

christians  
against  
poverty

**CAP**

# ***Treating vulnerable customers fairly guide***

***CAP's official response to Ofcom's proposals to amend the  
guide to help ensure customers in debt or struggling to  
pay are treated fairly***

March 2022

**always hope.**

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## Summary

Christians Against Poverty (CAP) has more than 25 years of experience in delivering debt help. CAP supports over 8,000 people on their journey out of debt each year and has specialist in-house teams to support vulnerable individuals. Through this experience, CAP has developed insight into the varied and complex needs of vulnerable consumers and their relationships with communications providers.

CAP broadly supports the proposals to amend the *Treating vulnerable customers fairly guide* to help ensure customers in debt or struggling to pay are treated fairly.

### Key points:

- Providers should voluntarily offer protection from enforcement action to those customers ineligible for the Breathing Space scheme who want to seek debt advice.
- Providers should also be transparent about what the customer can expect when collecting any outstanding debt owed after disconnection.
- CAP strongly agrees that customers in debt or who are struggling to pay should be told about a provider's social tariff, its eligibility criteria and sign-up process.
- CAP strongly supports the need for providers to include information about where customers can access free debt advice in all payment and collection-related communications.
- Providers should have regard for the cumulative impact that communication through different channels has on the customer and not take a scattergun approach.
- Providers should plan for what happens if a customer is unable to engage with any communication channel for a period of time.
- Providers should make it as easy as possible for debt advisors to engage with them using dedicated third party contact points, electronic portals and well established third-party consent procedures – as done in other sectors.
- Providers should take a nuanced approach when using the Standard Financial Statement to assess the customer's ability to pay, knowing when it is appropriate to use depending on the customer's circumstances.

- Providers should adopt inclusive design principles and the Curb-Cut effect where a process designed to benefit their vulnerable customers could end up benefitting all of their customers.

## Questions

### 1. Do you agree with the proposed revisions to our guide? Please provide your views with supporting evidence.

CAP broadly welcomes Ofcom's proposed revisions to the *Treating vulnerable customers fairly guide*. Feedback on specific proposed revisions is given below.

**4.53** – It is important to recognise that not every customer in financial difficulty will be eligible for the Government's statutory Breathing Space scheme. CAP would like providers to offer similar protection from enforcement action on a voluntary basis to those ineligible customers who want to seek debt advice. This would be in line with informal protection provided in other sectors, such as financial services.

Furthermore, in recognition of the length of time vulnerable circumstances can endure for, where appropriate providers should be willing to voluntarily extend the hold on further enforcement action once the 60 days of Breathing Space expires, where it would be in the best interest of the customer and help them find a solution for their debts.

**4.54** – CAP strongly welcomes this addition to the guide that where providers take steps to effect payment, they should be transparent about their approach. This would ensure customers can easily find out which measures they tend to use and at what stages of the debt journey they can expect to encounter these measures. This is a sensible approach that does not promote fear-mongering, and the spirit of this can transfer to other regulated sectors where creditors are collecting debt. Providers should, however, be careful not to frontload mentioning all possible enforcement actions in their direct communication to customers, especially when the customer is at a stage in the collections journey where that is far from happening. This could cause more worry than necessary. Providers should also be transparent about what the customer can expect when collecting any outstanding debt owed after disconnection.

**4.55** – Measures<sup>1</sup> that the Government agreed with telecoms companies to support vulnerable consumers through COVID-19 showed that communications are an essential service, connecting customers to other services that enable them to take part in society. The internet has become the default vehicle to support us in all aspects of daily life. Without the ability to access the internet, people are unable to

<sup>1</sup> [Government agrees measures with telecoms companies to support vulnerable consumers through COVID-19 - GOV.UK](#)

manage their money online, they cannot update their Universal Credit journal, they cannot run a price comparison to save money on their bills or find answers to questions they may have<sup>2</sup>. For example, disconnecting or restricting services for vulnerable customers which allow them to use banking apps would limit their ability to make payments towards any arrears. Furthermore, not being able to access or update their Universal Credit journal online could also result in them being sanctioned, leading to their payments being reduced. Providers should take into account the impact of how restricting access to services could prove counter-productive to collecting arrears or negatively impact the customer.

**Footnote 77** – Rather than highlighting only the practical benefit to the provider, the wording could be made stronger by also emphasising that this will avoid causing or exacerbating harm to customers, given that few vulnerable customers actually disclose their vulnerability.

