

# Consultation Response

BSB consultation: What do good banking outcomes look like to consumers?

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## **About Age UK**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances.

In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

## **About this consultation**

The Banking Standards Board (BSB) are developing a Consumer Framework, which sets out what the outcomes of a good banking culture look like to consumers<sup>1</sup>. Its purpose is to increase understanding of consumer issues, provide the basis for good practice guidance and a common language for firms and consumer organisations to use, and help consumers and organisations engage more with the BSB. The Consumer Framework is designed to go beyond the standards set out of the UK's regulatory framework and the stated positions of regulators. It is in its early stages and the BSB will consider responses to this consultation in their next phase of its development.

## **Key points and recommendations**

- Age UK welcomes the development of this Consumer Framework and broadly agrees with the principles and outcomes it sets out. We are particularly pleased that the BSB seeks to include real-life examples, recognising the multiplicity of consumers' perspectives and experiences and anchoring the framework in lived experience.
- We have contributed some of our own examples of good and bad banking behaviour throughout, drawn from the older people we hear from, specifically around the principles of Access, Safety & Security and Redress & Being Listened to.
- We understand that the BSB seeks to raise the standards of UK banks and building societies beyond the regulatory framework. As such, Age UK believes there may be scope for this Consumer Framework to be even more ambitious in its content. We make this point understanding that it is still in its early development, and that subsequent stages of engagement are likely to shape the kind of role and impact the framework will have in practice (thus determining how 'aspirational' its content can be).
- On Access: we have suggested broadening the suggested outcome beyond the minimum standard of 'what someone needs or is capable of'. We think good banking outcomes for consumers are likely to come from firms that take the convenience, suitability and third party aspects of access more explicitly into account. We believe these aspects could be reflected in the framework.
- On Safety & Security: we have suggested broadening the suggested outcome beyond the 'protection of consumer assets and data' to more explicitly include the protection of consumers themselves. We think good banking outcomes for consumers are ones where firms a) consider the impact of security measures on consumers' personal welfare/circumstances and

b) communicate effectively with them when action is taken to protect their assets and data. We believe these points could be reflected in the framework.

- We have contributed some additional I-statements to the lists of examples, to illustrate the above points.

## 1. Introduction

We are pleased to respond to the BSB's consultation on good banking outcomes for consumers. The BSB has a vital role in ensuring that banks and building societies maintain high standards of practice and serve in the best interests of their customers. Age UK believes that when systems and services are designed with older consumers in mind, all consumers benefit from the improvements<sup>2</sup>. We know that what older people tend to ask for is not unrealistic, and indeed is what some banks and building societies are doing already<sup>3</sup>, so we are confident that industry wide improvements around consumer outcomes are achievable. We welcome the opportunity to contribute to the development of this Consumer Framework, and have listed those questions on which we have comments to make, grouped under the headings outlined in the consultation.

## 2. Consultation questions

### *Consumer Principles*

#### **Q1. Do you agree with the consumer principles listed in the framework?**

Age UK agrees with the consumer principles listed. Our own consumer policy position sets out similar principles of *Access, Choice, Safety and Security, Information, The Right to be Heard and Redress*<sup>4</sup>. Whilst we believe that each of the principles plays a role in creating a banking sector with integrity, our priorities for older consumers are around **Access, Safety and Security, Redress/Being Listened to** and **Value for Money**. Through our own research, local partners and Information & Advice line, we find that poor outcomes for older people fall frequently under these headings. Age UK would like to see these principles in particular be as robust as possible in the Consumer Framework.

In our Age Friendly Banking report<sup>5</sup>, we outline eleven ways that banks and building societies can become more age-friendly and we are pleased to see that some of our recommendations feature as examples under the principles of Access and Safety & Security in the Consumer Framework. We know that if a bank can provide good outcomes for its oldest consumers, then it is likely to have improved the experiences of all consumers.

#### **Q2. Do you think that focusing on consumer outcomes is a good approach to raising standards in the banking sector? If not, what are your concerns and possible alternatives?**

Age UK is pleased to see a Consumer Framework that focuses on consumer outcomes. We believe this may be an effective way to raise standards in the banking sector. The FCA noted in their Ageing Population and Financial Services paper that firms too often either start from corporate need (what is convenient to do operationally) or they design services for the 'average consumer' who may not actually exist<sup>6</sup>. We welcome the BSB trying to mitigate this tendency by putting real consumer outcomes front and centre of this Consumer Framework, which firms will look towards to raise their standards. We hope the use of more tangible consumer outcomes will help bank and building society staff, of all levels, to understand and relate to the consumer

perspective more, whilst also showing them the complexity and breadth of consumers' circumstances – which may be very different to their own..

