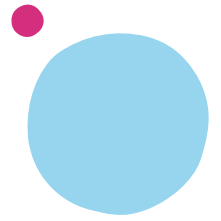




Vulnerable Customers Policy

Approval Date: August 2021

Version number: 8



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Policy Details	
Policy name:	Vulnerable Customers Policy
Date approved:	August 2021
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What is the policy objective?

In TSB we recognise that people though their life, or just for a short time, may need us to work with them differently. This could be because of their physical or mental wellbeing, difficulty understanding and managing money or because of a life event. As a business we are committed to working hard to identify such situations and in turn tailor the support we can offer customers¹ with their banking needs.

This definition is in line with the FCA's own, as published in their document 'Approach to Consumers', "Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care".

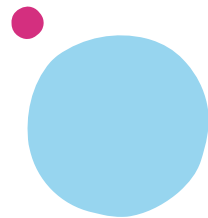
The purpose of the vulnerable customer policy is to communicate the minimum requirements for our colleagues, business areas and relevant third parties to identify and treat our vulnerable customers appropriately. In short vulnerability is what we identify, tailored support is what we offer.

The requirements specified in this policy have been devised to help us manage risk and mitigate potential customer harm². This is in line with our regulatory obligation to treat customers fairly and our legal obligation to make reasonable adjustments.

A summary of the main regulatory requirements and guidance that support the need for this policy are included in the appendix of this document.

¹ Customers are considered to be 'natural persons', which includes individuals and business customers, where businesses are not incorporated. This includes sole traders and some partnerships and reflects that characteristics of vulnerability may equally impact an individual in relation to their personal and business account.

² TSB definition of Customer Harm: Customer harm will have occurred if a customer has experienced material distress, inconvenience, detriment, loss or unfair outcomes as a result of a failure of our business model, process or control.



Who does this policy apply to?

- This policy applies to all colleagues in TSB
- Third parties and outsourcers, Joint Ventures and Partnerships. We make sure that the third parties we use also treat customers fairly and are aware of our Vulnerable Customer policy.

Waivers

Waivers to this Policy will be considered. For the definitions, forms to raise requests and guidance refer to the Policy Portal.

Or

Waivers to this Policy are not permitted.

Breaches

Any Breaches identified should be notified to Enterprise Assurance & other appropriate areas using the process detailed in the Incident Guidance. Refer to the Policy Framework for further details.

What must we do?

1. Colleagues and business areas must identify, understand, record and handle vulnerable customers, with the view to meeting their banking needs. This should include as a minimum a tailored support flag and notes added to a customer's account where a need has been identified, and removal of the flag when a customer no longer has a need (in line with business procedures/processes).

Colleagues and business areas must be flexible in their approach to meet the needs of our vulnerable customers.

Colleagues are required to complete the annual mandatory Vulnerable Customer training which is held within the Being Inclusive Core Learning module.

To ensure we provide our customers with a good experience they should not have to tell us of their needs more than once – that is unless their circumstances change.

Customer facing colleagues must also demonstrate an awareness of the tailored support toolkit, the vulnerable customer site and procedures hub. The site content contains details of internal and external support options available to customers, (relevant to their needs and circumstances) and will develop as our knowledge of customer needs evolves as a business.

How do we check we are doing that? *(ie Monitoring of the control activity)*

- Procedures published on the intranet
- Documented processes
- Customer journeys

All of which are approved via governance forums/committees and supported by paper submissions, minutes and actions where appropriate.

- General awareness through mandatory core learning
- Number of colleagues who have passed/failed training
- Number of colleagues who have completed training within required timescale
- Training effectiveness reviews by business area

- Additional training (over and above core learning) focussed on Customer facing colleagues if required. This can vary and will be subject to approval through the appropriate governance forum. Management Information to be reviewed on number of colleagues completing core learning; completing the additional training and those who are specifically accredited with any specific training (e.g. bereavement)

- Customer facing colleagues record tailored support flags in line with guidance.
- Customer facing colleagues refer to the Tailored Support Decision Framework when they require to be flexible in their approach to supporting vulnerable customers. Sampling is completed of the cases logged where the Framework has been used.

