

# Protecting vulnerable consumers in the financial services sector

Citizens Advice response to the Financial Conduct Authority's draft Guidance for firms on the fair treatment of vulnerable customers



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Dear colleague,

Citizens Advice provides free, independent and impartial advice to anyone who needs it. In the last year, we advised people on over 260,000 financial services issues.

Many of the people our advisers see are vulnerable. People most often come to us for help with benefits or debt issues. We advised 100,000 clients with mental health problems in the past 12 months, and this is the most common health issue among our clients. Our advisers saw 175,000 people on a low income - 68% of clients who told us their income.<sup>1</sup>

We welcome the Financial Conduct Authority's (FCA) focus on what they expect firms to do to protect vulnerable customers. From our research, feedback from advisers and data from our network of local Citizens Advice, we know that vulnerable people get bad outcomes from financial services and often don't receive adequate support from firms.<sup>2</sup>

Although we've come across examples of good support across the sector, we don't think either this new Guidance or voluntary efforts by financial services firms to improve will be enough to level the playing field for vulnerable customers.

We support the FCA's principles-based approach to regulation, but we don't see this as incompatible with the creation of a more prescriptive set of rules that guarantee vulnerable customers a basic level of support, and prevent harm from occurring. We've had feedback from several firms saying they'd welcome the FCA providing clarity on what needs to be offered and implemented at a minimum.

The flexibility that comes with guidance will perpetuate the current situation, in which support is highly inconsistent across - and even within - providers, with some customers receiving excellent treatment, but many experiencing very poor outcomes. We therefore think the FCA should adapt this Guidance to include a set of rules on the treatment of vulnerable consumers.

A critical part of supporting vulnerable customers - not included in the Guidance or your consultation questions - is price. Our super-complaint to the Competition and Markets Authority (CMA) about the loyalty penalty had this issue at its heart. It's not enough for firms to provide good, tailored support to customers. They should also be giving vulnerable customers a fair price.

We have strongly supported your introduction of a fair pricing framework in financial service markets and would ask that the FCA duplicate the framework here. However, firms should not be encouraged to see their support for vulnerable customers and what they charge vulnerable customers as separate.

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<sup>1</sup> 17% of our clients told us their income

<sup>2</sup> Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), 2018; Citizens Advice, [The mental health premium](#), 2019; Citizens Advice, [Counting on it](#), 2019

If a firm is having a conversation with a customer about how it can offer support, it must also be considering what it charges that customer. If a firm knows that a customer is in problem debt, financially vulnerable or unlikely to be able to engage in the market, it should - as a matter of policy - be putting those customers on the best deals that reflect their needs.

Our thoughts are expanded in more detail in subsequent answers to your questions.

This response is not confidential and may be published in full on your website.

Kind regards,

Jasmin Matin and Rebekka Rumpel

(Senior Policy Researcher, Citizens Advice) (Policy Researcher, Citizens Advice)

## Q1: Do you have any comments on the aims of the draft Guidance?

We welcome the FCA's aim to make it clear to firms what they should do to embed doing the right thing for vulnerable consumers into their culture. Our research has found that many essential financial service markets aren't working for vulnerable people.<sup>3</sup> The support vulnerable customers receive varies hugely from 1 provider to the next, and even within providers.<sup>4</sup>

- Our report on the mental health premium in essential services found that, where someone's ability to carry out their day-to-day activities is affected by poor mental health, this lack of support can result in costs of £1,100 - £1,550 a year.<sup>5</sup>
- Our research into consumer credit markets has found that high-cost products are more likely to be used by vulnerable consumers.
- Lending decisions often don't consider financial vulnerability - let alone wider vulnerabilities. A quarter of those receiving uninvited credit limit increases, for instance, are already in financial distress.<sup>6</sup>

Recent research by the FCA has found similar evidence of vulnerable consumers getting bad outcomes in financial service markets. For example, in the overdraft market, consumers in more deprived areas were found to pay twice as much in charges for unarranged overdrafts as consumers living in less deprived areas. Consumers in more deprived areas are 70% more likely to use an unarranged overdraft than other consumers. These consumers tend to have lower incomes, tend to be from Black, Asian and minority ethnic (BAME) communities, and have a higher probability of being vulnerable due to poor health or a disability.<sup>7</sup>

It's positive that the FCA wishes to establish that the outcomes firms should achieve for vulnerable consumers should be 'at least as good as those of other consumers.'<sup>8</sup> In the example above, the FCA responded by creating new rules to protect those vulnerable consumers.

