

Introduction

Dayinsure offer an online only sales process to purchase short term car insurance and learner driver car insurance cover.

As a Financial Conduct Authority regulated insurance intermediary, we have a responsibility to identify instances of vulnerability in our customers which is likely to impact the way in which customers interact with us. Where it is reasonable to do so, we will make adjustments in the way we treat our customers to ensure that they have the best possible access to the products and services which support them in pursuing their financial objectives.

Purpose

The purpose of this policy is to ensure that the operations Dayinsure have in place effectively support vulnerable customers. Where this policy specifies “customer”, you should consider that to include both prospective customers who did not purchase and customer representatives, in addition to customers who have purchased a policy.

The FCA define 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.

For the purposes of this policy anyone who falls under this definition will require us to consider whether the nature and type of their vulnerability means that we should consider whether the way we treat them needs to be modified to ensure they have the best opportunity to pursue their financial objectives without suffering detriment.

Identifying a vulnerable customer

Identifying customer vulnerability can be challenging. It can be temporary, intermittent or permanent and varies greatly from customer to customer.

There are 4 main categories of vulnerability defined by the FCA:

- Health (e.g. Physical disability, severe or long-term illness, hearing or visual impairments, mental health conditions, addiction, or low mental capacity)
- Life events (e.g. bereavement, income shock, relationship breakdown, domestic abuse, and caring responsibilities)
- Resilience (e.g. Low income, high debt, low savings, or low emotional resilience)
- Capability (e.g. financial literacy, poor literacy or numeracy skills, poor English language skills, learning difficulties, poor or non-existent technology skills, or limited access to help or support).

While there is no one method that will always identify vulnerability, there are several indicators which often do and should always be considered. These are:

- Age (over 75s / under 19s)
- Lack of IT skills
- Lack of English language skills
- Lack of mental capacity
- Lack of financial literacy
- Physical impairment (e.g. hearing or sight)
- Self-declaration as vulnerable
- Unusual or sudden behavioural change
- Missing of regular payments.

As our contact with customers is always by remote means, it is often difficult to identify a vulnerable customer because it is not possible to see non-verbal characteristics, such as body language and facial expressions, which help to identify that a customer may require additional information and guidance to enable them to make an informed decision.

For this reason it is critically important to listen carefully to all customers and to identify people who may be classed as a vulnerable customer.

Typical telephone characteristics include:

- An inability to hear or understand what is being said
- Repeated questions of a similar nature
- Comments or answers which are inconsistent with the telephone discussion or which indicate they have not understood the information which has been provided
- Verbal confirmation that they don't understand or that they require the assistance of somebody else
- An inability to understand basic IT or common terminology.

If a customer provides information which indicates that they have, or may have, some form of vulnerability that might impact on their ability to make an informed decision, this should not lead to them automatically being denied access to the product or service being sought. It should act as a trigger for us to consider what reasonable steps might be taken.

Engaging with vulnerable customers

Just because somebody is vulnerable does not automatically mean that they are unsuitable for products and services a firm supplies. What it does mean is we need to take account of that vulnerability. As soon as we think we may be engaging with a vulnerable customer we should record appropriate information in line with this policy. It is important that we communicate to the customer that we are noting this on the system and ensure they are happy for us to do so, especially where we are recording sensitive information such as medical conditions.

When speaking to the vulnerable customer we should:

- Provide additional opportunities for the customer to ask questions about the information we have provided
- Continuously seek confirmation that they have understood the information that has been provided and be willing to repeat your explanations of jargon or complex processes
- Ask if there is anybody with them who is able to assist them, and offer them the opportunity to have a family member or friend present during the conversation
- If someone is not able to hear properly offer to assist by emailing them.

When corresponding with a vulnerable customer in writing we:

- Use plain English
- Make reasonable adjustments in line with their vulnerability (e.g. using a larger font if the customer has difficulty with their sight)
- Where jargon has to be used, explain the jargon
- Give full and clear explanations.

Our duty is to ensure that the end result of every interaction they have with us is a good outcome.

Appendix 1 identifies several common areas of vulnerability and provides additional guidance on how to treat customers who may be affected by them.

Data Protection

Data protection should not act as an unreasonable barrier to the recording of information. You should seek, as part of your interaction with the customer, to gain their consent to record information in relation to their vulnerabilities. The FCA and the ICO consider recording this information necessary when it supports the delivery of fair outcomes for a customer.

We should make it very clear to the customer that the only purpose such information would be used for would be to better facilitate an informed service being provided to them.

We should:

- Record things impartially, where possible using the customer's own words
- Never make assumptions, and
- Record the needs or adaptations that the customer identifies (even if we are not able to meet their needs).

All information will be dealt with in line with the Data Protection Act 2018 and may be shared with insurers or other parties in the course of arranging and administering the insurance policy or where disclosure is required by law. Any medical information that has been supplied to support an application is deemed, under the Data Protection Act, to be "sensitive personal data" and will only be disclosed to third parties as necessary for the arranging and administering of the insurance policy or where disclosure is required by law.

Each case should be judged on its own merits but a pragmatic approach to an individual's circumstances would be viewed as best practice. If in doubt you should consult the Data Protection Officer.

Excessive Use

Dayinsure have implemented an excessive use threshold to help with vulnerable customer identification. If Dayinsure identify a customer to have purchased more than 10 short-term policies in a year, they may be subject to internal review. This is to assess whether the product the customer is purchasing is in their best interest and suited to them. This could impact vulnerable customers as they may be paying in excess of premium for a product which is not suited to them, and where an annual product may be better placed.