### **Q3. Would you add or remove any principles? Do you think any that are particularly important?**

We would not add or remove any principles. As mentioned above, our experience with older consumers tells us that **Access, Safety & Security** and **Redress/Being Listened to**, are currently priorities for them. We outline a few key reasons for each below.

**Access:** Age UK continues to be concerned by the scale of bank closures, which prevents access to essential banking services for many older people, for whom in-branch banking is their only option<sup>7</sup>. In December 2017, The Royal Bank of Scotland group announced it is closing 259 of its branches<sup>8</sup>.

*An older consumer recently called our Information and Advice line because she was concerned to hear that her local building society was closing down. The other banks in the area were inaccessible by bus and taxi due to their location.*

The principle of access is also compromised when the alternative methods to branch banking, such as telephone banking, are not inclusive in their design and assume that consumers have good hearing, eyesight and memory recall and can therefore listen to options and use pin numbers<sup>9</sup>. Although some good work is being done in terms of digital inclusion, high numbers of older people remain digitally excluded<sup>10</sup>, and whilst the Post Office has tried to remedy the problem of physical access, their limited functionality has not adequately replaced the services that bank branches provide. Access to cash remains a key issue for many older people, and we are concerned that the proposed reduction in numbers of ATMs<sup>11</sup> represents the continued hollowing out of options available to consumers who still pay for services in cash. We are also concerned by the difficulties that family members and carers continue to have in gaining adequate and consistent third party access when necessary<sup>12</sup>.

**Safety and Security:** Almost 5 million older people (43 per cent of those over 65) believe scammers have targeted them<sup>13</sup> and an estimated £43 million has been lost to pension scammers since April 2014<sup>14</sup>. We do hear examples of good practice from banks and building societies though.

*Our Information and Advice line recently received a call from a bank teller who was concerned that a vulnerable older customer was being financially exploited. We also continue to hear cases such as a bank refusing to make a £250 payment to India on behalf of an older customer who had allegedly received help with his computer.*

However, we know that trust levels continue to be low and we regularly hear anecdotes from older people at our workshops about not having all their money in one place and not using online banking because “if ‘they’ can get into NASA or GCHQ, they can get to my money”. Our age-friendly banking research also found that many older people are worried about internet security and the security of on-street ATMs<sup>15</sup>.

**Redress and being listened to:** We know that older consumers value being listened to and spoken to clearly<sup>16</sup>. They are also quick to praise banks and building societies when they handle difficult situations well or deal with problems promptly and effectively<sup>17</sup>. However, we do hear of situations not being dealt with sensitively, leading to poor outcomes for consumers.

*A woman contacted us recently because her card had become stuck in an ATM machine and when she tried to order a replacement card in the branch using her expired passport as identification, she was unhappy with the way branch staff dealt with her. Another consumer rang his bank to report a suspected telephone scam and felt the staff member who dealt with the report was flippant and uninterested.*

### **Outcomes-based approach**

#### **Q4. Is an outcomes-based approach the correct one for this work?**

We agree that an outcomes-based approach, as opposed to setting out prescriptive standards, is an appropriate one for this work. This roots the framework in the lived experiences of consumers and allows banks and building societies to work backwards from these, to establish what needs to change across the industry to ensure the experiences and banking outcomes are good ones.

#### **Q5. Do you agree with the high-level outcomes listed?**

Age UK broadly agrees with the high-level outcomes listed. However (and depending on how aspirational the BSB can be with this framework) we suggest that two of the outcomes could be expanded upon to increase their reach and more accurately reflect the needs of consumers. We address these in turn below.

**Access outcome:** *‘Consumers have access to products and services that meet their needs and capabilities over their lifetime and in different personal circumstances’.*

Age UK would like to see this outcome considering what is *convenient and suitable* for consumers, as well as what their needs and capabilities are.

1. Consumers often find one form of access more convenient or suitable, and therefore prefer to maintain it. Some may consider that an older person is capable of telephone banking as a way of accessing products and services, but this may require waiting for a visit from a family member or care worker to dial the telephone number for them and listen to the options. We believe that accessibility should be measured against independent access, where an individual has the capacity to make decisions for themselves. Conversely, an older person may technically be capable of catching two buses or taking an expensive taxi into town to the nearest branch but this may not be as convenient as telephone banking. When we talk about consumer ‘preferences’ as opposed to ‘needs’, we tend to think of them as whims or gold plated requests. However, many consumer preferences are simply around maintaining their use of a service independently and without complicated workarounds.