However, we're concerned that the 6 outcomes listed in Figure 2 on page 26 of the draft Guidance aren't all outcomes. Giving firms more concrete direction on how to improve treatment of vulnerable customers should have 3 clear parts:

1. Guidance on actions and approaches expected of firms
2. Guidance on measurable outcomes that the actions of firms can be judged against, and
3. Specific rules for markets or groups of consumers.

Taking that approach, the outcomes listed in Figure 2 should be split into 2 groups:

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<sup>3</sup> Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), 2018; Citizens Advice, [The mental health premium](#), 2019

<sup>4</sup> Citizens Advice, [Beyond good practice guides](#), 2018

<sup>5</sup> Across energy, telecoms, financial and postal services. Citizens Advice, [The mental health premium](#), 2019

<sup>6</sup> Citizens Advice, [Uninvited credit limit increases push people in to debt](#), 2017

<sup>7</sup> FCA, [High-cost Credit Review: Overdrafts](#), 2018

<sup>8</sup> Draft Guidance paragraph 18

## Actions

- Action 1: Firms should place fair treatment of customers at the centre of their corporate culture.
- Action 2: Products should be marketed, sold, and targeted at customers they're designed for.
- Action 3: Channels of communication should be tailored to customer needs, and customer preferences should be updated regularly.
- Action 4: Customers should be given clear information and kept informed before, during, and after the point of sale.

## Outcomes

- Outcome 1: Products and services should meet the needs of consumers, taking their circumstances into account.
- Outcome 2: Consumers should be appropriately informed before, during, and after sale.
- Outcome 3: Vulnerable consumers should be able to communicate with their provider as easily as consumers who are not vulnerable.
- Outcome 4: Vulnerable consumers should be able to switch, make claims, and complain as easily as consumers who are not vulnerable.

These actions and outcomes should be supported by more detailed rules setting out minimum compliance and guidance to help firms deliver these aims. Crucially, the outcomes should be used to measure the success of the actions taken. The outcomes of vulnerable consumers should be compared to those of non-vulnerable consumers. For instance, are vulnerable consumers as likely to switch as those who aren't vulnerable?

In addition, there should be specific rules for the treatment of vulnerable customers where possible.

In the current approach, the outcomes don't represent measurable, positive effects of actions taken by firms to improve the treatment of vulnerable customers. Each outcome should integrate an assessment of how to create parity in that area with customers who aren't vulnerable. We also think the outcomes take too static an approach to vulnerability. We'll assess the outcomes outlined in Figure 2:

**Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

- Product design and *intended* functioning should not be a substitute for a clear, measurable outcome relating to how vulnerable consumers end up interacting with and being impacted by products and services in reality. Any guidance - or rules - should be unequivocal that bad outcomes for significant numbers of vulnerable consumers should be treated as evidence of poor product design and a failure to treat vulnerable consumers fairly.

**Outcome 3:** Consumers are given clear information and are kept appropriately informed before, during and after the point of sale.

- The approach this outcome takes to vulnerability and the circumstances of customers is too static, as is the approach in Outcome 5. This outcome doesn't explicitly take into account that a customer's ability to engage with information and preference for certain channels of communication may change in relation to their situation. For example, a customer experiencing a mental health crisis may need to nominate a third party to receive all communications for them for a period of time. Changing Outcome 3 to focusing on vulnerable customers being as easily able to communicate with and receive information from their provider as customers who are not vulnerable as a result of being offered extra support would be a better approach.

**Outcome 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.

- Focusing on the suitability of advice for vulnerable customers omits an important issue: vulnerable customers will find it much more difficult to access advice in the first place. For example, our research found that people with mental health problems might be told about getting debt advice but won't then manage to set up an appointment.<sup>9</sup> We interviewed a building society that introduced warm debt advice referrals.<sup>10</sup> This led to successful referrals increasing tenfold. Previously the success rate was at around 5-10%. Outcome 4 should therefore be widened to focus on both access to advice and content of advice.

**Outcome 5:** Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard.

- Like Outcome 3, Outcome 5 doesn't consider that people's vulnerability and circumstances may fluctuate or change rapidly, and it's precisely this - and firm inflexibility in response - that often leads to problems. This should be taken into account in this outcome to address the harm caused by firms not adjusting products when vulnerable customers can no longer meet their obligations.

