



APPG on Customer Service: Protecting customers' finances and building trust – the role of customer service in retail finance

Thursday 2nd March 2023

This meeting was an in-person meeting, held in Room W1, Westminster Hall, Houses of Parliament

In attendance:

- Steven Bonnar MP, Vice-Chair (Stand-in Chair for this meeting) (SNP, Coatbridge, Chryston & Bellshill)
- Liz Twist MP, Vice-Chair (Labour, Blaydon)
- Baroness Stowell of Beeston (Conservative Peer)
- Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority
- Eric Leenders - Managing Director, Personal Finance, UK Finance
- Ant Middle - Chief Executive, Ageas UK
- Jo Causon - CEO, Institute of Customer Service
- David Dagger – Marketing & Communications Director, Institute of Customer Service
- Oliver Hazell – Account Director, Cavendish Advocacy
- Zoë Varenne – Senior Account Executive, Cavendish Advocacy

Steven Bonnar opened the session by thanking all speakers and parliamentarians for their attendance then opened the floor for speaker to introduce themselves and give opening remarks.

Contributions from speakers and attendees

Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Noted that insurance and financial services are the most vibrant sectors in the British economy and they are the lifeblood for the economy and families across the country
- Stated that trust and customer service have to be at the heart of financial services across the country
- Praised the new consumer duty for seeking to bring higher standards in financial services and achieve good outcomes for customers
- Noted data showing that the most common problems for retail finance services are poor customer services due to customers being unable to access the help they need and the impacts this subsequently has on the perception of customer services can be worrying
- Drew attention to the stigma and shame some customers can have surrounding issues associated with finance and noted the importance for customer service to get service experiences right for customers' mental health, wellbeing and customers' ability to get on with their daily lives
- Said less than half of customers had confidence in financial services industry which is a criticism of banks as there is a rising trust in financial services being observed due to how the industry responded to the pandemic

Eric Leenders – Managing Director, Personal Finance, UK Finance

- Explained that license to trade is the confidence that society has that financial services will work when needed
- Noted that life changes and the consumer duty reflect "large buckets" where complaints land, as well as customers complaining when products don't help them or respond well enough to their needs
- Noted credit risk and other items including insurance are services people pay for and hope to never use therefore it is difficult to attribute value to them
- Mentioned customer communications, particularly focussing on wait times on phone lines as anxiety building for customers



- Noted that customer communications need to be clear on what service is being received
- Highlighted that a lot has been done by the retail finance sector to improve customer communications but that actions speak louder than words and work to improve customer communications as shown by the ongoing work and support to support customers during the current cost of living crisis, the sector's previous support for customers during pandemic, and support for customers with learning difficulties was positive
- Returned to the importance of license to trade – how to shift and refocus the perception of financial services as here to help people through their lives within their financial needs and for customers to be understood

Ant Middle - Chief Executive, Ageas UK

- Noted that customer service is critical for building trust in financial services
- Stated purpose driven organisations that are investing in customer service are getting money back on investment and this is occurring more and more across the industry
- Noted that to ensure the right thing is being done it is important to look outside one's organisation to learn best practice from other sectors
- Noted the importance of the sector needing to want to learn, and to defend the position of doing it right [referring to customer communications], rather than just assuming the right governance is in place
- Stressed the importance of constantly wanting to learn being required by the sector and the approach of continually improving, listening to people and knowing when you understand as well as listening and reacting well when communication with customers isn't conducted in the right way
- Touched on consumer duty – new regulation is backing customers with the support they need with senior people in retail finance businesses being accountable for that happening
- Stressed that if you get customer communications right organisations can achieve positive return on investment
- Expressed delight with new regulation and the desire for industry to be held to the same high standards
- Spoke of vulnerable customers – said that any customer could be vulnerable at any point. Noted that it is not about thinking about specific segments of society but rather that anyone at anytime could have a financial challenge

Baroness Stowell of Beeston

- Introduced herself as Chair of the House of Lords Select Committee for Communications and Digital
- Mentioned the Committee's current inquiry into "Digital exclusion and the cost of living"

Jo Causon – CEO, Institute of Customer Service

- Talked about the Institute's UK Customer Satisfaction Index (UKCSI) and highlighted that financial services performed above average in terms of customer satisfaction on the whole
- Stated that higher levels of customer satisfaction lead to higher return on investment for companies
- Said that reduced call times are a positive result but shouldn't be a KPI or driver or what excellent service looks like
- Posed the question of how organisations can foster a culture that drives the value of customer service