Age UK would also like to see this outcome recognising the importance of *third party access*.

1. The significant gaps and challenges for third party access arrangements are well documented<sup>18</sup>, and we ourselves receive high numbers of calls from relatives or carers who are struggling to access the finances of an older person, with damaging consequences such as bills not being paid and accounts being frozen.

*The friend of a housebound older person could not arrange any transactions for him, because whilst he had capacity a stroke had left him unable to sign his name.*

*A daughter had obtained enduring power of attorney to manage her mother’s paperwork, and this meant the bank refused to issue a debit card in the mother’s name - despite her still being able and willing to withdraw cash.*

We expect the use of third party arrangements to become a more prevalent aspect of access as the population continues to age and more banking services are moving online.

The BSB has an opportunity here to broaden the terms of access beyond the minimum standard of 'what someone needs or is capable of'. We think banks and building societies should be encouraged to strive for the very highest standard of access, one where convenience, suitability and third party access are more explicitly taken into account. Our proposed rewording for the outcome is as follows:

*'Consumers, and those providing support to them, have access to products and services in a way that is convenient and suitable, meeting the consumer's needs and capabilities over their lifetime and in different personal circumstances'.*

**Safety and Security outcome:** *'Consumers' assets and data are safe and secure and protected from fraud'.*

We suggest that the BSB consider clarifying this outcome to make clear that it relates to protection from both fraud against the bank in respect of the customer's account, and also fraud against the customer arising from an authorised push payment. We assume that this is the intention of the BSB, however given that sometimes they are talked of as 'scams' as opposed to frauds it may be helpful to clarify.

Age UK would like to see this outcome seeking to protect not just the assets and data belonging to consumers, but to protect the consumers themselves from abuse.

There are instances where banks and building societies have protected the assets or data of a consumer as a priority, where the unintended or secondary consequence has been a less-than-good outcome for the consumer overall.

*We received a call for a woman whose family member had withdrawn all her money. The bank refunded the amount, but he did it again so her account was frozen for ten days. During these ten days, without access to her account, she could not top up her electricity meter, which she needed to operate her breathing apparatus.*

This security measure did not amount to a good outcome for the consumer, whose health was at risk as a result.

*A man had his account frozen when their family member, who had a third party mandate, went to withdraw money for a chair and mentioned 'dementia'. No diagnosis had been made, and there was no formal notification to the bank, but he was prevented from purchasing the chair.*

Here, the consumer's assets were protected, but at great inconvenience and suffering to the consumer himself.

Age UK believes that if the BSB seeks to promote the highest standard of banking culture, it should be one that recognises and responds well to the nuances of situations like those illustrated above. The Consumer Framework could prompt banks and building societies to consider what a good outcome would be *both* in terms of the protection of the consumers' assets and data, and the consumers' personal welfare, within the umbrella of Safety and Security. Where a bank prevents a transaction or freezes an account, they need to communicate effectively with the consumer both

before and after they act, consider the knock-on consequences and ensure the consumer has access to at least some money in the interim. Our proposed rewording for the outcome is as follows:

‘Consumers’, as well as their assets and data, are safe and secure and protected from financial crime and abuse’.

**Q6. Do you think a different approach should be taken?**

No, Age UK welcomes the approach that has been taken.

**Examples of what the outcomes mean to consumers**

**Q7. We have included some ‘real life’ examples of what the outcomes might mean to consumers. Do you think these are helpful in illustrating the outcomes identified in the consumer framework?**

We welcome the use of real-life examples and I-statements to illustrate what the proposed outcomes mean in practice for consumers. We recognise many of the examples the BSB has included in the Consumer Framework.

**Q8. Would you add, amend or remove anything to reflect more accurately the needs of consumers?**

Age UK is principally concerned for older consumers, and whilst we find that many of the examples already given in the Consumer Framework can be interpreted to address the issues that older consumers face, we have suggested some more explicit and relevant ones below.

**Access**

1. Inclusive design:

- *Correspondence sent to me needs to be inclusive in its design (clear colours and font sizes, and in an appropriate format).*
- *I want the premises I visit to have layouts and facilities that are appropriate for someone like me.*

Research into the post office network by Citizens Advice found that branch environments, internal access and disabled facilities are important to consumers<sup>19</sup>. So whilst the current example ‘I need to feel comfortable and that a person like me is welcome when I walk into a branch’ may be broad enough to encompass these points, we suggest listing the accessibility point more explicitly – or at least revising the wording of ‘walk into a branch’.