**Outcome 6:** Consumers don't face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

- Like Outcome 4, this outcome doesn't take into account the additional challenges vulnerable customers often face in these areas, or suggest extra measures to equalise the experience of vulnerable customers with customers who aren't vulnerable. For example, firm complaints processes might not entail any formal barriers. However, we found that a combination of factors put people with mental health problems off from making a complaint. These included reluctance communicating, difficulty asserting rights, and poor working memory. This outcome needs to consider not just 'unreasonable barriers', but what active

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<sup>9</sup> Citizens Advice, [Counting on it](#), 2019

<sup>10</sup> Where the provider takes responsibility for arranging an advice appointment (whether face-to-face or by phone), rather than the customer

measures firms can take to level the playing field and enable vulnerable customers to switch, change product etc.

**Q2: Do you have any comments on the application of the Guidance or its status as non-Handbook guidance?**

We're concerned that the flexibility the FCA wants to give firms to determine their own means of achieving the right outcomes for vulnerable consumers means that the current lack of consistent support and resulting harm continues. Given the status of this output as guidance, rather than rules, firms may choose not to act on it, or may make only superficial changes. Please see our answer to question 9 on this matter.

We support the FCA's principles-based approach, but don't see this as incompatible with the creation of a more prescriptive 'floor' that all firms must implement to ensure vulnerable consumers are not experiencing harm. Voluntary, uneven efforts by providers to improve practices will not be enough to overcome the structural barriers vulnerable customers face in managing their financial services. Firms should take responsibility for innovating and improving above this basic level of support, and minimum forms of support required by the FCA should evolve to adapt to market changes and new challenges for both consumers and firms.

In interviews we conducted with financial services providers to inform a report on support for people with mental health problems, we repeatedly heard that firms would welcome a set of rules on minimum levels of support they should be offering. Several interviewees told us that there was confusion around what they're expected to do. Complementing principles with a set of more prescriptive requirements would lead to greater clarity, and help the FCA enforce against firms failing to meet these requirements.

**Q3: Do you have any comments on the application in the Guidance of the distinction between actual and potential vulnerability?**

On pages 6 and 7 of the Guidance consultation, the FCA outlines 'drivers of vulnerability'. We welcome that the FCA recognises that experiencing 2 or more forms of vulnerability at once will make it all the more important that a customer receives the right support from their provider.

We think that the FCA needs to give more weight to the significance of low income as a driver of vulnerability, and should consider this a cross-cutting issue that affects every driver in Table 1 (page 7). We've seen in our research and heard from our advisers that low income needs to be a core focus in all work on vulnerability. Several of the drivers of vulnerability listed by the FCA, including mental health problems,<sup>11</sup> physical disability,<sup>12</sup>

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<sup>11</sup> Elliott, I., [Poverty and Mental Health: A review to inform the Joseph Rowntree Foundation's Anti-Poverty Strategy](#), 2016

<sup>12</sup> New Policy Institute, [Disability, Long-Term Conditions and Poverty](#), 2014



low financial capability,<sup>13</sup> and having (sizeable) caring responsibilities are linked with having a low income.<sup>14</sup> People's ability to deal with acutely difficult situations - whether life events such as bereavement, a mental health crisis, an income shock, or severe illness - is greatly affected by their financial situation. With no financial cushion, having to pay for a funeral, dealing with job loss or having to privately cover mental health treatment can push people into poverty.

The 2 case studies below illustrate how different forms of vulnerability can interact. In both instances the way financial services providers have treated these clients has made an already bad situation worse - in the case of Patrícia dangerously so. Both Iain and Patrícia are vulnerable as a result of their mental health problems. But their material circumstances mean the harm they've experienced as a result of their treatment is an order of magnitude greater than that of a customer with similar mental health problems but in a better financial situation. The FCA should look much more carefully at the interaction of different forms of vulnerability and especially at how firms can ensure that customers with low or erratic incomes are offered the extra support and protections they need. Where there are clear areas of detriment, the FCA should set out rules e.g. customers in debt should be moved to the best deal.

