



Vulnerable Customers Policy

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1. INTRODUCTION

Health Shield Friendly Society Ltd is committed to ensuring that all members and customers, including those with vulnerabilities, are treated fairly and have equal access to Health Shield's products and services.

Health Shield (including all outsourced/delegated activities) must operate appropriate processes that consider the circumstances of individuals and be able to identify whether they are vulnerable or susceptible to detriment (whether permanently or temporarily). They should be able to tailor the way in which they communicate and service them to consider the vulnerability.

If you feel that you may be in a position of vulnerability, please contact Health Shield's Customer Care Team on 01270 588555.

2. POLICY OBJECTIVE

The objective of this policy is to set out Health Shield's approach to identifying and interacting with vulnerable customers to ensure we deliver good customer outcomes. The policy also aims to achieve the following:

- Define what constitutes a vulnerable customer and identify circumstances/situations that may cause a customer/member to be vulnerable
- To outline Health Shield's approach to identification, recording, and management of vulnerable customers

3. DEFINITION OF VULNERABLE CUSTOMER

The Financial Conduct Authorities (FCA) definition of a vulnerable customer is.

"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 FCA considers that the following factors act as drivers to actual or potential vulnerability:

- **Health** – Health conditions or illnesses that affect the ability to carry out day to day tasks, both permanently and on a temporary basis
- **Life events** – Major life events such as bereavement or relationship breakdown
- **Resilience** – Low ability to withstand financial or emotional shocks
- **Capability** – Low knowledge of financial matters or low confidence in managing money

An individual may suffer from one or more of these types of vulnerability at the same time which may make them especially susceptible to harm.

4. APPLICABLE REGULATION AND LEGISLATION

Health Shield's approach to the treatment of vulnerable customers evolves in line with consumer and regulatory demands.

The treatment of vulnerable customers is covered within FCA Principles 2,3,6,7,9 and 12 and is supported through industry and regulatory guidance which is monitored and reflected within this policy.

In addition, this Policy reflects Health Shield's legal obligations:

- The Equality Act (2010) - provides it is illegal to discriminate and strengthens protection for specific protected characteristics
- General Data Protection Regulation – relates to the processing of special category data

5. HEALTH SHIELD'S APPROACH TO VULNERABLE CUSTOMERS

Health Shield has different approaches to ensuring that vulnerable customers are identified and handled appropriately and this section details Health Shield's approach to identifying vulnerable customers and the processes and controls that it has in place to protect customers throughout the lifecycle of their membership.

5.1 EXPECTATION OF HEALTH SHIELD'S COLLEAGUES

The FCA expects firms to be able to identify a vulnerable customer when they provide personal details during a call or in customer correspondence, and to respond appropriately to this information.

Relevant Health Shield employees receive training for communicating with vulnerable customers to ensure they are empowered and trusted to be alert to the signs that the person they are talking to may not have the capacity, at that moment in time, to make a decision or to provide the correct information. As such, relevant Health Shield employees are expected to be able to confidently and competently, identify the customers' needs through effective listening skills and adjust their approach accordingly. A 'Vulnerable Customers Support Guide' is available to all Health Shield employees and should be adopted when supporting customers identified as vulnerable.

It is acknowledged that vulnerability can take various forms. The following are types of possible circumstances and characteristics which may suggest vulnerability. This is not an exhaustive list and is used as guidance only. The identification of vulnerable customers must be individual, proactive, and aimed at removing barriers to accessing our products and services, to result in both a good and fair customer outcome.

Examples include:

Age	Financial Hardship	*Mental Health
Language Barriers	Low Income Levels	*Mental Capacity Limitations
Addictions such as Gambling, Drink or Drugs	Life Changing Event	Medical / Health Condition
Victims of Financial Crime	Low Level Digital Skills	Financial Abuse
Public Environmental impacts (flood plains, subsidence, cladding)		

*Mental Health and Mental Capacity Limitations are considered to be in the ‘Particularly Vulnerable’ category as per the FCA

It is important to remember that a vulnerable trait may be permanent but can also be temporary or sporadic. A person who is vulnerable now may not remain vulnerable in the future, and vice-versa.

5.2 THIRD PARTY RELATIONSHIPS

Health Shield uses a number of third parties in the distribution, design, and delivery of its products and services to customers.

Where a vulnerable customer risk is identified, this will be managed by the relevant supplier relationship manager in line with Health Shield’s internal Procurement Framework and Supplier Management and Outsourcing Policy.

Where there is a concern regarding a supplier’s ability to meet the required vulnerable customer treatment standards, this must be highlighted to the Vulnerable Customer Policy owner.

5.3 PRODUCTS

Health Shield operates a Product Oversight Governance Steering Committee (POGSC) and as part of the expectations, the approach to each product must identify and assess the defined target market, ensuring the design does not unfairly target nor exclude certain vulnerabilities, either specifically or in general. As part of the product lifecycle, vulnerable customers continue to be an area of focus, for example, consideration of both the positive and negative impacts of a product and any impacts to service must be assessed. Additionally, Health Shield assesses the design of products to avoid possible harmful or negative impacts and ensures that consideration of vulnerable customers is conducted throughout all stages of the product lifecycle via the POGSC, including (but not exhaustive to), development, testing, product launch and post implementation review.