Steven Bonnar – Stand-in Chair, APPG on Customer Service

- Asked what measures have actually been taken by organisations to protect vulnerable customers and prevent digital exclusion

Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Stressed importance of communication with customers, establishing financial education and making clear to customers what is available in terms of free support and advice. Said that millions of people are struggling currently
- Noted that getting the conversation wrong when supporting customers can be damaging for them



- Said that firms have been asked to make clear what mechanisms they can provide to support customers
- Noted that specific issues with the economy over the last year has led to mortgage rates increasing, and there are specific issues the FCA are working on with the industry to improve help provided to customers to deal with these issues

Jo Causon – CEO, Institute of Customer Service

- Stated that organisations that outreach proactively to customers and potential customers have higher customer service satisfaction, as evidenced in the January 2023 UKCSI
- Shared that responses to questions in the UKCSI on the cost of living show that 45% of people surveyed are not concerned about the cost of living crisis, 15% are very concerned, and the wider remaining group are not sure what they're going to feel
- Shared responses to questions on consumer debt and noted that the full impact of consumer debt wasn't being seen as yet
- Said the impact will probably become clear in the next 6-9 months, and 30% people have the feeling the impact is going to get worse
- Said organisations will be tested on what they have set up to support customers in the next 6-12 months when they start to see the impact of consumer debt

Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Said there had been a small uptick in repossession of homes but this was more a result of repossessions being banned during the pandemic and the backlog created
- Noted that people are still managing their budgets in a similar way to the way they did during the pandemic
- Noted the same groups that were struggling before current crises are struggling even more now

Eric Leenders – Managing Director, Personal Finance, UK Finance

- Drew attention to a paper published on vulnerability characteristics and that launched a vulnerability taskforce that drew up with a series of recommendations. These are shortly due to retire due to being superseded by FCA vulnerability guidance alongside the compound effect of consumer duty
- Said the sector needed to focus on outreach, empathy, and tailoring services to customers' vulnerabilities
- Noted a shift in the patterns of vulnerability and the need to help consumers who are being underserved but acknowledged this is also very challenging
- Said there is a need for better understanding of mental health and the UK is worse off in this regard than previously thought
- Noted that money worries are huge stressors and vulnerability is being thought of in a broader way, although protected characteristics around health can be difficult to record
- Stated it is difficult to share insights in the right way, the sector must be very thoughtful about this because of data protection, amongst other reasons
- Highlighted the broadening agenda of two areas of health to monitor: chronic, ongoing vulnerability issues need to be managed as well as those that are more episodic and shock related
- Noted the challenge of assisting in proactive welfare checks to ensure that firms are contributing positively to ensuring the wellbeing of customers
- Shifted to talk about how there is a need for reassurance to assist customers in helping them to start to accumulate wealth where they can
- Highlighted that vulnerability will sit broadly around access and affordability for customers in how they bank and the banking services they use
- Mentioned the lack of branches and posed a possible solution of growing the network of shared bank branches



Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Mentioned Octopus Energy giving choices to customers and the potential for learning across all sectors and utilities
- Highlighted the triggers for debt that included Council Tax and parking fines
- Noted that debt collectors are also under pressure to collect money which causes them not to understand customer stress or vulnerability sometimes as much as they should in some instances

Ant Middle - Chief Executive, Ageas UK

- Mentioned the potential sense of shame and difficulty for customers to pick up the phone and contact their bank or banking service providers when going through a hard time
- Asked how firms could make customers feel comfortable enough and aware enough so that they can reach out when they start to struggle financially
- Suggested thoughts on product design – wanted organisations in retail finance to think about vulnerability upfront, think about design in those products, allowing people to make choices, level of excess, amount of risk. He posed questions such as how high a risk is okay for vulnerable customers? What is the right choice for them?
- Noted that customers deal with services digitally, and asked how to ensure the invitation of support available from the company and more broadly is there for all customers, not just those who bank digitally
- Stressed importance of training people in the sector in listening, being emotionally aware and thinking about how to hear problems and deal with them in the moment. Said that staff needed to know what to do even if they could not directly help a customer, but that they needed the capacity and ability to signpost to where the customer could go to get help

