



**Business in Focus**



# Consumer vulnerability

**A guide to identifying consumer vulnerability**

Making sure your business complies with consumer law



# Introduction

The background to consumer vulnerability

## Doing the right thing

While businesses have a responsibility to treat all consumers decently and fairly, they also have a responsibility to ensure all customers get the best outcomes in the decisions they are making. It is particularly important that they are aware of their responsibilities in identifying and supporting consumer vulnerability.

Many of us find ourselves in vulnerable situations at certain points in life, as do those we care about. During those times we would all wish to be treated with respect and understanding, and while we are in a vulnerable situation we may need additional support to ensure we get the right product or service.

This guidance is intended to help you, as a business, identify consumer vulnerability and assist those affected by it.

It is important to be aware of consumer vulnerability because early identification often leads to more effective interventions and allows consumers to receive appropriate help and support to get a good outcome. There are also laws in place to ensure that consumers receive the information necessary to make informed decisions, and are not exploited.

Being aware of the issues around consumer vulnerability, and developing a policy to accommodate it, will help to ensure your customers are satisfied, everyone gets a fair deal, and those most in need of protection are supported and safeguarded.

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# Background

Consumer vulnerability is fluid and dynamic, and consumers can move in and out of periods of vulnerability. A consumer's situation – for example, going through a bereavement – can make them more vulnerable at a particular time.

In a business context, consumer vulnerability refers to any situation in which an individual may be unable to engage fully or effectively in a market. As a result, they may be at particularly high risk of not getting a fair deal or the best deal for them, or – at the extreme end of the scale – being exploited by criminals.

The COVID-19 pandemic and the cost-of-living crisis has made consumers potentially more vulnerable than before. Social isolation, money worries, increased mental health issues and different ways of shopping all contribute to this.

In addition to general consumer protection law, in certain regulated sectors – for example financial services, energy and telecoms – there are specific rules and guidance on dealing with vulnerable consumers, which businesses in those sectors need to be aware of and abide by.

Consumer vulnerability is actually specifically mentioned in law, in the Consumer Protection from Unfair Trading Regulations 2008. You can find out more about the Regulations in our guide ['Consumer protection from unfair trading'](#).



## Part 1. Types of vulnerability

The two types of vulnerability

### Situational

Situational vulnerability should always be assessed on a case-by-case basis. It is important to remember all consumers can be situationally vulnerable, and vulnerability is dynamic.

Vulnerability may be caused by the personal situation or circumstances of the consumer; the timing and nature of the decision; the consumer's level of knowledge, skills or ability; and the effectiveness of tools and communications made available to them by businesses to assist in decision-making.

Situational vulnerability can be caused by, for example, cognitive impairment, low income, illness, loneliness or social isolation. This list is by no means exhaustive.

Some of us may experience vulnerability during difficult periods in our lives, such as when we go through a bereavement, a divorce or a period of ill health.

Vulnerability can also originate from more enduring personal situations, such as a long-term physical or mental disability.

### Market context

The second type of vulnerability can be caused by market contexts – for example, when a consumer has to choose between complex offers or alternatives, or make decisions on the basis of imperfect or unclear information.

It can also come about when a consumer hasn't accessed a market for some time or has never done so.

Market context vulnerability can also be caused by business communications, or the way consumers are expected to contact or communicate with a business. Sometimes lack of experience and education around technology can lead to vulnerability.

Market context vulnerability may arise in some of the following situations (as above, this list is not exhaustive):

- Switching gas or electricity providers
- Switching bank accounts
- Buying an electric car
- Buying a funeral plan
- Investing in cryptocurrency
- Buying a first car or home
- Choosing a care home for an elderly relative

The two types of vulnerability can affect consumers at the same time.

## Part 2. Understanding vulnerability

Why we must understand our consumers' vulnerability

### WHY A CONSUMER YOU INTERACT WITH MAY BE VULNERABLE

**14.1 million**

UK residents have a disability

**One in six**

adults experience common mental health problems every week

**23%**

of UK consumers suffer anxiety when dealing with service providers

**2.5 million**

consumers in the UK are living with cancer

**One million**

consumers in the UK are affected by dementia

**318**

consumers per day in the UK are declared bankrupt or insolvent

**One in four**

consumers experience mental health issues each year

**792 million**

consumers are affected by mental health issues worldwide

**One in six**

working-age adults have symptoms associated with mental ill health

## Poor mental health and vulnerability

Consumers with poor mental health are at an increased risk of experiencing poor outcomes in markets.

These consumers may be less likely to get a good deal from a supplier, for example, through switching or shopping around, because of the challenges they experience in these forms of engagement and communication.

This can mean that these consumers may be paying more than they need to for services.

Consumers with poor mental health can also feel the effects of experiencing poor outcomes in markets more severely. For example, these consumers are more likely to experience financial harm, which can mean they are more likely to be behind on their bills or suffering financial problems.