**4.56** – CAP welcomes the addition to the guide which asks providers to include information about where customers can access free debt advice in all payment and collection-related communications, and for providers to recognise that not all debt advice organisations operate across the whole of the UK. This information should also be clear and easy to find on the provider's website, within any communication through the provider's apps and during the whole billing and collections journey. The information should be prominent and the tone should encourage engagement with nudge interventions that will lead towards good customer engagement and outcomes. Good communication by providers might encourage the customer to contact them. Better communication would go a step further, explaining and reassuring the customer about what they can expect in the conversation with the provider after they make contact. Signposting to debt advice should also be given sufficient prominence in communications, so that it is drawn to the attention of consumers and engagement is encouraged.

Providers should not assume that, if using one communication channel fails to engage the customer, then the next one also will. Providers should recognise that vulnerability could be transient<sup>3</sup> and that the preferred channel of communication the customer initially opted for may not be the right one in their current situation. For example, deterioration in a customer's mental health may mean answering telephone calls is not possible. Providers should also take into account which contact methods have worked previously for that customer. Providers should also plan for what happens if a customer is unable for a period of time to engage with any communication channel, and ensure there are always routes to pull cases back from enforcement action where vulnerability is identified at a later stage. Providers should have regard to the cumulative impact that communication through different

<sup>2</sup>[CAP UK, Digital divide: Financial difficulty and digital exclusion \(2021\) available at capuk.org/digitaldivide](https://capuk.org/digitaldivide)

<sup>3</sup>[Financial Conduct Authority, Guidance for firms on the fair treatment of vulnerable customers available at fca.org.uk/publication/guidance-consultation/gc19-03.pdf](https://www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf)

channels has on the customer and not take a scattergun approach. They should give consideration to the best strategy to sensitively engage a customer. Providers should consider the frequency and best method of communication based on the understanding they have gained about the customer's individual circumstances.

CAP strongly agrees that customers in debt or who are struggling to pay should be told about a provider's social tariff, its eligibility criteria and sign-up process.

Rather than saying that providers 'could make all customer agents aware that customers in debt may ask a debt advice organisation to represent them and to facilitate such engagement', CAP would suggest that the word 'could' be replaced with 'should'. This places a stronger expectation on the provider and is a reasonable expectation in line with the requirements in other sectors, such as financial services. Providers should also work well with commercial organisations that represent customers in debt if the organisation's main aim is to represent the customer and get them the best outcome.

Providers should also make it as easy as possible for debt advisors to engage with them by using multiple channels, such as dedicated third party contact points and electronic portals – where available. The verification and consent procedures that providers adopt should be in line with established consent procedures that debt advice providers already follow to represent their clients with lenders and other sectors like local authorities and energy providers.

**Footnote 81** – When using the Standard Financial Statement (SFS) to assess the customer's ability to pay, providers should take a nuanced approach, knowing when it is appropriate to use depending on the customer's circumstances. Providers should also consider what level of evidence they would ask the customer to provide, so that the process of completing a SFS does not become a cumbersome barrier for the customer to engage, where a simple hold on the case may be all that is necessary.

**Example of a customer in the guide** – The example given to help providers understand how they might use the guide is good on the whole. Where it asks to rotate communication channels, it is worth mentioning that care should be taken about the volume of communication sent to the customer. There should also not be any arbitrary cycling between channels or making repeated telephone contact, due to the risk of stress and evidence that this increases disengagement. The process of rotating should take into account the time of day and other touchpoints with the customer when the provider knows there is a greater chance of engaging with the customer through a channel – for example, when they are more likely to be available to respond to a text or answer a call.

A vulnerable customer should have their communication preferences respected, even after falling into arrears. For example, the client might inform the provider that communication through a particular channel may trigger anxiety attacks. If possible, there should be an option for the customer to indicate to the provider their least preferred method of communication or a method of last resort.

There should also be more explanation in the case study on how footnote 77 can guide providers to adopt inclusive design principles and the Curb-Cut effect<sup>4</sup> where a process designed to benefit their vulnerable customers could end up benefitting all of their customers.

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<sup>4</sup> [The Curb-Cut Effect](#)

## About Christians Against Poverty (CAP)

Christians Against Poverty (CAP) is a Christian charity tackling poverty in communities across the UK through free debt help and local community groups. CAP provides award-winning free debt help through local churches. Each church's CAP Debt Centre offers emotional and practical support, while our head office team in Bradford provides bespoke debt advice and a plan to help people get out of debt.

CAP also offers community groups dedicated to tackling poverty at the root. These are run through local churches, and cover topics such as interview skills, applying for a job and writing a CV, how to budget, making money go further and key life skills.

## Requests for further information

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