



## **Report reveals banks are underserving customers in vulnerable circumstances**

Fairbanking Foundation calls on banks to redouble efforts to identify and protect key customer groups

**London, 5 April 2017** – A new study by the Fairbanking Foundation concludes there are serious service gaps in the current accounts that UK banks offer to customers in vulnerable circumstances.

The report “*Customer vulnerability and current accounts – a review of UK practice*” covers the current accounts of six leading financial institutions, including four of the ‘UK Big Five’ banks, which represent 75% of the current account market in the UK. The analysis concludes that there are substantial shortcomings in the areas of:

- 1) Protecting customers in vulnerable circumstances from scams and fraud,
- 2) Recognising the need for additional support of customers early enough,
- 3) Dealing with any dependency arrangements in a coherent way.

These shortcomings mean the banks are underserving people either living with mental health conditions that can significantly affect their decision-making (such as dementia or learning disabilities), or long-term physical health problems that can lead to financial difficulty and debt (such as cancer). Overall, the report states that “Fairbanking does not observe much sign of emerging good practice, or understanding of the extra importance of grappling with fraud on these customers.”

Official statistics on mental health conditions and long-term physical health problems suggest that millions of people are likely to be affected, but an exact figure is impossible to establish due to banks not measuring and monitoring the current number of customers that are in vulnerable situations and in need of extra care.

### **Antony Elliott, Chief Executive of the Fairbanking Foundation, commented:**

“The National Audit Office states that 11 million people live with a limiting physical or mental disability, we know that 800,000 people in the UK suffer from various degrees of dementia, 1.5 million people are known to have a learning disability and around 1.4 million people are on the register of the Office of The Public Guardian for a ‘lasting power of attorney’ in property and finance. The numbers are just a few examples that illustrate that this is not a small issue that can just be swept under the carpet. Millions could potentially be affected.”

Despite these service gaps, the Fairbanking Foundation has identified encouraging initiatives from some banks in order to meet the needs of customers in vulnerable circumstances. From one bank offering a bespoke staff training programme on dependency issues, and others investigating ways of detecting worryingly high volumes of cheque writing, through to effective anti-fraud programmes that also benefit customers in vulnerable circumstances, positive moves are beginning to be made.

However, the analysis also shows that the majority of banks are lacking the provision of an extra level of care for customers in vulnerable circumstances when it comes to protecting

them from fraud and scams. The issue is compounded by the fact that banks often only detect vulnerability in customers when they end up in the collections and debt recovery departments and do not account for the fact that these customers might need longer to detect fraud on their accounts or for the additional distress that they could suffer if they become the victims of fraudulent activity.

The Fairbanking Foundation is therefore calling on the sector to increase efforts to establish the size of the problem and develop mechanisms of early intervention and engaging customers to identify vulnerability at an earlier stage in the process.

Another major hurdle is the way banks deal with customers who are dependent on a representative because they cannot carry out important decisions on their own. Evidence from the Office of the Public Guardian (OPG) points to the fact that the industry would benefit significantly from adopting coherent practices; as the report states “with an ageing population, it is going to be more important for financial institutions to have a coherent approach to dependency arrangements going forward.”

**Antony Elliott, Chief Executive for the Fairbanking Foundation, added:**

“Our report highlights the serious service gaps for potentially millions of customers in vulnerable circumstances that need extra levels of support. While some progress is being made, it is at a snail’s pace and there needs to be an acceleration of action to match the rhetoric about commitments to supporting customers in vulnerable circumstances. Banks have an obligation to all their customers, and change is needed so that customers in vulnerable circumstances can be confident that their financial well-being is taken seriously. We would like to be able to provide a Fairbanking Mark for products that rise to the challenge.”

– Ends –

**About the Report**

The report “Customer vulnerability and current accounts – a review of UK practice” is based on a survey of six major UK providers (Barclays, Clydesdale, M&S, Lloyds, RBS and Santander), representing approximately 75% of the current account market in the UK. The survey focused on current account (with overdraft) services for customers in vulnerable circumstances due to mental capacity limitations (MCLs) and/ or long term conditions (LTCs)<sup>1</sup>. It was designed to identify the service standards in financial institutions adopted for customers in vulnerable circumstances.

**About the Fairbanking Foundation**

The Fairbanking Foundation is a charity (no. 1125769) whose sole purpose is to make financial products fairer for consumers. It has been working alongside banks, building societies and other financial institutions since 2008 to help shape products that actively put consumers first. Where products achieve this, they can be granted the “Fairbanking Mark”; 24m UK consumers currently use products that are certified by the Fairbanking Mark. The Fairbanking Foundation’s work is underpinned by extensive research into consumer financial well-being.

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<sup>1</sup>Mental incapacity, or a mental capacity limitation, is a person’s inability to make an informed decision at a specific point in time due to an “impairment or disturbance in the functioning of the mind or brain”. This can, for example, include: some forms of mental illness; dementia; significant learning disabilities or the long-term effects of brain damage.

A long-term condition (LTC) is a physical or mental illness that usually lasts a year or longer, and which may require ongoing care, support and treatment. Examples of LTCs can include physical conditions such as cancer, heart disease, diabetes or complications following a stroke. LTCs also include mental illnesses such as anxiety, depression, dementia, schizophrenia and bipolar disorder. Fairbanking has included in its scope LTCs that cause mental capacity limitations.