

Code 15 Guidance note - Vulnerable consumers Standard

The Vulnerable consumers Standard aims to ensure that measures are adopted for consumers who, due to their particular circumstances, characteristics or needs are or may be vulnerable, to ensure that they are protected from harm as far as is reasonably possible and do not suffer detriment as a result. It is important that providers consider the particular needs of vulnerable consumers, in service provision and promotion, as well as customer care (including complaints handling).

This guidance note sets out the PSA's expectations and provides more detail on how phone-paid service providers (network operators, intermediary providers and merchant providers) can comply with the Vulnerable consumers Standard and Requirements. To support compliance with the Vulnerable consumers Standard, this guidance provides more detail on the following aspects of this Standard:

- what we mean by vulnerable consumers
- developing policies and procedures for vulnerable consumers
- using and monitoring policies and procedures.

If you have any queries about the guidance set out in this note or want to discuss your approach to compliance with the Vulnerable consumers Standard, please email us at compliance@psauthority.org.uk.

What do we mean by vulnerable consumers?

Consumers can be vulnerable for a variety of reasons. We recognise that organisations use a range of different terminology and some people might not like to be labelled as a vulnerable customer. However, the term is well-recognised across a number of industries, including the payments market. The phone-paid market also has certain characteristics which can put vulnerable consumers at greater risk of harm and/or detriment.

Characteristics that may lead to a consumer being considered vulnerable include (but are not limited to):

- lack of English language skills or low literacy and/or numeracy skills
- disability or mental health condition
- low level of technical/IT literacy
- age – including children (defined as under 16 years of age) and older people
- learning difficulties or low mental capacity

- addiction.

Circumstances that may lead to a consumer being vulnerable include (again not limited to):

- income shock, e.g. due to job loss or being victim of a financial scam
- bereavement
- domestic abuse, including financial control and abuse
- sudden and unexpected situation causing strife, e.g. illness or relationship breakdown.

Unlike characteristic-based causes of vulnerability, vulnerability caused by circumstances is often more temporary in nature.

There are also some **characteristics of some services in the phone paid services market** that may put vulnerable consumers at greater risk of harm include (again not limited to):

- low value, quick transactions which lead to impulse purchases
- purchases often made on the go, using a small screen
- some services attractive to children and younger people
- some services attractive to people in difficult circumstances which could lead to them being vulnerable, e.g. ICSS for people under financial pressure seeking to make insurance claims or reach their banks or people trying to access essential public services such as jobseekers allowance
- some services attractive to people with existing vulnerabilities, e.g. gambling services which appeal to people with gambling addiction or psychic services which may be attractive to recently bereaved people
- multiple players in the value chain, which can make it harder for vulnerable consumers with limited tenacity or capacity to complain and seek redress when things go wrong.¹

The Code (paragraph D.2.79) defines a vulnerable consumer as:

A consumer who is less likely to make fully informed or rational decisions due to a specific characteristic, circumstance or need and may be likely to suffer detriment as a result.

This definition is deliberately broad and recognises that all consumers could potentially be vulnerable.

Taking responsibility for ensuring phone-paid services take account of vulnerable consumers

Intermediary and merchant providers need to ensure that they nominate somebody within their organisation to be responsible for ensuring the needs of vulnerable consumers are being

¹ [Report-on-consumer-vulnerability-26-08-2020f.pdf \(psauthority.org.uk\)](#)

taken into account. This person (or persons) should be of an appropriate level of seniority and influence, and have sufficient authority and influence within the organisation to be able to drive forward change if necessary. We recognise this might work differently across providers.

Developing policies and procedures for vulnerable consumers

The PSA accepts that in the phone-paid services market it is not always easy to identify vulnerable consumers but despite this, the PSA does expect providers to have knowledge and an understanding of their consumer profile and to act in a way which does not create or exacerbate vulnerabilities. When designing policies and procedures for vulnerable consumers, we expect providers to take an inclusive approach to who may be considered vulnerable.

Developing policies and procedures for vulnerable consumers will greatly assist in preventing any potential harm and/or detriment for vulnerable consumers.

The following table is intended to assist intermediary and merchant providers in terms of what should be included within policies and procedures and the key things to think about.

What should be included in policies and procedures for vulnerable consumers?	Checklist of things to think about
Identification of risks	<p>The PSA would expect to see that intermediaries and merchant providers have:</p> <ul style="list-style-type: none"> • identified who their target market is, including whether any services are likely to appeal to vulnerable consumers or particular types of vulnerable consumer, including children². • considered whether the ways in which services are advertised and marketed might attract vulnerable consumers. This should include whether the style, content, and composition of the promotional material might make it particularly attractive to children. • thought about the characteristics and circumstances that can lead to consumers becoming vulnerable and to test their systems to ensure they adequately anticipate and can respond to any reasonably foreseeable vulnerable customer needs • used existing customer data and ongoing monitoring information to identify any additional risks, especially around customer care.