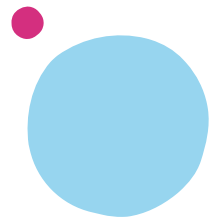
- Outcome testing/thematic reviews, for the period a customer has a product with us, to highlight and manage any issues with the way they have been treated.
- Testing should be independent and review the whole customer interaction.
- Results must be reported monthly and shared across the business outlining steps taken to address areas where issues are identified



	<ul style="list-style-type: none"> Complaints root cause analysis to understand whether customer needs are being met Validation of tailored support flags to ensure the status of a tailored support flag (temporary /permanent) correctly reflects information shared by customers within notes. Policy owner oversight of relevant business area control activity (as part of the policy annual review)
<p>2. Business areas must:</p> <ul style="list-style-type: none"> Understand vulnerable customer needs, drivers and characteristics. Take responsibility to build the requirements of vulnerable customers into local procedures. Ensure vulnerable customers can access & understand our products, services and premises through each of our applicable channels. Treat customers fairly & appropriately, including when a product or service is outsourced to a supplier. <p>Business area management must also be aware of their responsibilities relating to the treatment and management of vulnerable customers.</p>	<ul style="list-style-type: none"> Procedures published on the intranet Documented processes Customer journeys All of which are approved via governance forums/committees and supported by paper submissions, minutes and actions. Approved and published RACI, reviewed annually or as a result of business organisational change Approved supplier onboarding due diligence/governance
<p>3. Colleagues and business areas must capture explicit consent once a customer need has been identified, in line with data protection regulation. Colleagues must also know what to do in the event explicit consent cannot be captured at that point in time.</p>	<ul style="list-style-type: none"> Outcome testing/thematic reviews, for the period a customer has a product with us, to highlight and manage any issues with the way they have been treated. Testing should be independent and review the whole customer interaction. Results must be reported monthly and shared across the business outlining steps taken to address areas where issues are identified
<p>4. Business areas must evaluate vulnerable customer needs at all stages of the customer journey, through each of our channels, when designing and developing: Products, Propositions, Supporting Systems/Applications, Communications, Processes and Services.</p> <p>Customer journey stages generally take into account: applying for a product/ seeking information about a product (whether in branch, through telephone or through our digital channels) renewing a product (e.g GI/Mortgage Product Transfers), making a change to customer details or varying a product, servicing and transacting on accounts , fixing a problem/helping with difficulties (e.g financial difficulty or supporting a life event) and closing an account/product.</p> <p>We should always aim to communicate with our customers in line with their individual needs. Consideration should also be given to customer movement between available channels throughout their relationship with us</p>	<ul style="list-style-type: none"> Evidence provided through completion of customer impact assessments, business area governance committee/forum questions, approved papers, minutes and actions logs as and when presented to relevant governance committees. Policy adherence oversight as and when presented to relevant governance committees.

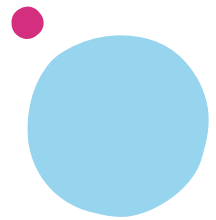


and customers preferred channel of choice for individual transaction requirements.	
<p>5. Business areas must have MI, controls and procedures in place that will ensure both potential and actual vulnerability is being identified, recorded, correctly handled, monitored and tracked at all appropriate points of the customer journey with a particular focus on areas where customers are more susceptible to vulnerability including, but not exhaustively:</p> <ul style="list-style-type: none"> • Responsible lending • Customers in financial difficulty • Fraud and financial crime • Events/incidents (e.g bereavement, pandemics, significant incidents such as terrorist attacks) 	<ul style="list-style-type: none"> • Procedures published on the intranet • Documented processes • Customer journeys • All of which are approved via governance forums/committees and supported by paper submissions, minutes and actions.
	<ul style="list-style-type: none"> • Volume of tailored support flags recorded by customer facing business areas
	<ul style="list-style-type: none"> • Outcome testing/thematic/ end-to end reviews, for the period a customer has a product with us, to highlight and manage any issues with the way they have been treated. • Testing should be independent and review the whole customer interaction. • Results must be reported monthly and shared across the business outlining steps taken to address areas where issues are identified
	<ul style="list-style-type: none"> • Complaints root cause analysis to understand whether customer needs are being met
	<ul style="list-style-type: none"> • Approved and published RACI which is reviewed annually or because of business organisational change
	<ul style="list-style-type: none"> • Policy owner oversight of localised business area control activity (as part of the policy annual review)
6. VC policy owner must ensure controls are working as intended and the VC policy is fit for purpose	<ul style="list-style-type: none"> • Reviews of policy and control effectiveness in line with other business policy requirements
<p>7. The Policy Manager must:</p> <ol style="list-style-type: none"> a. Keep abreast of regulatory change/changes on the horizon b. to assess the impacts arising from this change <p>To ensure changes are implemented on time.</p>	<ul style="list-style-type: none"> • Ongoing engagement with regulatory change team and regular updates to Policy Owner
	<ul style="list-style-type: none"> • Attendance and participation in relevant industry and regulatory events



Appendix – What are the main regulatory requirements and guidance that support the need for this policy?

