

## Vulnerable Consumers Policy

### 1. Executive Summary

The Ombudsman for Short-Term Insurance NPC (OSTI) recognises that some customers with whom we engage can be defined as “vulnerable consumers” due to their personal circumstances.

As an alternative dispute resolution body, OSTI has a duty and an obligation to ensure that appropriate mechanisms are in place to address the needs of vulnerable consumers when investigating complaints.

OSTI fully supports the growing international and local movement towards the identification of “vulnerable consumers” in the financial sector. We aim to ensure that this category of complainants receives the care, protection, and guidance that they may need.

### 2. Purpose

This policy addresses the need for OSTI to develop guidelines and implement processes to define “vulnerable consumers”, record this information (so that we can better support the needs of this group of insurance customers), and collate statistical information to analyse trends.

This policy, therefore, aims to:

- provide guidance on how we define a vulnerable consumer;
- identify the needs and requirements of vulnerable consumers;
- add vulnerable consumer categories and subcategories to our case management system;
- outline the processes and protocols in place to help support vulnerable consumers;
- deliver appropriate and consistent service; and
- outline how we will oversee compliance in this area.



### 3. Vulnerable Consumers

The United Kingdom Financial Conduct Authority (FCA) defines a vulnerable consumer as *“someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”*. (FG21/1Guidance for firms on the fair treatment of vulnerable consumers, Chapter 1 Paragraph 1.1 Page 3).

The Oxford Dictionary defines “vulnerable” as *“in need of special care, or protection because of age, disability, or risk of abuse or neglect”* and further defines “disadvantaged” as *“in unfavourable circumstances, especially with regard to financial or social opportunities”*.

#### 3.1 Vulnerable consumers within the context of the short-term/non-life insurance industry

When insurers design products and services that do not consider the needs of vulnerable customers, there is a risk that these consumers may suffer harm due to their needs not being met from the start of any engagement.

Inequality of bargaining power has become an accepted rationale for the enacting of consumer protection legislation to regulate the financial services industry. The greater emphasis on fair and appropriate outcomes for financial services consumers provides the foundation for this new way of thinking. It is accepted that a “one size fits all” approach is no longer good enough; instead, the individual consumer’s needs must be considered.

Financial service providers are expected to provide consumers with appropriate products and services and a level of care that has due regard to the capabilities of the consumers in question. The level of care that would be deemed appropriate for vulnerable consumers may be different from that which would suffice for other consumers. Financial firms must acknowledge this and implement processes and procedures to cater to the needs of vulnerable consumers, as these customers may face a significant risk of harm.

#### 3.2 Vulnerable consumers within the context of OSTI

There is not yet a definitive list of criteria for determining who is a “vulnerable consumer” as this is still an evolving concept. In compiling OSTI’s categories of



vulnerable consumers, we had due regard to the types of complaints we have dealt with over many years as well as to international precedents.

#### **4. Categorisation of Vulnerable Consumers**

OSTI has identified the following categories and subcategories of vulnerable consumers:

##### **4.1 Main Category 1: Age**

- Under 25 (associated with less experience)
- Between 55 and 75
- Older than 75

##### **4.2 Main Category 2: Communication and Understanding (Literacy and Numeracy)**

- Not financially literate
- Illiterate - not educated
- Language barrier (unable to understand business English)
- Technological availability and/or capacity

##### **4.3 Main Category 3: Disability / Disorder**

- Physical or mental illness
- Wheelchair-bound
- Blind
- Deaf
- Dyslexic
- Speech impediment

##### **4.4 Main Category 4: Adverse Life Event**

- Divorce
- Retrenchment
- Death of a life partner/parent/child
- Over-indebted
- Domestic abuse



## 5. Process

- 5.1 When a complaint is lodged with the OSTI, every attempt is made to establish and record whether the complainant should be identified as a “vulnerable consumer”.
- 5.1.1 How to determine vulnerability
- i. Add a section to the Complaint Application Form where the complainant may note any special needs.
  - ii. Through communication and observation.
- 5.2 If the consumer is deemed to be vulnerable, we will then determine and record the applicable category and subcategory.
- 5.3 The necessary degree of care and assistance is then rendered to the consumer by considering his/her personal circumstances.
- 5.4 These complaints display a special identifying indicator on the case management system at every stage of the complaints process. We are mindful of specific consumers’ needs when investigating such complaints and this is also communicated to the insurer in question.

## 6. Conclusion

This policy is intended for use by staff members. A customer-facing policy will be created and made publicly available once the internal policy has been implemented.

This policy is a living document and will be revisited and updated as we gain more insight and experience and conduct more research into the unique needs of vulnerable consumers – and how we can best meet them as an organisation and as individuals. We are also mindful that the coronavirus pandemic and its, as yet unknown, aftermath may broaden or add to the categories of consumers who should be considered vulnerable in this context.



SIGNED AT Bryanston ON THIS THE 19th DAY OF January  
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**Edite Teixeira-Mckinon**  
OSTI CEO

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