² Defined in the Code as under the age of 16

<p>Controls in place to mitigate those risks</p>	<p>The PSA expects intermediaries and merchant providers to be able to demonstrate that they have thought about the sorts of controls they may need to put in place, to mitigate the risks they have identified. The sorts of controls which intermediary and merchant providers might need to put in place include:</p> <ul style="list-style-type: none"> • if services are likely to be attractive to children, promoting how parental controls can be put in place • if a service is restricted to people over 16 or over 18, appropriate controls should be in place to enable them to meet Code Requirements 3.5.8 – 3.5.11) • ensure that they have appropriate mechanisms in place to identify excessive use of phone-paid services (see Fairness Guidance for more information) • if an advertising channel is suspected of driving vulnerable consumers to the service, this may need addressing with any marketing partners • ensuring customer care staff have appropriate resources and reference materials at their disposal, so they can speak with vulnerable customers with knowledge and confidence and provide a level of service that meets their needs • training for staff to enable them to recognise and respond appropriately to the explicit and implicit signs of potential consumer vulnerability • some providers might want to consider training a smaller number of staff who could act as "specialists" in which case they would need to ensure that all staff are able to pass queries on without delay or inconvenience for the customer.
<p>Procedures to ensure fair and proper treatment</p>	<p>The PSA would expect to see that intermediaries and merchant providers have:</p> <ul style="list-style-type: none"> • paid particular attention when developing their procedures to ensure they meet with the Requirements around customer care (3.5.3), provisions that apply specifically to children (3.5.5, 3.5.6 and 3.5.7) and where applicable age verification (3.5.4, 3.5.8, 3.5.9, 3.5.10 and 3.5.11) • ensured that their complaint handling is sensitive and aware of the potential for consumer vulnerability (3.4.11).

<p>Mechanism for internal approval and review, and ongoing monitoring</p>	<p>The PSA would expect to see that intermediaries and merchant providers have:</p> <ul style="list-style-type: none"> • clearly identified an individual responsible for approving the policy and procedures • set out what monitoring will be undertaken, by whom and how often. It is recommended that monitoring data/evidence is reviewed at least twice a year • clearly identify how often the policy and procedures will be reviewed. It is recommended that this is done at least annually.
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Policies need to be available to the PSA on request.

Using policies/monitoring effectiveness

To meet the Requirements of this Standard it is not sufficient to simply have policies and procedures concerning vulnerable consumers in place, they should be **monitored** and **used effectively** in the promotion and delivery of phone-paid services.

To monitor effectively, providers will need to gather and use relevant data and other evidence and information. The PSA accepts that gathering data in relation to vulnerable consumers can be difficult and will not always be available. However, the PSA does expect providers to make reasonable efforts to enable them to identify complaints from vulnerable consumers. Suggestions as to the sort of data or other evidence that could be used to help monitor the effectiveness of policies and procedures includes (but is not limited to):

- data which indicates how many readers, viewers, or listeners of a publication, broadcast, or other media where the service is promoted, are children (or some other vulnerable group)
- relevant feedback from any user testing
- data that identifies if there are any patterns in the level or distribution of complaints, e.g. do a number involve, for example, children (or some other vulnerable group)
- patterns of unusual use and/or spend (see the Fairness Standard guidance for more information on excessive use)
- feedback from customer care staff which could include call recordings of customer care staff dealing with vulnerable consumers
- an evaluation method at the end of any training to ensure it has been well understood and implemented effectively.

The PSA expects providers to be able to demonstrate how they are using their policies and procedures effectively in the promotion and delivery of phone-paid services. The sort of evidence that intermediary and merchant providers might provide to the PSA to demonstrate this could include (but is not limited to):

- any discernible change in the pattern of complaints received from vulnerable consumers which indicates an increased level of satisfaction with the service and/or quicker resolution of complaints received from vulnerable consumers
- increased satisfaction scores from vulnerable consumers
- demonstration of how complaints data or other information from vulnerable consumers has been used to make improvements to the design of services (including promotions) and/or procedures
- materials used for staff training
- materials available for staff to assist them in identifying both the explicit and implicit signs of potential consumer vulnerability
- changes made to the design and promotion of phone-paid services as a result of identifying particular risks
- any additional requirements placed on any contractors in relation to vulnerable consumers, e.g. affiliate marketers.

We recommend that such evidence is kept for a period of two years so that it is available to the PSA on request.