

The HSB approach to vulnerable customers

Brokers/intermediaries guide



A Munich Re company

We are committed to ensuring that we treat all customers, who have a relationship with us, in an open, fair and supportive manner.

Whilst we do not always hold a direct relationship with the end customer, or have direct touchpoints with them during their journey with us, there may be times (for example during a claim or in our complaints process) where we come into contact. We believe in being advocates for all our customers and are committed to using our expertise to help them. The aim of this document is to share how we identify and support customers with additional needs to ensure that the way we conduct our business doesn't have any negative impact on them.

Definition of vulnerability

The FCA's definition of vulnerability refers to customers who, due to their personal circumstances, are especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.

Why vulnerability matters

When consumers are in vulnerable circumstances, it may affect the way they engage with financial services. Vulnerable consumers may be significantly less able to represent their own interests, they may have different needs and may have more behavioural biases that negatively affect their decision-making.

Vulnerable customer objectives

Appreciate that vulnerability is complex and changeable	Have a better understanding to help us recognise vulnerability	Develop methods to help deal with vulnerability	Create confidence and sensitivity towards vulnerability
We want to be educated to understand the nature of each vulnerability and the challenges that they put upon the customer.	We want to be able to identify vulnerable customers by understanding the signals they may receive from customers who have dementia, learning difficulties, been through bereavement, etc.	We want to feel confident in how to proceed, once we have recognised that we are interacting with a vulnerable customer.	We want to be respectful of our customer's condition and modify our service approach towards different vulnerabilities.

Good outcomes for vulnerable customers

HSB understand that to achieve good outcomes for vulnerable customers, we must:

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

Recognising and responding to the needs of vulnerable customers is of key importance to us.

FCA Guidance on the treatment of vulnerable customers

Under the 6 key Pillars in the FCA Guidance, HSB understand that it is necessary to do the following:

Understanding customer's needs

- Understand the nature and scale of characteristics of vulnerability that exist in our target market and customer base.
- Understand the impact of vulnerability on the needs of consumers in our target market and customer base, by asking ourselves what types of harm or disadvantage our customers may be vulnerable to, and how this might affect the consumer experience and outcomes.

Skills and capability

- Embed the fair treatment of vulnerable consumers across HSB.
- Understand how our role affects the fair treatment of vulnerable consumers.
- Ensure we have the necessary skills and capability to recognise and respond to a range of characteristics of vulnerability.
- Offer practical and emotional support to our frontline staff, particularly in our claims and complaints teams, that deal with vulnerable consumers.

Monitoring and evaluation



- Implement appropriate processes to evaluate where we have not met the needs of vulnerable consumers, so that we can make improvements.
- Produce and regularly review management information, appropriate to the nature of our business on the outcomes we are delivering for vulnerable consumers.

Product service and design

- Consider the potential positive and negative impacts of a product or service on vulnerable consumers. Design products and services to avoid potential harmful impacts.
- Take vulnerable consumers into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs.

Customer service

- Set up systems and processes in a way that will support and enable vulnerable consumers to disclose their needs, particularly during the claims and complaints process.
- Train staff to more easily spot signs of vulnerability.
- Deliver appropriate customer service that responds flexibly to the needs of vulnerable consumers.
- Make consumers aware of support available to them, including relevant options for third party representation and specialist support services.
- Put in place systems and processes that support the delivery of good customer service, including systems to note and retrieve information about a customer's needs.

Communication

- Ensure all communications and information about products and services are understandable.
- Consider how we communicate with vulnerable consumers, taking into consideration their needs.

Characteristics and signs we actively look out for when engaging with customers.

Characteristics of vulnerability

All customers are at risk of becoming vulnerable and this risk is increased by characteristics of vulnerability related to 4 key drivers.

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		

Signs and phrases

To support our customers we actively look out for the following signs and phrases:

Changes in payment behaviour such as:

- payments stopping suddenly
- late or missed payments
- regular unarranged overdrafts and charges
- unusual activity on an account

Phrases such as:

- I can't pay
- I'm having trouble paying
- mention of breathing space/debt moratorium or contacting a debt advisor
- I can't read my bill
- I can't understand the letter you sent me
- I can't hold on all day
- I hate these press buttons

Other signs, like:

- shortness of breath or signs of agitation
- asking for repetition (a sign that the customer is not retaining information)
- signs that the consumer has not understood or signs of confusion
- mention of medication

Further information

To find out more about the FCA's work on the fair treatment of vulnerable customers, including why vulnerability matters, how it affects your firm, and their guidance on supporting customers in vulnerable circumstances please follow the below link.

[Treating vulnerable consumers fairly | FCA](#)

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