Iain was forced to give up his career of over 40 years due to the severity of his mental health condition. He came to Citizens Advice because his wife also had to give up her job to care for him. They are now struggling financially. An adviser helped Iain look at his outgoings and discovered he had been with the same car insurance provider for many years. He was paying the loyalty penalty<sup>15</sup> and spending more than £45 a month too much. When the adviser rang Iain's car insurance provider to explain the situation, the provider was unwilling to change the cost of his insurance.

Patrícia has complex post traumatic stress disorder and cannot work. She contacted her bank to tell them about this and to ask them to limit the amount of cash she can withdraw in one go. Her bank told her they were unable to help with this. Patrícia experienced an episode of poor mental health and spent all her Universal Credit money in one go. She then came to Citizens Advice for help in 2 consecutive weeks as she didn't have enough money to eat, and requested food bank vouchers.

#### **Q4: Do you have any comments on our view of what firms should do to understand the needs of vulnerable consumers?**

The Guidance consultation notes that firms highlighted to the FCA that something they would find helpful is 'clear guidance on what they should do to understand the needs of

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<sup>13</sup> Social Market Foundation, [Fixing Family Finances: Taking a household view to improving financial capability in Great Britain](#), 2016

<sup>14</sup> Aldridge H & Hughes C (2016) [Informal carers and poverty in the UK: an analysis of the Family Resources Survey](#), 2016

<sup>15</sup> Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), 2018

vulnerable customers'. However, the Guidance consultation then states that 'the Guidance does not prescribe the processes that firms need to use as we do not think that would lead to the outcomes we want to see for vulnerable consumers'. Annex 1, Section 2 ('Understanding the needs of vulnerable consumers') repeatedly stresses that 'firms should understand' and 'firms should identify', but does not outline what firms should *do* to understand and identify. Although there's a place for using processes that don't require disclosure of vulnerabilities by customers, such as analysing data to identify consumer patterns of behaviour, the clearest way of identifying who needs support and what support they need is still asking customers.

While getting the right balance between privacy and disclosure isn't easy, and telling a company about such a personal issue won't work for everyone, improving policies and processes relating to disclosure and support is the best way for firms to understand and meet the needs of vulnerable customers.

Our research for our minimum standards report found that 40% of people with a mental health problem have disclosed or are willing to disclose in the right circumstances. However, more than half of those people would only disclose if it meant they got support from their provider as a result (21%).<sup>16</sup> Money and Mental Health has found a large discrepancy between disclosing and receiving support in financial services: 31% of people said they have disclosed their mental health problem but only 10% have received support.<sup>17</sup> A key way firms can therefore identify what the needs of customers are is to preface this conversation with examples of concrete forms of help and support that are available.

An obvious place for improvement is content on firms' websites relating to disclosure. Many firms don't tell customers what they should do to disclose a vulnerability or ask for support. When they do, they make it hard to find this information (e.g. requiring customers to navigate and click through numerous web-pages). Many firms put information under the heading 'accessibility', which is not a term many vulnerable customers understand is meant to relate to them. Some firms tell customers to ring the general customer services phone line, with no other options for initiating contact. This acts as a major barrier for some vulnerable customers.<sup>18</sup> Additionally, research by Money and Mental Health has found people were often asked to repeat sensitive details on multiple occasions before they received support.<sup>19</sup> Disclosing a vulnerability can be difficult and exhausting, and customers shouldn't have to relay this over and over again to the same firm.

The FCA should instruct firms to offer information that is easy to find and easy to understand about how to disclose on their websites. Customers should be given

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<sup>16</sup> Citizens Advice, [Counting on it](#), 2019

<sup>17</sup> Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 335; Money and Mental Health, [Levelling the playing field](#), 2017

<sup>18</sup> Our polling found that twice as many people with mental health problems avoided asking a provider for extra support because of a long wait on a telephone helpline, compared with those with no mental health problems (51% vs. 26%). Citizens Advice, [Counting on it](#), 2019

<sup>19</sup> Money and Mental Health, [Access essentials](#), 2018

multiple channels of communication to contact firms about needing extra support. When a customer discloses that they're vulnerable, they need to see a real benefit and a change in how the firm treats them.

**Q6: Do you have any comments on our view of what firms should do to translate their understanding of the needs of vulnerable consumers into practical action on product and service design, good customer service and communications? and Q11: Do you have any examples of activities or processes that are in place, or could be established, to ensure the fair treatment of vulnerable consumers?**

As outlined in our response to questions 1 and 2, we think that the FCA should issue a set of minimum standards that are mandatory for firms to implement. These processes and activities would form a baseline of support that all vulnerable consumers should be able to count on across the sector.