Source	Summary of requirements / guidance												
1. FCA's Principles 6 and 7	<p>The regulatory requirement to treat customers fairly, pay due regard to their information needs and communicate in a way that is clear, fair, and not misleading which includes reference to the 6 consumer outcomes:</p> <ul style="list-style-type: none"> • Outcome 1: Consumers can be confident they are dealing with firms where the fair treatment of customers is central to the corporate culture. • Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly. • Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale. • Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances. • Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect. • Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint 												
2. FCA Consumer Credit sourcebook (CONC) (covering lending products)	The requirement for customer vulnerability (including mental capacity limitations) to be considered in policies and procedures across the organisation.												
3. FCA five categories of vulnerability - Financial Lives Survey publication in 2017	These categories were listed as: Physical health conditions, Mental health conditions/ Mental capacity, Life event, Financial capability and Financial resilience. As a way of helping us tailor the support we provide to our customers we have extended the 5 FCA categories to 7. We have done this by separating physical health into 2 categories and listing cognitive disorders separately from mental health.												
4. FCA occasional paper number 8 'Consumer vulnerability in financial services'	<p>In addition to the categories listed above we recognise that:</p> <p>Customers may have more than one need, A need may not be permanent, A need may be complex in nature, We must also consider when serving our customers that the categories listed in the section above may not cover every eventuality, and it is possible that a customer may be vulnerable in a way that does not fit into these categories.</p>												
5. FG21/1: Guidance for firms on the fair treatment of vulnerable customers	<p>The FCA published their final paper in February 2021 (which follows on from the GC 20-03 guidance paper published in July 2020) which covers 6 key focus areas and 15 guidance points around what firms should do (listed below):</p> <table border="1"> <tbody> <tr> <td rowspan="2">1</td> <td rowspan="2">Understanding customers' needs</td> <td>a</td> <td>Understand the nature and scale of characteristics of vulnerability that exists in their target market and customer base</td> </tr> <tr> <td>b</td> <td>Understand the impact of vulnerability on the needs of vulnerable customers, by asking themselves 'what type of harm or disadvantage' their customers may be vulnerable to, and how this might affect the experience or outcome for that customer</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Skills and capability</td> <td>a</td> <td>Embed the fair treatment of vulnerable customers. All colleagues should understand how their role impacts the fair treatment of vulnerable customers</td> </tr> <tr> <td>b</td> <td>Ensure frontline colleagues have the skills and capability to recognise and respond to a range of vulnerable characteristics.</td> </tr> </tbody> </table>	1	Understanding customers' needs	a	Understand the nature and scale of characteristics of vulnerability that exists in their target market and customer base	b	Understand the impact of vulnerability on the needs of vulnerable customers, by asking themselves 'what type of harm or disadvantage' their customers may be vulnerable to, and how this might affect the experience or outcome for that customer	2	Skills and capability	a	Embed the fair treatment of vulnerable customers. All colleagues should understand how their role impacts the fair treatment of vulnerable customers	b	Ensure frontline colleagues have the skills and capability to recognise and respond to a range of vulnerable characteristics.
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		b	Ensure frontline colleagues have the skills and capability to recognise and respond to a range of vulnerable characteristics.										



		c	Offer practical and emotional support for frontline colleagues.
3	Product and service design	a	Consider positive and negative impacts of a product or service on vulnerable customers. Design products to avoid potential harmful impacts
		b	Take vulnerable customers into account at all stages of the product and service design process. Including idea, generation, development, testing, launch and review to ensure products and services meet their needs.
4	Customer service	a	Systems and processes that support and enable vulnerable customers to disclose their needs.
		b	Flexible customer service to meet the needs of vulnerable customers
		c	Make sure customers are aware of the support that is available to them. Including third party or special support services.
		d	Systems and processes that support delivery of good customer service. Including notes that give information about the customer's needs.
5	Communications	a	All communications about products and services should be understandable for the target market.
		b	Consider how you communicate with vulnerable customers, taking their needs into account. Multiple channels should be offered where possible so vulnerable customers have a choice.
6	Monitoring and evaluation	a	Processes that can evaluate where needs of vulnerable customers have not been met so firms can make improvements.
		b	Produce and review MI to show outcomes they are delivering for vulnerable customers.

The paper also provides examples of vulnerable customer harm throughout and 4 key drivers which increase the risk of vulnerability. For reference we have mapped these drivers to the previously published FCA categories and TSB's tailored support categories of vulnerability below:

4 FCA Drivers of vulnerability	5 FCA Categories	7 TSB Tailored Support Categories	Examples of vulnerability
Health	1. Physical disability/ Health	Ease of access	Accessibility/ disability needs
		Physical Wellbeing	Long term illness needs
	2. Mental health conditions & mental capacity	Support interactions & communication	Memory, decision making, communication
Life Event	3. Life event	Mental Wellbeing	Addiction, depression, anxiety etc
		Life event	Economic and domestic abuse, divorce/ separation, bereavement, fraud etc...
Resilience	4. Financial resilience	Managing finances	Ability to withstand financial shock
Capability	5. Financial capability	Understanding finances	Poor numeric/language skills