## Identifying vulnerabilities

These things don't necessarily make a consumer vulnerable, but they indicate that they could be.



**Health:** Any additional needs, long-term disability, impairment, illness or age-related conditions.



**Life events:** Major life events such as bereavement, redundancy, retirement, loss of income, divorce or a relationship breakdown.



**Resilience:** Difficulty in enduring financial or emotional shock due to debt or a one-off unexpected expense, lack of support in the family and friend structure, or a disempowered status.



**Capability:** Low knowledge and education related to finance and budgeting; lack of digital skills or low confidence in managing money, usually due to the above or another barrier to learning such as disadvantage, inexperience, English as a second language, or additional educational needs.

## What businesses can do

Does the consumer indicate any situation or circumstance that could point to consumer vulnerability? Do they tell you something?



Does the consumer behaviour indicate vulnerability. Are there any sudden changes in behaviour?

Once a consumer has shown signs of vulnerability, then steps can be taken to support them (however, businesses should always be taking steps to ensure they are acting responsibly towards every consumer).

For example:

- » consider communication, have you got it right for your audience?

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- » don't make assumptions about the consumer

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- » ask the consumer what they need and how you can help them better

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- » empathise with the consumer if you can, and sympathise if you can't

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- » try asking questions in a different way

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- » summarise, in plain English, what has been decided or agreed

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### Consider this when talking to consumers: **Be REAL**

**R Retain** Is the consumer able to retain, remember and repeat in their own words the information you give them? Do you have to repeat what you have said over and over again? Do they ask for clarification and ask you to explain the words or terminology being used?

**E Explain** Is the consumer able to properly evaluate and explain the decision they have made? Are they joining in the discussion or just agreeing with what you are saying? Are they coherent and fluent in the language being used?

**A Able** Is the consumer able to hear, understand and communicate what they are being told and their situation? Are they asking questions that aren't related to what you are saying? Do they tell you their thoughts and ask questions, and if so, do they make sense?

**L Listen** Is the consumer able to listen, follow and understand the discussion taking place, or are they distracted, confused and not hearing what you have to say? Do they take an unusually long time to respond to a question?

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If any of the above signs show themselves, ask the consumer what they need. Do they need something different to what you are providing?

“All staff should understand how their role affects the fair treatment of every consumer”

## Part 3. Things to consider

### Things you may wish to do to support consumer vulnerability

#### Inclusive design

This involves designing products or services so they are accessible to, and usable by, as many consumers as possible.

Consumer vulnerability should be considered at all stages of the product and service design process (including idea generation, development, testing, launch and review) to make sure products and services meet as many consumers' needs as possible.

#### Communication

Finding the right communication channel for consumers with differing needs is key.

Consumers with mental health problems may prefer electronic means of communication, as they can create less anxiety than telephone, face-to-face or letter interactions. Older consumers may prefer a letter, face-to-face discussion or a phone call. However, don't make assumptions, ask questions and let the consumer tell you what they need if they can and are willing to.

It is recommended to offer as many different channels of communication as you can. This could include email, text messaging, mobile apps such as WhatsApp or web-based interactions, telephone, face-to-face discussions and letters.

It should be remembered that some consumers may not have access to the internet, so customer support should also be offered through other communication channels.

Businesses should always ask consumers what their preferred method of communication is.

#### Training

Train your staff to understand the nature and scale of vulnerability that exists in your target consumer market.

Embed the fair treatment of all consumers across the business. All staff should understand how their role affects the fair treatment of every consumer, and should consider consumer vulnerability at all times.

Ensure staff have the necessary skills and capabilities to recognise and react to a range of vulnerabilities.

Provide support to staff to build resilience and have a safe space to offload if they have been supporting consumers, as this can be emotionally difficult for them as well.

Consider training staff on what to look out for. This could include, for example, the [Dementia Friends](#) training or the [Friends Against Scams](#) training. It may also be worth considering sourcing training on mental health awareness.

#### Consumer vulnerability policy

A consumer vulnerability policy defines what constitutes a consumer vulnerability and sets out how affected consumers can achieve a fair outcome.

You should outline rules that ensure the policy is followed and updated, and provide regular training. The policy should outline how your business can improve and support all consumers, and what is expected from staff in helping to identify vulnerability to ensure every consumer gets a fair and positive experience.

Practical ways to support the policy and training are consumer feedback, consumer panels, a review of complaints and a consideration of organisational blind spots.

#### Always remember

Try to understand the impact of vulnerability and how this might affect the consumer experience and outcomes.

Consumer vulnerability is fluid and dynamic; consumers can move in and out of periods of vulnerability.

Referring to consumers directly as 'vulnerable' can be disempowering.