Liz Twist – Vice-Chair, APPG on Customer Service

- Asked about the lack of regulation of 'Buy Now, Pay Later' (BNPL). Asked about the impact of this lack of regulation
- Asked more generally about consumer duty and asked how organisations are putting themselves in customer's shoes
- Noted the challenges for customers around chatbots

Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Said that 'Buy Now, Pay Later' (BNPL) is still not above 1% of lending across country, and it is important to put it in this context, although this rate may be higher amongst those that are struggling
- Noted the context of restricted access to credit more generally, struggling to get market for customers who can afford credit for certain things
- Stated that BNPL bypasses affordability checks and does not incentivise people to save
- Said that BNPL needs to come into regulation with affordability checks that leads to serving customers right

Liz Twist – Vice-Chair, APPG on Customer Service

- Asked what happens if customers didn't pay back their BNPL arrangements

Sheldon Mills – Executive Director, Consumers and Competition, Financial Conduct Authority

- Stated that BNPL has an awareness challenge as many customers didn't understand the late fees for the product and interest as well. Noted a lack of knowledge of understanding of customers on this point

Jo Causon – CEO, Institute of Customer Service

- Said that BNPL could become a reputational issue for those providing this service to customers if those customers then get into debt as a result of their BNPL arrangements



Eric Leenders – Managing Director, Personal Finance, UK Finance

- Gave example of huge amount of debt from credit cards due to lack of regulation which led to a shift from default data sharing to full data sharing across industry
- Said that similar needs to happen for BNPL to more professional lending where the lenders have to understand the reason for lending
- Said there is a need to understand extent to which consumers are exposed to BNPL
- Said BNPL is useful for people who might find it difficult to access credit but this has to be done in a way that is sympathetic to rest of market, as currently it relies too heavily on each customer's disclosure
- Stated that it cannot be right that people have increased costs and debt and the consequence and impact stays on their record for 6 years
- Said there is a need to think about other side of credit scoring models and its consequences

Baroness Stowell of Beeston

- Highlighted digital inclusion noting it is important to separate structural issues from nuanced ones
- Said there is an issue around affordability of broadband and customers choosing not to opt into some digital services but organisations continuing to develop those digital services
- Said that if businesses are going increasingly digital, but at a pace that customers cannot keep up with and that this leads to inadequate service and creation of digital barriers for customers
- Highlighted a shift of communication and relationships leading to underlying frustrations from customers and businesses in servicing customers, borne out from changes over the last 20/30 years with the added challenge of customers using multiple banks
- Said that a lack of relationship and understanding from organisations to and of their customers is the real gap in how to provide excellent services
- Stressed the closure of bank branches has a huge impact on towns and those that live in them

Eric Leenders – Managing Director, Personal Finance, UK Finance

- Elaborated that shared branches are not just about money and transactional services but also about the relationship between a bank and their customers.

Jo Causon – CEO, Institute of Customer Service

- Noted this was part of the wider conversation around community linking back to accessibility and partnerships
- Stated the increase in concept of localism as something to come back and talk about and that banking and retail and hospitality have huge part in this
- Noted that chatbots do not deliver what was expected of them and that customers wanted to talk to human beings sometimes and not chatbots. She said organisations should consider how customers can be given a 'trap door' to get out of talking to a chatbot and get through to a person
- Highlighted consumers are worried companies will force them to be digital and they will not be given the choice

Ant Middle - Chief Executive, Ageas UK

- Asked whether the driver for organisations in moving to digital was actually efficiency savings badged as customer service or whether this wasn't the case
- Noted there is an increase in demand for digital services from customers but that organisations must keep access to the same services for all customers
- Noted that digital services providing increased efficiency for organisations meant they had time to invest in training their people to be more highly skilled and that digital transactions being conducted by customers meant that staff were increasingly only having to deal with complex issues
- Noted the world is driving for more skilled individuals in businesses able to deal with issues customers cannot deal with themselves on digital platforms



All-Party Parliamentary Group on
Customer Service



Liz Twist – Vice-Chair, APPG on Customer Service

- Asked for resources for MPs from the sector to be able to address questions from constituents

Jo Causon – CEO, Institute of Customer Service

- Noted that success is about having a blended approach for motivation and culture in organisations. A solution that works for business and customers leads to the right outcome
- Noted that opinions of digital have significantly changed post-COVID
- Noted differences in the need of customers and that many organisations are still working out which customers want human interaction and which don't

Ends at 10:16 am