We've carried out research focusing on the support needs of people with mental health problems. Some recommendations from our report will be applicable to other vulnerable groups (for example, flexible forms of third party support will be important for people with fluctuating mental health conditions and also those with fluctuating physical health conditions). Some are specifically suited to the needs of people with mental health problems (for example, preventing customers having to wait in call queues). In our report, we recommend the following forms of support should be offered by all firms.<sup>20</sup> Almost everything we're suggesting has already been implemented in some form by a water, energy, telecoms or financial services provider:

- 1. Debt management:** A 60-day pause on enforcement when customers with mental health problems miss 2 back-to-back bill payments. Providers proactively check if customers in arrears are on the right deal and contact them to switch them if they aren't. Providers should contact the customer about this in a way that works for them and highlight clearly that the customer could be saving money (for example, sending them an email, or sending a text asking to arrange a telephone call). Agreeing with a customer that the provider will set up a telephone or face-to-face advice session with an independent debt advice charity ('warm referral').
- 2. Accessible service:** Providers should offer at least 2 channels through which all customers can communicate with them.<sup>21</sup> One channel should be a freephone telephone line. Providers should offer a telephone service for customers with mental health problems so they don't have to wait in a call queue. They could do this in 2 ways:
  - Have a publicly available direct telephone number for a team which has received specialist training to support customers with mental health problems.

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<sup>20</sup> Citizens Advice, [Counting on it](#), 2019

<sup>21</sup> Firms can voluntarily go beyond this by implementing an omni-channel approach to customer communication

- Use intelligent call routing systems to connect customers with mental health problems directly to a specialist team.

All frontline customer service staff should be trained on company policy on referring callers from the general line to a specialist team. Providers should offer written follow-up when substantive changes are made to the account or contract, or the customer has agreed to take action as a result of the call.

- 3. Safety net:** Providers ask all customers who reach their specialist team if they'd like to set up a trusted third party to help them manage their account. This could be a family member, friend or carer. Providers should enable customers who have set up a third party on their account to tailor this: they should be able to easily turn permissions and various forms of access on and off by phone, online or via an app (for example, 'allow my third party to represent me on the phone'; 'allow my third party to receive copies of my bills', 'enable third party view-only access to my online account'. Financial services providers should explore the viability of view-only third party online account access to ensure third parties can't make transactions on the customer's account. Financial services firms should offer customers the option of setting up notifications that can be sent to an emergency contact if a usage limit, set by the customer, is breached, for example if they go over a spending limit on their bank account.

In addition, the FCA should continue to make market-specific rules to protect vulnerable consumers - as it has in the overdraft market. That should include banning uninvited credit limit increases. As an approach, the FCA should have a transparent approach to cost-benefit analysis which enables it to place a high weight on the severity of harm caused when vulnerable consumers have bad market outcomes.

**Q9: Do you have any views on the extent to which the Guidance will enable firms to comply with their obligations under the Principles and achieve better outcomes for vulnerable consumers?**

The FCA's Principles for Business (the Principles) requires firms to treat all customers fairly, including those who are, or are potentially, vulnerable. Principles-based regulation specifies the outcomes providers should meet, but leaves the means to achieve these outcomes for providers to determine.<sup>22</sup> The consultation acknowledges that previous work by the FCA has shown that not all firms treat vulnerable consumers fairly, and there is still room for improvement. We're aware from accounts from firms and from our clients that firms interpret PRIN 6 broadly. Firms are not always clear on how to meet their obligations under the Principles in treating vulnerable customers fairly. We've seen this leading to inconsistent outcomes for consumers and a considerable impact on vulnerable customers.

Reviews, such as the FCA's debt management sector thematic review, show that regulatory focus and interventions act as a key driver for firms to achieve good

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<sup>22</sup> Citizens Advice, [Counting on it](#), 2019

outcomes for customers and appeared to be a significant reason for changes in firm culture.<sup>23</sup> The review also found two-thirds of the firms in the sample needed to make urgent improvements to how they identified and treated vulnerable customers in order to comply with CONC 8.2.7R and PRIN 6.<sup>24</sup> We feel this highlights the need for a more prescriptive 'floor' that all firms must implement to ensure vulnerable consumers are not experiencing harm.