## Part 4. Checklist

# Checklist for businesses to understand how to recognise and support consumer vulnerability

### PURPOSE OF THE CHECKLIST

This checklist should be used once the accompanying guidance on identifying consumer vulnerability has been read. A consumer vulnerability policy should also be considered to support this checklist and the guidance.

### THE CHECKLIST WILL HELP TO

- Document a vulnerability assessment process
- Help staff assess consumer vulnerability in a consistent way
- Record the information

Checklist	Y/N/Notes
<p><b>Use 'Be REAL' to identify consumers who may</b> show signs they could be vulnerable. Once a consumer has shown signs of vulnerability, then steps can be taken to support them. If signs are there, use the checklist to document what you discussed.</p> <ul style="list-style-type: none"> <li>• <b>R – Retain</b> Is the consumer able to <b>retain</b>, remember and repeat in their own words the information you give them? Do you have to repeat what you have said over and over again? Do they ask for clarification and ask you to explain the words or terminology being used?</li> <li>• <b>E – Explain</b> Is the consumer able to properly evaluate and <b>explain</b> the decision they have made? Are they joining in the discussion or just agreeing with what you are saying? Are they coherent and fluent in the language being used?</li> <li>• <b>A – Able</b> Is the consumer <b>able</b> to hear, understand and communicate what they are being told and their situation? Are they asking questions that aren't related to what you are saying? Do they tell you their thoughts and questions, and if so, do they make sense?</li> <li>• <b>L – Listen</b> Is the consumer able to <b>listen</b>, follow and understand the discussion taking place, or are they distracted, confused and not hearing what you have to say? Do they take an unusually long time to respond to a question?</li> </ul>	
<p>I have read and considered how the consumer is assessed against the businesses vulnerability guidance/policy.</p>	
<p>I have actively encouraged the consumer to share any potential vulnerability, considering all circumstances – situational, marketplace, health, life events, relevant abilities and barriers.</p>	
<p>I have recorded anything the consumer has said on the relevant system.</p>	
<p>I have discussed my approach with my line manager or other members of staff.</p>	

**ALWAYS REMEMBER**

Try to understand the impact of vulnerability and how this might affect the consumer experience and outcomes.

Consumer vulnerability is fluid and dynamic; consumers can move in and out of periods of situational vulnerability.

Do not directly call consumers 'vulnerable' as it is disempowering; it's the situations they find themselves in that make them vulnerable.

I am considering whether I need any further information from the consumer to support them in their experience and to ensure they get what they need from the business.	
Are there any other relationships with this consumer I need to be aware of – for example, power of attorney?	
I have considered how I need to deliver any relevant information and communicate with this consumer – for example, braille, large written format.	
I have considered the language I am using and taken a plain English approach when explaining a product or service. I don't use complicated industry-specific language if it can be avoided.	
I have taken the time to listen, to identify vulnerabilities and, if appropriate, will suggest that someone else (a family member or trusted friend) forms part of the advice process and/or refer to a suitable specialist if appropriate.	
I have taken account of the complexity of the service/goods being delivered and made reasonable adjustments – for example, staggering the advice over several meetings and/or allowing more time to think before making a decision.	
I haven't made assumptions about the consumer.	
I have asked the consumer what they need and how else I can help.	
I have summarised what has been decided or agreed in plain English.	
Do I need any additional support, training, supervision, support from my line manager?	

## Part 5. A new international standard

BS 18477 and the new BS ISO 22458

New guidance to help organisations identify and meet the needs of vulnerable customers

**BS 18477: Inclusive service provision. Requirements for identifying and responding to consumer vulnerability** helped organisations to identify and meet the needs of vulnerable customers.

In 2022, a new international standard, **BS ISO 22458: Consumer vulnerability. Requirements and guidelines for the design and delivery of inclusive service** was published, developed from this ground-breaking British standard.

In line with the standard, the British Standards Institution has introduced the [BSI Kitemark for inclusive service](#) to help organisations demonstrate their commitment to vulnerable consumers.

# Legislation

The laws featured in this guide

## Key legislation

- [Consumer Protection from Unfair Trading Regulations 2008](#)

## Trading Standards

For more information on the work of Trading Standards services - and the possible consequences of not abiding by the law - please see '[Trading Standards: powers, enforcement and penalties](#)'.

## PLEASE NOTE

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links may only show the original version of the legislation, although some amending legislation is linked to separately where it is directly related to the content of a guide. Information on changes to legislation can be found by following the above links and clicking on the 'More Resources' tab.

*Last reviewed/updated: June 2023*

# More information

Further information on the Consumer Protection from Unfair Trading Regulations (2008) is available at:  
[www.businesscompanion.info/en/quick-guides/good-practice/consumer-protection-from-unfair-trading](http://www.businesscompanion.info/en/quick-guides/good-practice/consumer-protection-from-unfair-trading)

## Other guides in this Business in Focus series:





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