



### **Consumer Duty: Helping brokers understand and identify vulnerability**

This summer marked the first anniversary of the new Consumer Duty rules and the deadline for financial services firms to submit their first board reports on the subject. The milestones provided a good opportunity to reflect on our collective progress and any ongoing challenges we face in successfully fulfilling the new duties.

As a lender, we want to support brokers in navigating Consumer Duty, especially when it comes to addressing vulnerability. We want to know whether brokers are comfortable defining and identifying vulnerability, and what we can do to make the process easier.

To better understand brokers' experiences, we've taken part in a collaborative industry survey with 23 other lenders, mortgage clubs and networks, facilitated by Smart Money People.

While we're waiting for the results of that, we've also taken the opportunity to ask the intermediaries on our own database for their views.

The survey, which attracted 55 responses, revealed some interesting insights:

- Most brokers reported comprehensive knowledge on understanding vulnerabilities, though a few felt they could benefit from additional training.
- The main barriers to vulnerability disclosure were cited as customer discomfort in sharing personal information and concerns about negative impacts on mortgage applications.
- Broker familiarity with our vulnerability disclosure process varied, with some requesting more clarity and information.

When asked whether any additional resources would be helpful, brokers expressed an interest in standardised vulnerable customer information forms, a guide on how to disclose vulnerability and more information about support available.

### **Sector-wide desire for greater understanding of vulnerability**

These findings align with a recent quantitative and qualitative survey by the Chartered Insurance Institute (CII), which highlighted a sector-wide desire for greater understanding of vulnerability characteristics and how to identify them.

The CII has raised a number of specific topics which it now plans to discuss further with the sector, including the FCA.

These include looking at how firms can be supported to better understand vulnerability, as well as more guidance around the storing of customer data related to this.

The Financial Conduct Authority (FCA) has acknowledged and welcomed the progress made so far but is seeking a deeper understanding of how firms are embedding Consumer Duty and the potential issues that may be arising.

It says it is also aware of concerns about the added complexity of compliance and is looking to streamline regulations where possible.

Firms have been invited to share their views on these issues as part of an FCA consultation. This closes at the end of October so it will be interesting to see what the outcome is.

There will always be teething problems when any major new regulations come in, which is why it's important to regularly take stock and seek feedback about what's working and what isn't.

From our survey and other industry insights, it's clear that both lenders and intermediaries share a commitment to providing excellent service and ensuring customers receive the best advice and products that are right for them. Our focus now is on refining processes to ensure everyone understands their role in achieving these outcomes.

We'd like to thank everyone who has taken part in our surveys. We will be taking that feedback on board to see how we can provide the additional resources and clarity requested.

The journey to fully embedding Consumer Duty may have its challenges, but by working together and maintaining open communication, we can create a financial services landscape that truly puts consumers first.

Should you have any questions or require more information, please contact your dedicated Key Account Manager or call us on 01494 879500.

You can find your Key Account Manager here: <https://www.bucksbs.co.uk/intermediaries/find-your-key-account-manager/>

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