

# **UKCN Workshop summary:**

## **Designing remedies that work for vulnerable customers**

**26 September 2017**

## Summary

- This presentation summarises some of the main points discussed by participants at a workshop held at the CMA on 26 September 2017
- The workshop formed part of a programme of work on remedies in customer markets, carried out by the UK Competition Network (UKCN).
- The focus of this particular workshop was on how to develop remedies that reflect the diversity of customers' experience, with a particular focus on vulnerability.
- It was facilitated by Adam Land (Senior Director of Remedies, Business and Financial Analysis, CMA)
- overseen by the People can be more or less vulnerable at any one time, may be vulnerable on more than one dimension, and may be vulnerable in more than one market.
- Vulnerability may not be obvious:
  - Stigma around revealing issues e.g. mental health issues.
  - People in vulnerable situations may not consider themselves to “vulnerable”.

## Objective of workshop

- **To enhance regulatory and competition agencies' shared understanding of how to maximise the benefits of their interventions for vulnerable customer groups**
  - Drawing on insight from UKCN members and a range of organisations with different perspectives on vulnerability and customer-facing remedies.
  - Customer vulnerability and the differential impact on customer groups of market interventions are areas of increasing focus for agencies and firms.

# Overarching points on vulnerability

- Vulnerability is a dynamic and relative concept - it may be temporary, episodic, permanent or circumstantial.
- People can be more or less vulnerable at any one time, may be vulnerable on more than one dimension, and may be vulnerable in some markets but not in others.
- Vulnerability may not be easy to identify:
  - Stigma around revealing cause of vulnerability e.g. mental health difficulties, addiction, indebtedness.
  - People in vulnerable situations may not consider themselves to be “vulnerable”.

# Some challenges

- Need to achieve clarity around lines of responsibility – especially the border between social policy and agencies’ objectives.
- Vulnerability may affect customers across multiple markets; however, regulators and competition agencies often focus on specific sectors.
- Limitations on data sharing may constrain firms’ or regulators’ abilities to support vulnerable customers across markets – but there are some initiatives underway (eg by the UK Regulators Network).
- Agencies need to develop a good understanding of the costs to businesses associated with supporting vulnerable consumers.
- There are trade-offs in terms of innovation - getting the right mix between prescribing desired outcomes, and following a ‘principles-based’ approach to allow flexibility to achieve these outcomes.
- Monitoring the impact of regulatory interventions on different customer groups could improve outcomes in future.
- The importance of further research and testing solution of further potential remedies is crucial.

# Remedies – some promising areas

- Enabling people to make commitments in advance
  - Providing ways for people to commit to include / exclude themselves from services (e.g. point-of-sale credit) or restrict their access
  - Avoiding stigmatization by offering options to all customers
  - Control purchasing impulsivity in order to reduce the impact of vulnerability, with respect to mental health
- Reputational regulation
  - Robust, measurable framework within which firms decide how to act
  - Fact-based “naming and shaming”
  - Requiring suppliers to consult with representative groups
- Making things easier for customers
  - Intermediaries can help simplify or standardise decision-making, especially in day to day transactions (e.g. cancelling subscriptions, ‘cooling on’ as well as ‘cooling off’ periods)
  - Inclusive design – all customers may benefit from designing markets for more vulnerable groups

## Key theme – family and friends

- Family and friends can play an important role in helping vulnerable customers. This can take a variety of forms: from responding to a one-off emergency to ongoing help.
- Having an effective support network can promote resilience. However, those helping may be vulnerable themselves, or may not always be best suited to help.
- Agencies should think about the social dimension of decision-making – eg providing guidance for carers as well as for directly affected individuals
- Business systems need to be flexible and accessible – allowing family/friends to support where appropriate while also recognising the risks.

## Key theme – life events

- There are a wide range of life events that may place consumers in vulnerable situations– for example, bereavement or having to find new housing at short notice.
- The impact of such events can be transient in nature, or longer lasting, depending on the individual. This poses challenges for businesses in judging whether a given source of vulnerability has passed.
- Businesses need to get processes right to support people through stressful life events, with staff trained to empathise and provide practical support at difficult times.