

Consumer vulnerability

(UK)

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Business has a vital role to play in ensuring that products and services support well-being and resilience in later life, especially for customers in vulnerable circumstances, and regulators must ensure firms do this.



Key statistics

47%

of people aged 75+ have a limiting longstanding physical or mental health condition (ONS)

32%

of people aged 65+ live alone - 3.64 million people (Age UK 2018)

5 million older people

believe they have been targeted by scammers (Age UK 2017)

What is consumer vulnerability?

There are many different definitions and interpretations of consumer vulnerability. Age UK research has found that someone's resilience and well-being in later life depend on a number of factors: their social engagement, financial resources, physical health and ability, cognitive and mental health and social and family support.¹

Potential vulnerability – in the sense of being at particular risk of financial or personal harm – can arise from a shortfall or decline in one or more of these domains. However, consumer vulnerability can be increased or reduced depending on how well products and services are designed and delivered. For example someone with poor health and limited mobility may be able to manage their money on a day-to-day basis if they have an accessible local bank with well-trained staff, but may become vulnerable to exclusion and fraud if that branch closes and alternatives are not accessible.

Some sources of risk may be long-term – e.g. cognitive decline or physical disability – while others (illness, bereavement, accident, unemployment, separation, etc.) may be temporary. Being at risk of harm can also arise from adverse structural relationships, such as a consumer's inability to protect themselves from fraud compared to their bank's ability to protect them.

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Whether an individual is considered vulnerable or not will also depend on the nature of the decision or transaction in question. For example someone may be at risk of low income if they are expected, without prior experience of financial markets, to make a once-only, long-term decision on what to do with their pension savings.

Avoiding age discrimination

Vulnerability arises from particular combinations of adverse circumstances and can affect people of any age and ability. As we age, we are more likely to experience circumstances that increase the risk of vulnerability (for example, bereavement, cognitive decline or difficulties with activities of daily living), and many of us will experience several of these at the same time.

However, an important point is that neither age nor disability should automatically be equated with vulnerability. Many older people are capable and self-reliant and do not wish to be seen as 'vulnerable'. Many disabled people, providing appropriate adjustments are made, are able to live independent and resilient lives.

Some people could receive additional support from a firm but do not want to be stigmatised as 'vulnerable'. The language firms use in describing these additional or 'priority' services is important as it may affect consumers' willingness to opt in to receive this extra support.



The role of business

The private sector delivers many essential services to consumers and is increasingly involved in providing products and services that used to be provided by central or local government, e.g. assistive technology. The extent to which firms promote resilience or exacerbate vulnerability can have a significant impact on both individuals' quality of life and demand for public services. Firms can make older people more vulnerable than other groups by failing to understand their needs or designing products and services that do not work well for people in retirement. This can stem from a misguided belief that it is not possible to include older people in market research or by inadvertent exclusion, for example by conducting research exclusively online.



“A caller’s 89 year old mother received a threatening letter from an energy company, which stated ‘we’re taking action’ on an overdue bill. She was registered as a vulnerable priority customer and had always paid her bills on time.”

*Age UK Information &
Advice Line*

Protection and support for some groups of potentially vulnerable consumers – including older people and disabled people – is required by legislation such as the Equality Act. Prompted by regulatory intervention,² a range of commercial organisations (banks, utilities companies, direct marketing companies, etc.) and trade associations³ have begun to develop policies and practice to respond appropriately to consumer vulnerability. These include, for example, preventing scams and financial abuse, reviewing marketing methods and exercising forbearance in situations of customer difficulty. However, much more needs to be done to ensure that this good practice applies in every situation and is regarded as an essential cost of doing business, not just an optional extra.

Public policy proposals

- Vulnerability should be recognised as having individual, circumstantial and structural dimensions, and as potentially affecting people of any age and ability.
- Firms should ensure that their own actions – in charging, marketing, product design, debt collection, etc. – do not create or exacerbate vulnerabilities. They should exercise restraint in relation to their own interests and forbearance in relation to the liabilities of potentially vulnerable consumers.
- Firms should develop policies and practice capable of recognising and responding appropriately to consumer vulnerability, including evidence of scams, abuse or misuse of Powers of Attorney affecting their customers.

- Regulators should ensure that the industries for which they are responsible have adopted appropriate policies and practice for recognising and addressing consumer vulnerability.
- Where vulnerability arises from market structure or complexity, the appropriate policy response should include reform or redesign of the context in which the service is provided.
- Firms should study typical situations of vulnerability and test their systems to make sure they have anticipated and developed appropriate responses to all reasonably foreseeable customer needs.
- Appropriate support in relation to vulnerability involves respect for the autonomy of the person to whom the support is offered, support that is effective in relation to the nature of the vulnerability and referral to another agency, person or professional where this is appropriate. Referral should involve automatic telephone transfers to other organisations if appropriate and not be confined to contact numbers and web/email addresses.
- People identified as vulnerable should not be marginalised by being directed to services that increase their vulnerability, but should be assisted to remain with, and be properly served by, mainstream providers.
- Firms should ensure their staff are trained appropriately to recognise and respond to situations of vulnerability and that staff incentives are aligned accordingly. Staff should be empowered to act where another person is experiencing or at heightened risk of harm⁴, including referral to local authority safeguarding services where appropriate.
- Digital services may be preferred by some customers but create new vulnerabilities to exclusion, scams and fraud. Firms should ensure they offer suitable alternative methods of offline communication to those customers that prefer them and that they couple digital services with enhanced protection against scams and fraud.
- Where necessary, firms should establish specialist units for dealing with particular types of difficult situations, which provide specialist support to frontline staff in live-time.
- Firms should ensure customers who need extra support are aware of their priority services or similar, and that these are presented in non-stigmatising way.
- Firms should develop systems of evaluation that provide accurate feedback on their performance in dealing with consumer/client vulnerability and enable them to continuously improve their service.
- The Financial Conduct Authority should strengthen the regulatory environment for financial services firms, if necessary by introducing a duty of care on firms.

Want to find out more?

Age UK has agreed policy positions on a wide range of public policy issues. Our policies cover money matters, health and wellbeing, care and support, housing and communities. There are also some crosscutting themes, such as age equality and human rights, age-friendly government and information and advice

Further information

You can read our policy positions here;
www.ageuk.org.uk/our-impact/policy-research/policypositions/

Individuals can contact us for information or advice here;

www.ageuk.org.uk/informationadvice/
or call us on 0800 169 8787

Further information

¹ *Improving later life. Vulnerability and resilience in older people*, Age UK, 2015.

² For example, the Financial Conduct Authority's 2015 paper *Consumer Vulnerability* and Ofgem's Consumer Vulnerability Strategy.

³ For example, the BBA's 2016 report, *Improving outcomes for customers in vulnerable circumstances* or in 2018 the Commission for Customers in Vulnerable Circumstances led by Energy UK.

⁴ For example, see Gilhooly M et al, 'Financial Elder Abuse Through the Lens of the Bystander Intervention Model', *Public Policy and Aging Report*, Oxford University Press and The Gerontological Society of America, Vol 26(1), 2016.