ROWES
FAMILY SERVICE YOU CAN TRUST

VULNERABLE CUSTOMERS POLICY AND PROCEDURES

1. Vulnerable Customers

In order to address the needs of vulnerable customers correctly, it is important to be able to identify them. Risk factors can include bereavement, illiteracy, illness, disability or other impairment. In many cases, more than one risk factor is present which increases the consumer's vulnerability.

Our sales team needs to be alert to the signs that the person they are talking to may not have the capacity, at that moment in time, to make an informed decision about the implications of the agreements that they are being asked to make. This is not a diagnosis of a condition; it is just an extension of staff's existing skill of listening, identifying needs, and adjusting their approach accordingly.

The Mental Capacity Act states that a person is unable to make a specific decision if they cannot understand information about the decision to be made, cannot retain that information in their mind, cannot use or weigh that information as part of the decision-making process, or cannot communicate their decision.

2. Indicators of Vulnerability

1. Being asked to speak up or speak more slowly
    - ☐ Can they hear the complete conversation or are they missing important information?
    - ☐ Do they understand what you are saying?

2. They appear confused
    - ☐ Do they know what is being discussed?
    - ☐ Do they ask unrelated questions?
    - ☐ Do they keep wandering off the point in the discussion and talking about irrelevancies or things that don't make sense?
    - ☐ Do they keep repeating themselves?
    - ☐ Do they say' Yes' in answer to a question when it is clear they haven't listened or understood?
    - ☐ They take a long time to get to the phone and sound flustered or out of breath, indicating they may have a lack of mobility due to age or illness
    - ☐ They take a long time to answer questions. They say "My son/daughter/wife/husband deals with these things for me"
    - ☐ A language barrier exists since they may not fully understand what is being said to them.
    - ☐ They say that they don't understand information given, a previous phone conversation or recent correspondence.

3. Mental Health Issues

The Mental Capacity Act 2005 sets out the legal framework concerning mental capacity. The Ministry of Justice has issued the Mental Capacity Act Code of Practice.

Mental capacity is a person’s ability to make a decision. It is reasonable to assume a customer has mental capacity at the time the decision is made unless the firm knows or should reasonably expect that the customer lacks capacity. Having limited mental capacity does not necessarily mean that the customer lacks capacity to make a decision. The most common causes of mental capacity limitations are: a mental health condition; dementia; a learning difficulty or development disorder; a neurological disability; a brain injury; alcohol or drug abuse.

It is estimated that one in six British adults has a mental health problem. Some customers who fall into financial difficulties may have mental health issues either as a result of being in financial hardship or it may cause their financial hardship as their ability to function may be disrupted for either a short period or permanently.

4. Possible Indications of Mental Capacity Limitations

1. We have an existing relationship with the customer and the customer's decision appears to be out of character
2. A relative, close friend, carer or similar brings it to our attention
3. Where we know or have reason to believe the customer has been diagnosed with a particular condition
4. Where we know or have reason to believe the customer does not understand what s/he is applying for
5. The customer seems unable to understand the information and explanations we are giving
6. The customer seems to have difficulty in retaining the information and explanations
7. The customer is unable to communicate a decision to borrow by any reasonable means
8. The customer appears confused about personal information that we require, such as date of birth or address.

5. Rowes' Policy

It is our policy to ensure that we treat customers who have mental capacity limitations with respect and consideration. Therefore, in our dealings with such customers, we will endeavour to adhere to the following practices:

1. Not to discriminate against the individual
2. Not to inappropriately deny a service or credit
3. Assist the customer to make an informed decision
4. Ensure the lending decision or debt solution is responsible and is based on a reasonable assessment of affordability and in the best interests of the customer
5. Ensure communications are clear and jargon free
6. Make a reasonable assessment of the customer's ability to understand and retain the information
7. Allow the customer sufficient time to make a decision

6. Rowes' Policy

1. Speak clearly and enunciate
2. Set expectations for the communication - outline all the information that will be required and how long the discussion is likely to last
3. Be patient and empathise
4. Don't rush the conversation
5. Keep the conversation 'on topic' but also put the customer at ease
6. Don't assume that you know what the consumer needs - it's easy to rush through if the consumer is slow or not able to explain what they need.
7. Suspend the pursuit of recovery of a debt where it is known, or the firm is aware, that the customer may lack the mental capacity to make decisions about the management of their debt.

Staff are trained to recognise and encourage a customer to disclose any issue, including mental health, and whether this is affecting their ability to repay the debt. In all instances where a disclosure is made, the customer's consent to record this information on our systems is obtained and the customer will be advised of how this information will be used. Customers will be requested to provide medical evidence, where necessary.

In the event that a customer does make a disclosure, staff **MUST**:

- □ Acknowledge
- Inform and request consent to record the information
- Provide a Data Protection Statement

Ask appropriate questions:

1. Does your mental health affect your financial situation? If yes, can you send in proof of this from your doctor or other medical professional?
2. Does it affect your ability to deal or communicate with us or other third parties?
3. How would you prefer us to contact you – (in writing or by phone or by email?)
4. Does anyone help you manage your finances such as a family member - If yes; do you want us to deal with

this person on your behalf? Consent must be noted on the system.

7. Financial Difficulties

Although there are a wide range of risk factors that lead to vulnerability, the firm recognises that financial difficulty itself commonly leads to customers becoming vulnerable. Financial hardship can often be caused by experiencing other vulnerability risk factors such as bereavement, income shock due to illness, redundancy and so on.

Financial vulnerability covers a wide spectrum, from severe financial hardship to those who understand the product and how to use it in a responsible and appropriate manner, therefore, our processes and systems aim to distinguish between these customers. For example:

- Ensuring that the customer understands the product, all associated costs and their responsibilities
- Conducting brief assessment of affordability
- Ensuring that the customer has sufficient time to consider their options and review any documentation
- Highlighting the importance of, and proactively encouraging customers, to disclose any financial difficulties or any issues that they are experiencing.
- Discussing whether the customer envisages any future difficulties through recent or planned future events (Coronavirus related restrictions, Redundancy, Retirement etc.)

Customers who are experiencing financial difficulties will always be treated fairly and in line with our policies.

8. Lending Decision and Communication with a Lender

Where it is highlighted that a customer is classed as a vulnerable person, a prospective Lender will be made aware of this fact so they can also instigate their Vulnerable Persons Procedures. We and the Lender will, where appropriate;

- Apply a high level of scrutiny to the customer's application for credit, in order to mitigate the risk of the customer entering into unsustainable borrowing.
- Balance the risk of a customer taking on unsustainable borrowing against inappropriately or unnecessarily denying credit to the customer.
- Undertake an appropriate and effective creditworthiness assessment which does not place over-reliance on information provided by the customer for the assessment.
- Take particular care that the customer is not provided with credit which the firm knows, or reasonably believes, to be unsuitable to the customer's needs, even where the credit would be affordable.

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