Where there is identification of vulnerability, this is considered appropriately and that adequate controls are in place to sufficiently mitigate the potential risk of customer harm or detriment. In addition, as part of the POGSC, where such potential harm is identified, this is escalated for further review and approval.

Further, Health Shield provides hardcopy and e-mail policy summaries and membership plans which are also accessible via the Member's Area 24/7, 7 days a week. Health Shield colleagues should contact the Product Team for further information on alternative formats.

The Certified Heads of Functions are responsible for ensuring that appropriate processes and procedures operate across their respective areas to ensure that customer vulnerability and susceptibility is adequately considered throughout the product lifecycle.

5.4 FINANCIAL DIFFICULTY

Customers experiencing financial difficulty can be deemed as vulnerable and may require additional help and support. Further guidance can be found in the FCA Cost of Living Customer Support Policy.

Following on from Policy Statement PS23/9 published in July 2023, Health Shield will proactively identify and support any customers who are experiencing financial difficulty. We aim to help customers maintain an appropriate level of cover and reduce the risk of them losing cover which is important to them to ensure we continue to deliver good outcomes. Examples include:

- Suggesting downgrading level or type of cover if a customer has made contact to cancel their cover
- Proactively making contact with customers who have missed a payment or cancelled a Direct Debit (DD) to understand if any additional support is required
- Share the appropriate support we can offer in customer communications
- Provide signposting to external charity organisations or internal support
- Offer payment deferrals or breaks in cover to enable customers and members to continue with their cover with no new qualifying periods
- Allow companies who fall below minimum scheme rules i.e. less than 3 staff, to continue and review scheme suitability at renewal

6. CONTROLS AND ADHERENCE

The following controls will be introduced and monitored to ensure the successful implementation of this policy.

- The Vulnerable Customers Policy will be uploaded onto the intranet to ensure that is accessible for all colleagues
- Any breaches of this policy will be identified by the breach reporting process (defined within the Risk Event Policy) which could potentially result in a communication with the appropriate regulator
- When reviewing a complaint or when assessing whether a breach of this policy and associated procedures has occurred, all colleagues must also consider whether a regulatory breach (including breach of a Conduct Rule) has occurred. All suspected regulatory breaches must be reported in line with Health Shield's defined process. If a suspected breach of a Conduct Rule has occurred, this must be reported to the Chief Risk Officer in the first instance, in line with Health Shield's internal escalation process. A report could also be made via the Society's internal Whistleblowing process

- Health Shield Management are individually responsible for the processes and procedures regarding vulnerable customers in their respective business area
- Each business area has responsibility to keep themselves up to date with upcoming regulatory changes and other events. To assist with this, the Compliance Department undertakes horizon scanning from a number of external sources and shares updates on regulatory developments with stakeholders. Health Shield's recording of sensitive personal data meets General Data Protection Regulation (GDPR) requirements, regarding each vulnerable customer record and additional support measures. Customer policy records will be maintained in accordance with Health Shield's Data Retention and Disposal Policy
- The Management Team provide regular and accurate reporting to Senior Management
- There are also operational performance controls and governance within business functions – whether mandate levels, in-built governance process controls, or management checking. The Senior Managers have primary responsibility for these controls to ensure adherence to this policy

7. MANAGEMENT INFORMATION

The Management Team are responsible for the design and production of accurate and timely Management Information (MI), relevant to the activities conducted within their business area or within their oversight responsibilities. Where an activity is outsourced to a third party, it is the responsibility of the appropriate manager to obtain accurate and timely MI to allow sufficient ongoing oversight.

When considering MI, the Management Team are responsible for identifying and setting risk tolerances and reporting on Key Performance Indicators (KPI's), associated with managing vulnerable customers in a fair manner.

Where risk tolerances (appetites) are breached, escalation to Senior Management is required who will in turn raise this within the appropriate forum. Health Shield seeks to review the risk posed and where necessary take action to mitigate the risk of harm to customers and the Society.

8. MONITORING AND OVERSIGHT

Health Shield assesses vulnerability through regular oversight and monitoring, as part of its three lines of defence model. A programme of oversight from Compliance and Internal Audit will provide regular assurance and engagement from an independent perspective.

Vulnerable customer MI is regularly reviewed to ensure regular oversight and adherence to the Vulnerable Customers Policy and associated guidance.

Oversight of vulnerable customers is undertaken by the following activities:

Activity	Responsible Function
Quality Assurance (First Line)	Head of Operations
Training and Competency	Head of Operations
Compliance Monitoring	Head of Compliance
Audit Monitoring	Head of Internal Audit

Where issues/trends are identified which may suggest the policy is not being followed, this will be formally escalated and tracked through the Executive Committee (Ex Co.).

9. TRAINING

All Health Shield colleagues are required to read and accept their understanding of the Vulnerable Customers Policy on an annual basis and colleagues within customer facing roles such as Claims, Customer Care, Sales (EWC's), Financial Crime and Conduct Risk and Credit and Billing functions are required to undertake specific e-learning and training, which must be completed and passed annually.

10. RELATED POLICIES

This policy should be read in conjunction with -

- FCA Cost of Living Support Policy
- Risk Event Policy
- Vulnerable Customers Support Guide

11. APPROVAL

This policy has been approved by the Executive Committee and will be reviewed and re-approved by the Executive Committee annually.