2. Third party access:

- *I want to know the options available to me at my bank around third party access.*
- *I want my third party access arrangements to be reliable and consistent.*

3. Convenience and suitability:

- *I want to be able to access the financial services I need in a safe, convenient and affordable way*
- *When services I use change, I would like information, help and support to enable me to use new options effectively, if I need it.*

## **Safety and security**

### 1. Consumer safety and security:

- *I want my bank/building society to spot worrying behaviour (either my own or someone else's in respect to me) and to act appropriate and quickly.*
- *I want my bank/building society to communicate effectively with me before and after taking any action to protect my safety and security.*
- *I want my bank/building society to consider the broader impact on my life when they enact security measures to protect my assets and data, ensuring that any harm this may cause me is proportionate to the risk posed to my assets and data and mitigated where possible*

## **Redress and being listened to**

### 1. Being listened to:

- *I want my bank/building society to be proactive in helping me before things go wrong, so that this may prevent me needing help down the line because things have gone wrong.*
- *I want my bank to test their services with people like me.*

## ***How could the outcomes be measured?***

### **Q9. Are there any indicators that you think might be helpful for measuring consumer outcomes, and that we should consider in subsequent stages of this work?**

We understand that subsequent stages of this work may involve look into existing consumer data that banks and building societies have access to, with a view to identifying good and poor outcomes in line with the framework. We would suggest using qualitative indicators where possible, sourcing evidence for when positive or negative customer *experiences* have taken place as well as any positive or negative concrete actions taken by firms. Using I-statements from call logs or complaints data as indicators (for example, 'I feel...', 'I can't...' or 'I can...') may be particularly illustrative of consumer outcomes.

## ***Aspirational benchmark and usefulness to consumer and civil society organisations***

### **Q12. Do you think the framework could be useful in the development of good practice guidelines and a common language?**

We can envisage how the framework, especially with its concrete real world examples, could contribute to the development of a common language, which would facilitate improved discussion between banks, building societies and consumer groups.

### **Q13. Does the framework provide a way for consumer and civil society organisations to more readily engage with our work at the BSB and potentially align some of their own future work when working with the banking sector?**

Age UK sees the potential in this framework to become a useful tool for consumer groups to refer to when engaging with the banking sector. Acknowledging the capacity limitations of both consumer groups/civil society organisations and banks/building societies, we would encourage future opportunities for coordinated or joint working around this. We look forward to the next iteration of the framework to follow this consultation



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<sup>1</sup> <https://www.bankingstandardsboard.org.uk/bsb-consultation-what-do-good-banking-outcomes-look-like-to-consumers/>

<sup>2</sup> *Age-friendly banking*, Age UK, 2016

<sup>3</sup> *Age-friendly banking*, Age UK, 2016

<sup>4</sup> Consumer Policy position, Age UK, 2016 [https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/money-matters/ppp\\_consumer\\_policy\\_england.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/money-matters/ppp_consumer_policy_england.pdf)

<sup>5</sup> *Age-friendly banking*, Age UK, 2016

<sup>6</sup> *Ageing Populations and Financial Services*, FCA, 2017

<sup>7</sup> *Age-friendly banking*, Age UK, 2016

<sup>8</sup> RBS bank closures, BBC <http://www.bbc.co.uk/news/business-42192760>

<sup>9</sup> *Age-friendly banking*, Age UK, 2016

<sup>10</sup> Digital Inclusion Policy Position, Age UK, 2016 [https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/active-communities/ppp\\_digital\\_inclusion\\_uk.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/active-communities/ppp_digital_inclusion_uk.pdf)

<sup>11</sup> <https://www.link.co.uk/media/1316/h-documents-projects-interchange-2018-model-and-plan-interchange-consultation-public-final.pdf>

<sup>12</sup> *Ageing Populations and Financial Services*, FCA, 2017

<sup>13</sup> Polling for Age UK, June/July 2017, sample of 1,367 people aged 65+ in GB

<sup>14</sup> <https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation>

<sup>15</sup> *Age-friendly banking*, Age UK, 2016

<sup>16</sup> *Age-friendly banking*, Age UK, 2016

<sup>17</sup> *Age-friendly banking*, Age UK, 2016

<sup>18</sup> *Ageing Populations and Financial Services*, FCA, 2017

<sup>19</sup> *Post Office Locals Review*, Citizens Advice, 2017

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Post%20and%20Telecoms/POLocalReview.pdf>