Dayinsure do not provide sales advice, but will assess each customer who meets the threshold on all underwriting criteria and other factors, and make a decision if the product is a potential risk to them, and no longer providing value or financial benefit to the customer.

Premium Finance

If a customer who holds a credit product (i.e. monthly payment policies) misses a regular payment or advises you that they will struggle to pay, we must pay due regard to their circumstances and the potential for their lack of financial resilience to render them vulnerable and leave them exposed to consumer harm. If in doubt refer the situation to your line manager or the Head of Legal and Compliance.

Senior Management Responsibilities

It is the responsibility of senior management to:

- Make certain there is a regularly reviewed policy on the treatment of vulnerable customers which is made available to all staff
- Encourage a culture of staff at all levels taking personal responsibility for their actions
- Promote an understanding of vulnerable customers and provide clear, easy to understand documents or communications to employees and customers
- To ensure that the policies and procedures of the company enable vulnerable customers to pursue their financial objectives and consistently achieve good outcomes.

Recording Vulnerability

If you identify a potential vulnerability, this must be recorded using the vulnerability tracker. It is very important that we record identified instances of vulnerability as the Dayinsure Board actively use this as part of the Consumer Duty report, a requirement of Consumer Duty regulation.

Appendix 1 – Additional Vulnerability Considerations

What is mental capacity?

Mental capacity is a person's ability to make a decision. Whether or not a person has the ability to understand, remember, and weigh-up relevant information will determine whether they are able to make a decision based on that information. The person will also need to be able to communicate their decision.

The mental capacity of a person may be limited in a way which prevents them from being able to make certain decisions because of an impairment of, or disturbance in the functioning of, their mind or brain.

We should presume a customer has mental capacity unless we have reason to suspect otherwise.

Making decisions

Mental capacity is always defined in relation to a specific decision at a specific time. Consequently, when considering an application for a short term insurance or learner insurance policy, we should take account of the customer's circumstances at the time at which the application or request is made.

We should take appropriate steps to identify whether or not the customer appears able to understand, remember, and weigh-up the information and explanations provided to them, and, when having done so, make an informed decision.

Mental capacity limitations can be either permanent or temporary (or be fluctuating over time). Consequently, the fact that a person may not have had the mental capacity to make a particular type of decision in the past, does not necessarily mean that they currently do not have, or will never have, the capacity to make such a decision.

Mental capacity limitations may also be partial.

Under such circumstances the person concerned is likely to be able to make certain decisions but not others. Decisions that may require the understanding, remembering and weighing-up of relatively complex information, are likely to be more challenging for many individuals with mental capacity limitations than more straightforward spending decisions.

Amongst the most common potential causes of mental capacity limitations are the following (this is a non-exhaustive list):

- Mental health condition
- Dementia
- Learning disability
- Developmental disorder
- Neuro-disability/brain injury
- Alcohol or drug (including prescribed drugs) induced intoxication.

A customer may be understood to have, or suspected of having, any of these (or other) conditions which are potential causes of mental capacity limitation (for example, a mental health condition) but that does not necessarily mean that they do not have the mental capacity to make an informed decision.

In some instances, it may constitute disability discrimination for the purposes of the Equality Act 2010 (EA) to decline a customer's application for a product on a presumption that they do not have the mental capacity to make a particular decision based solely on the knowledge that he has a condition of the type listed above.

If you are in doubt about a customer's mental capacity or their ability to make a decision, you should discuss the situation with your line manager.

Financial literacy

Mental capacity is not the same as financial literacy although, in practice, it may often be difficult for us to differentiate a limitation of one from a limitation of the other. In terms of a limitation of mental capacity, the customer has some impairment of mind or brain function.

There are only likely to be limited circumstances in which the firm will have substantive evidence that a customer has such an impairment and, in the absence of such evidence, can reasonably be expected to (proactively seek to) establish whether or not a customer has such an impairment of mind or brain function.

Low financial literacy can affect any customer, but is disproportionately likely to affect younger customers. Special care should be taken to ensure that your interactions with younger customers take account of this likelihood and care is taken to make sure they have understood the product or service in question.

IT skills

We operate an online sales process but recognise that some customers may not have the IT skills to be able to conclude the sale online without support. We offer a Helpdesk whereby staff will assist customers in dealing with any IT query in order that the customer can conclude their purchase of short term or Learner insurance. In dealing with customers where we have identified that they lack the understanding of IT to conclude the sale, we will use language and explanations to simplify the process and assist the customer with concluding the sale. It may help to recommend that a friend or relative with better IT skills help them.

At no point should you provide advice on the suitability of a product for a customer's needs, this is a decision they must make for themselves.

Lack of English language skills

Our policies and websites are written in English and whilst we try to ensure these are clear and not misleading, we accept that English is not the first language of all our customers. Should a customer telephone our Helpdesk who does not appear to understand sufficient English to carry on a conversation over the telephone, this may also indicate that they will not be able to understand the details on the website. Clarity should be sought from them to ascertain that they do understand sufficiently to take out a policy. Should they state they do not understand, we will ask whether there is someone else present that we can talk to who can explain to the customer.

Should this not be the case and we do not feel the customer understands what they are purchasing, we will suggest they ensure they are clear as to what they are purchasing and the terms and conditions attached to the sale, prior to the purchase.

Irrelevant of the channel of communication, it is important that the customer has a way of understanding the product they have purchased to a sufficient degree to ensure it adequately supports them in the pursuit of their financial objectives.

Hearing or Sight Impairment

If a customer has hearing or sight impairment sufficient to make it hard to read the information online or hear the staff on the Helpdesk we will offer alternatives:

- a way of increasing the font
- e-mail answers to any queries over the telephone
- offer a Braille policy wording.