

Consumer Strategy and Policy
Financial Conduct Authority
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By email: approachtoconsumers@fca.org.uk

Response to GC 20/3 – Guidance to firms on the fair treatment of vulnerable customers

The University of Bristol's Personal Finance Research Centre is an independent social research centre. Our research has helped improve policy and practice in sectors such as financial services and energy, in turn improving outcomes for consumers. Our [programme of research on consumer vulnerability](#) has translated the lived experience of debt collectors, lenders and debt advisers into practical guidance, tools and protocols – endorsed and promoted by major trade bodies – to help frontline financial services staff support consumers across the UK.

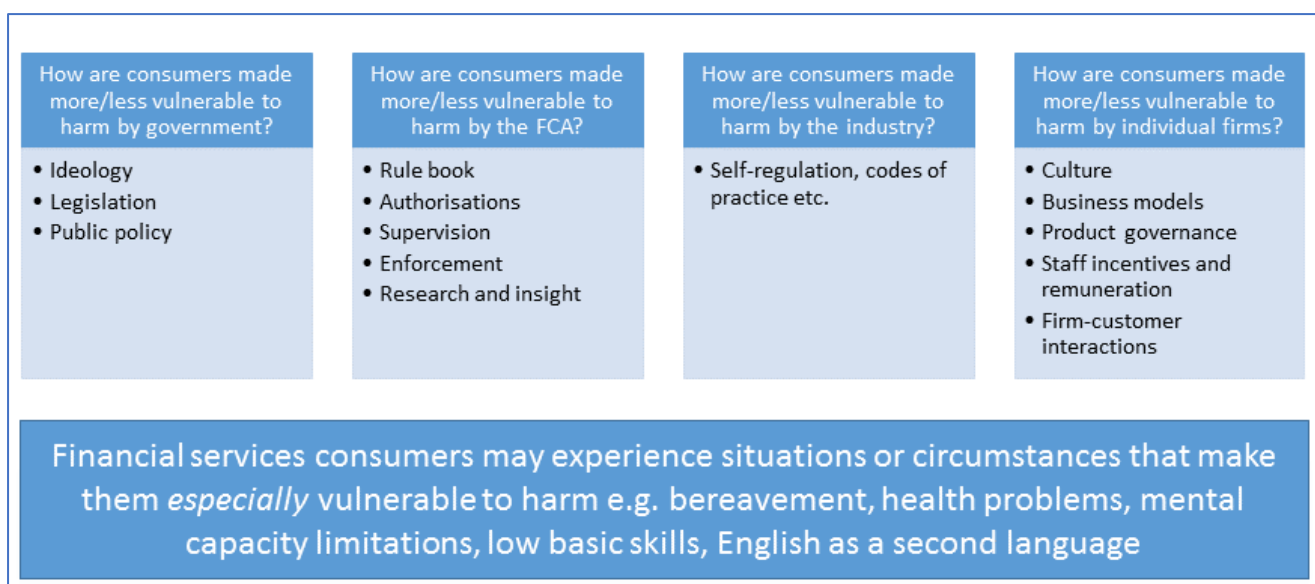
Situational vulnerability

We welcome the FCA's updated guidance, which we believe provides the clear direction that firms need to identify and support consumers in vulnerable situations, including examples of good and poor practice. We also support the promotion of good practice 'knowledge exchange' across the industry, through initiatives such as the UK Finance/Money Advice Trust Vulnerability Academy and the actions of individual firms, for example, Capital One which recently made available its [Vulnerability Inclusion Handbook](#).

External factors that can make consumers vulnerable

We welcome the FCA's acknowledgement in this guidance of the importance of external factors that can make consumers vulnerable. However, we believe these factors require greater prominence and coverage than they currently get. More generally, we would like to see government, regulators, and the industry acknowledge, identify, and address consumer vulnerability to harm both strategically and operationally, as illustrated in Figure 1 below. This framework helps us pinpoint where vulnerability to harm can occur, so that we understand how to address it and the role of different actors in doing so. Most importantly, it illustrates that vulnerability can be created and prevented by firms and the regulator in ways that impact *all* consumers.