While the Guidance could support how firms comply with the Principles, the flexibility the FCA wishes to give firms to determine their own means of achieving the right outcomes for vulnerable consumers will mean that this lack of consistent support and resulting harm continues. We don't think that the presence of rules drives firms to adopt a 'tick-box mentality' to compliance; this approach is often more a result of firm cultures which aren't centred on a desire to help customers or understand their support needs. This is something that was also highlighted by Jonathan Davidson, FCA Director of Supervision.<sup>25</sup>

We'd like to stress that the Guidance states that it will not create an additional obligation on firms, and they need not follow the Guidance in order to comply with rules or other requirements. It's not clear how the Guidance will achieve its objective to improve outcomes for vulnerable consumers if firms are not required to improve their approach.

**Q13: Do you have any comments on the role of the Guidance in holding firms to account about how they comply with their obligations under the Principles in treating vulnerable consumers fairly? and Q14: Do you have any comments on our intention to monitor the effectiveness of the Guidance?**

The Guidance states that protecting vulnerable consumers is a key priority for the FCA. It sets a clear objective to ensure consistency of outcomes for vulnerable consumers, regardless of the sector in which a firm operates. The FCA wants to be confident that the Guidance drives desired improvements across the industry. However, the Guidance goes on to say that it will not create an additional obligation on firms and they need not follow the Guidance in order to comply with rules or other requirements. We feel that this risks causing confusion to firms as it sends a conflicting message. Given the status of this output as guidance rather than rules, firms may choose not to act on it, or make only superficial changes. There is little risk of not following the Guidance actually leading to any enforcement action against firms. Therefore, we feel it does little to hold firms to account and provides no incentive for firms to apply the Guidance.

We're concerned that the flexibility the FCA wishes to give firms to determine their own means of achieving the right outcomes for vulnerable consumers will mean that this lack of consistent support and resulting harm continues. If firms are not obliged to make any changes in their approach to ensure the fair treatment of vulnerable

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<sup>23</sup> [FCA Debt Management Sector Thematic Report](#), para 1.6 pg 3

<sup>24</sup> [FCA Debt Management Sector Thematic Report](#), para 4.120 pg 32

<sup>25</sup> [Speech](#) by Jonathan Davidson, FCA Director of Supervision – Retail and Authorisations, delivered at the CCTA 2018 Conference, Nottingham

consumers, it will not be considered a business or compliance priority by firms. There needs to be a culture within firms where there is a clear desire to help customers, understand the unique needs of each customer, what makes such customers vulnerable, and ensure the products and services provided support the fair treatment of vulnerable customers.

For such a culture to be embedded within firms, the treatment of vulnerable customers needs to be recognised as a priority by senior management within firms so that resources are allocated to ensuring systems, products and services are designed to meet the needs of vulnerable customers. Requiring a more prescriptive 'floor' that all firms must implement to ensure vulnerable consumers aren't experiencing harm would reinforce with firms that protecting vulnerable consumers should be a key priority. It would also provide firms with clarity on what they need to do to ensure the fair treatment of vulnerable consumers.

We note the FCA intends to monitor the effectiveness of the Guidance, but no detail has been provided on what this process will involve, how it will be achieved or the proposed timescales. This makes it difficult to determine what the resulting impact or outcome of the monitoring would be.

**Q15: Do you have any comments on the potential additional policy options?**

Two of the proposed policy options would improve the proposed Guidance. As we've said above, the FCA should make sector-specific rules that prescribe responses to particular risks. That could include, for instance, requiring providers to ensure customers in debt are on the best available tariff with the services they provide.

In addition, the FCA should make high-level rules that apply across markets. These should require certain actions and outcomes that firms must pursue. As we set out in response to Question 1, the actions and outcomes for how firms treat vulnerable consumers should be included as rules in the Handbook.

**Q17: Do you agree that proposing to issue guidance is the most effective means of achieving our aim at this stage? and Q18: What are your views on whether proposing new rules or guidance at this stage would add to the effectiveness of our intervention? Where possible, please provide supporting evidence for your answer.**

As we've outlined throughout our response to this consultation, we don't agree that issuing guidance is the most effective means for the FCA to achieve its aim of making it clear to firms what they should do to protect vulnerable customers. Writing a more prescriptive set of rules that set out what firms must do as a minimum to ensure vulnerable customers don't experience harm would be a more effective approach.