

Vulnerable Customers Guidance for Dealers

The Financial Conduct Authority (FCA) has set out specific rules governing the treatment of vulnerable consumers which RCI Financial Services Limited, as the lender, and you, as a credit broker, need to comply with. This guidance is designed to help us to work together to ensure that we treat our customers fairly and deliver the right outcomes.

The FCA defines a vulnerable consumer as someone who, due to personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate care.

Consumers can be regarded as vulnerable for a wide variety of reasons, including, but not limited to:

- Low literacy, numeracy and financial capacity skills
- Physical disability
- Severe or long-term illness
- Mental Health problems
- Low income and/or debt
- Caring responsibilities (including operating a Power of Attorney)
- Age – young (associated with less experience) and ‘older old’, e.g. 80+
- Change in circumstances (e.g. job loss, bereavement, divorce)
- Non-standard requirements or credit history (e.g. Armed Forces personnel, ex-offenders, care-home leavers, recent immigrants)

Your Role

Through your face-to-face interaction, assess those customers who may appear to be vulnerable. If you do identify a vulnerable customer, please contact RCI Financial Services, as the lender, on 0333 2000 002, or email solutions@rcibanque.com to enable our specialist team to provide you and the customer with appropriate support and guidance. **You must obtain the customer’s explicit consent** to pass on any information they have given you.

How we can help you

1. We can support you by providing guidance on how to interact with the customer dependant on their circumstances
2. We will be able to provide you with support with helping the customer to understand the finance product
3. We may be able to speak to the customer about how we can support them after the loan is set up
4. Based on the customer’s circumstances, we can provide you with guidance on whether it’s appropriate to arrange finance for the customer at this point
5. If a customer is in extreme financial difficulty, we can ensure that our lending decision is fair and does not make their situation worse
6. We will document the guidance that we provide, evidencing that together we have taken the right steps

Types of Vulnerability

Mental Capacity limitations

'Mental Capacity' is a person's ability to make decisions. You should always assume that a customer has mental capacity. However, you should also actively check whether there is any evidence that means that you should reasonably suspect that they do not. If a customer, for any reason, is not able to effectively make decisions, this is known as a 'limitation' of their capacity.

There are several indicators which might lead you to believe that a customer may have a mental capacity limitation, including:

- the customer is making a decision that seems out of character, e.g. the vehicle may not appear suitable for their needs
- the customer or a third party tells you, or you believe, that the customer has been diagnosed as having a health problem which affects their ability to make decisions
- the customer doesn't understand what they are applying for or the customer doesn't understand the information presented to them
- the customer cannot remember key aspects of this information
- the customer is unable to weigh up different options or choice
- the customer is unable to communicate their decision

To help staff improve the identification of such limitations, they can use the **BRUCE** protocol:

- B Behaviour and talk** – staff should look for indicators of a limitation in the customer's behaviour and speech, including:
- R Remembering** – is the customer experiencing problems with their memory or recall?
- U Understanding** – does the customer understand the information they are being given by staff?
- C Communicating** – can the customer communicate their thoughts, questions, and ultimately a decision about what they want to do?
- E Evaluating** – can the customer 'weigh-up' the different options open to them?

Mental Health Issues

Mental health issues can take various forms, and can be very difficult to identify. Neither we, nor you, are medical professionals, and there is no expectation for you to be able to diagnose mental health issues.

However, if you believe the customer may be suffering from mental health problems, it's important that you inform us of this so that we can help to support the customer. **You must obtain the customer's explicit consent** to tell us about any information they may have given you, and explain that we will use this information to help make sure that we are treating them fairly.

Emotional Distress

Emotional distress, e.g. bereavement, can temporarily impact a customer's mental capacity. If the customer shows signs of this, make sure that you follow the guidance we have provided

above regarding customers with a mental capacity limitation. It may be that, in some cases, it is better for the customer to delay making a decision.

Financial Difficulty

If the customer gives you reason to believe that they are in financial difficulty, but this is not reflected in the financial information they provide, you should make us aware of this promptly so we can ensure that our lending decision is fair and does not make their financial situation worse.

What You Can Do

Whilst we have duty to protect customers with a mental capacity limitation, they still have the right to make their own decisions. If you believe that the customer has a limitation to make a decision, before deciding whether or not to arrange finance, the following steps may assist you:

- ask the customer to repeat key information back to you to ensure that they have understood
- ask the customer whether there is someone who they would like with them to help with the process of applying for finance
- allow the customer time to make the decision, including going away to discuss the decision with a friend, relative or carer
- contact us immediately on becoming aware or suspecting a limitation, having first obtained the customers explicit consent
- if consent is refused, you cannot record any sensitive information and should consider whether it is appropriate to proceed
- complete the dealer confirmation

Important: If you believe that a customer is vulnerable but the reason for this is not covered above, you should still treat them as potentially vulnerable and contact us on 0333 2000 002 8.30am – 6.00pm Monday to Friday, to discuss the circumstances.