bank Holidays and the possibility of the payment being delayed for genuine reasons.)*

### 5.3.3. ASSESSMENT

#### Affordability Assessment

We use a pre-defined assessment calculator to assess the customer's income, expenditure and other creditor commitments and use this information alongside evidence of income (*wage slips, benefits etc*), to obtain their monthly disposable income. We then use this figure to ascertain if they are in a position to afford any repayments.

#### Credit Checks

We use an external finance company to assess the customers' current credit status and score and obtain information about any outstanding County Court Judgments, Bankruptcy Orders or IVA's. We also assess their current financial obligations and any defaults on their account.

### 5.3.4. ONGOING MONITORING

We assess all accounts and credit agreements on an **annual** basis to identify if any customer has developed financial difficulties during their contract period. This ongoing monitoring includes: -

- Contacting any customer who has missed or delayed one or more payments and completing an affordability assessment and new credit check
- Flagging accounts where a customer has made one or more late payment (*even if all payments are up to date*) and monitoring that account monthly. Where more than 3 payments are made after the due date, the customer is contacted to discuss the reasons for late payment and the due date is either changed (*i.e. if the customer's pay day has been moved*) or an affordability assessment is completed

## 5.4. MENTAL HEALTH ISSUES

Despite a customer being identified as having mental health issues (*including stress, depression, anxiety or other diagnosed conditions*), the Company understands that financial/credit products and services are still required (*e.g. car insurance, debt collection activities, home insurance etc*).

We therefore do not exclude a customer from using/purchasing our products/services on the basis that they have been identified as vulnerable. We do, however, follow the below procedures to ensure a fair, consistent and ethical approach.

***When dealing with any potential mental capacity case, we always ensure that: -***

- Accounts that could incur charges/interest due to being defaulted are placed on hold and charges/interest are stopped during any communication
- No further mental and or financial stress or burden is placed upon the customer
- Customers are treated on a case by case basis according to their mental health issues and all factors are considered when processing an account
- All information discussed via telephone/email with a vulnerable customer are followed up in writing afterwards and full disclosure is provided in the content
- Customers are provided with clear, transparent and jargon-free information so that they can make an informed decision on wanting/needing the product/service we provide
- Work with any authorised third-party in providing the customer with the best service/product as suitable to them, their needs and their situation

## **5.5. ELDERLY & GENERAL VULNERABILITIES (INC. BEREAVEMENT)**

The Company understands that elderly customers and those with circumstantial vulnerabilities may still need the products/services that we offer, however, we aim to give more time, consideration and options to this group of vulnerabilities due to their possible inability to process information as quickly as others may.

***With this in mind, where possible and/or applicable, we always ensure that: -***

- We speak with an authorised third-party to liaise with the customer and ensure that the details of the product/service are being correctly relayed
- Provide all discussions and product information in writing prior to the customer receiving/signing any contractual agreement
- During phone calls, reiterate all important information and the details of any financial implications from taking out the product/service
- Allow time for the customer to read, understand and gain third-party assistance with any documentation and/or contractual agreements
- Clearly explain the benefits **AND** disadvantages of the products/services and any implications that may be associated with missed payments or breaches in contract
- Where possible, provide extra time for the customer to cancel the contract after the agreement has been signed
- Increase the time limit for returning any products purchased online

## 5.6. DEAF/HARD OF HEARING/BLIND/PARTIALLY SIGHTED AND/OR LANGUAGE BARRIERS

The Company considers those with language barriers, sight or hearing difficulties to be vulnerable as they can be at a disadvantage hearing or understanding the product/services being offered. Where possible and/or applicable, we always ensure that: -

- We speak with an authorised third-party to liaise with the customer and ensure that the details of the product/service are being correctly relayed
- Provide all discussions and product information in writing prior to the customer receiving/signing any contractual agreement
- Offer braille and/or large print materials if applicable
- Offer materials in alternate languages where possible
- Ensure that the customer has had enough time to gain advice from a family member of appointed representative before following up with any calls

## 5.7. YOUNG/INEXPERIENCED

It is not common to see young people as vulnerable, however the Company are committed to ensuring that any person who may have difficulties understanding the products/services that we offer, are provided with extra support.

An example is where a first-time driver needs to ensure their car or first-time buyer takes out a mortgage. What can be common language and assumptions for those having taken out these kinds of policies for many years, can be confusing for those who have never done so previously.

***Where we offer any products and/or services that can be utilised by young and/or inexperienced people, we ensure, as with all customers that: -***

- All sales calls are followed up in writing and any relevant disclosures are provided ahead of any contractual agreement being provided
- The benefits and consequences of any product/service are fully explained along with any legal implications for having the products and missing payments
- Additional time is provided between the sales call, written follow up and contractual agreement to allow the customer time to communicate with a third-party and understand the content of the product/service offered

## 6. AUDITS AND MONITORING

The Company carries out regular internal audits and gap analysis monitoring on all business practices and procedures to ensure that our Vulnerable Customers ethos and objectives are being met.

These audits include using a Vulnerable Customer Audit Checklist which enables us to assess every policy and procedure area against assessment questions designed to test our Vulnerable Customer processes and regulatory compliance.

Regular reviews of the audit results are held with senior management and an ongoing record of gaps, actions and improvements are maintained. We carry out weekly call monitoring on all staff calls to assess them against our objectives and standards for dealing with vulnerable customers.

## **7. RESPONSIBILITIES**

The Company ensure that all staff are provided with the time, resources and support to learn, understand and implement the Vulnerable Customers procedures and associated policy into their business practices. Senior Management are responsible for a top down approach and in ensuring that all staff are included.

The **Sales Manager/Sales Director/Operations Manager/Operations Director** are responsible for Vulnerable Customer audits and gap analysis monitoring and their subsequent reviews and action follow ups. There is a continuous audit trail of all Vulnerable Customer audits and feedback to ensure continuity through each process and task.