Figure 1: A framework for understanding vulnerability in financial services



Ensuring consistent treatment of consumers

Through its supervision of firms, the FCA has a crucial role in ensuring consistent standards of treatment across retail financial services in line with Principle 6 and the TCF outcomes. We hope to see the FCA take swift and decisive action where firms fall short and before any risk of consumer harm has crystallised. This is especially important where consumers are in vulnerable situations and may be less willing or able to make a complaint.

The role of financial services in reducing gambling harms

In September 2019, we launched [Money and Gambling: Practice, Insight, Evidence \(MAGPIE\)](#) which is a three-year strategic partnership between the Personal Finance Research Centre and GambleAware, an independent charity that champions a public health approach to preventing gambling harms. The purpose of the programme is to capitalise on the potential of financial services firms – such as banks, building societies, lenders, e-money firms, credit reference agencies – to reduce gambling harms.

Our first project in the programme was a [review of bank card gambling blockers](#). This review shows that well-designed bank card gambling blockers can help people control their gambling spend but highlighted the fact that they need to be much more widely available and promoted. Since we published our review in July 2020, we have been pleased to see Barclays introduce a [72-hour delay to its gambling block feature](#) and Tesco Bank extend the Gambling Commission’s credit card gambling ban to gambling transactions worldwide, not just in Britain.

Based on our review, we believe that every consumer should have the option to use a bank card blocker with features that are shown to work, such as a cooling-off period of *at least* 48 hours. We call on the FCA to recommend in its guidance that every new debit and credit card is designed with consumer spending controls as standard, including those to block gambling transactions. This would ensure that account holders across the entire market have the choice to activate a block on gambling products, rather than it only being offered on some accounts and products. This would be an important recognition by the FCA of the importance of gambling blockers in protecting vulnerable consumers, and its emphasis on the role of product design in doing this.

Explicitly recognise that Contracts for Difference include spread betting

We support the Money Advice Trust's call for the FCA to explicitly recognise that Contracts for Difference also include spread betting. On page 82 (paragraph 4.8), the FCA guidance states:

“An example of poor design that could result in harm to vulnerable consumers is contracts for difference (CFDs) offered to retail consumers. These complex products are offered through online trading platforms.”

It is important that the FCA makes it clear that these CFDs include 'spread betting':

- Nationally representative research by NatCen found that “the highest rates of problem gambling were among those who had participated in spread betting (20.1%)”.¹ This means that consumers using CFDs are known to be vulnerable to problem gambling², and firms offering these products should be able to identify and support this vulnerability.
- As spread betting is regulated by the FCA, rather than the Gambling Commission, the FCA needs to instruct regulated firms to take action to protect such known vulnerable consumers, and specifically build this into its supervision and enforcement.
- In its 2019 position statement on CFDs, the FCA already recognises that CFDs include spread betting.³ For consistency and transparency, the same language and recognition should be included in the vulnerability guidance.

In short, the FCA is responsible for regulating a financial product that is known to have a strong association with problem gambling. We support the Money Advice Trust's position that the FCA needs to signal this association to firms and make it clear that firms need to use the vulnerability guidance to take appropriate action.

Your sincerely

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¹ NatCen (2015). *Gambling behaviour in Great Britain in 2015*. This research shows that the “highest rates of problem gambling were among those who had participated in spread betting (20.1%), betting via a betting exchange (16.2%), playing poker in pubs or clubs (15.9%), betting offline on events other than sports or horse or dog racing (15.5%) and playing machines in bookmakers (11.5%).

<http://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2015.pdf>

² This is not only recognised in the research evidence base, but also in the treatment and care service literature. See for example GmbleAware's references to spread betting <https://www.begambleaware.org/understanding-gambling/how-is-gambling-regulated/>

³ FCA (2019). *Restricting contract for difference products sold to retail clients. PS19/18*.
<https://www.fca.org.uk/publication/policy/ps19-18.pdf>