

The Vulnerability Registration Service: protecting vulnerable consumers

The Vulnerability Registration Service (VRS) is an initiative to help vulnerable consumers protect themselves against hardship because of debt or personal circumstances.



About the author
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One-quarter of people with a mental health problem also have problem debts, and one-half of those in debt crisis have a mental health problem.¹ Problem debt can make it harder to recover from mental illness, and three times as many adults with mental health problems report debt or arrears, compared to those without mental health problems.²

Consumers in vulnerable circumstances

Cutting through the plethora of vulnerability definitions, in simple terms we are vulnerable when, due to our personal circumstances, we are less able to make responsible decisions (and, therefore, especially susceptible to detriment), particularly when an organisation is not acting with appropriate levels of care. For the credit industry, this is the test the Financial Conduct Authority (FCA) will apply when assessing 'know your customer' and 'treating customers fairly' obligations. For the energy industry, this is 'assessment and care' using the codes defined within the priority services register (PSR).

Consumers in vulnerable circumstances will be significantly less able to represent their own interests and more likely to suffer harm than the average consumer. It is against this backdrop of a proven urgent need to identify vulnerable consumers that the VRS was launched, in March 2017, to help consumers and organisations to recognise vulnerable consumers and protect them from financial and social hardship as a result of their vulnerability.

How the VRS works

In practical terms the VRS will provide a 'decision agnostic' platform to help support creditors and other user organisations to share information on consumers in potentially vulnerable circumstances. The VRS provides a single reference point, for consumers and organisations participating in the VRS, enabling an individual's vulnerability issues to be handled sensitively and professionally.

The VRS is a platform providing vulnerable consumers with a single reference point for recording their personal circumstances at a given point in time when they are looking to protect themselves against further debt, or where their wellbeing may not allow them to make reasonable decisions. The VRS will provide users with a single reference point for checking whether any new applicant, or existing customer looking for additional credit or financial facilities, may have self-registered - either directly with the VRS or via another creditor - and wished to protect themselves at a time when they consider they are in a vulnerable personal or financial position. The VRS also has an application in existing customer relationships, such as in managing arrears and collections, and employing the most appropriate strategies for a particular consumer's wellbeing.

The VRS does not determine whether or why a consumer may be vulnerable, nor does the service process the information supplied other than for providing a platform for optional user interaction in the case of consumers that have identified themselves as being vulnerable.

Aiming to help users and consumers

The VRS has been discussed with regulators (including the Information Commissioner's Office and the FCA), and a number of trade associations, lenders, energy companies, debt charities and mental health charities, and has been received very positively. As a private sector initiative, independent of any other database provider or credit reference agency, the sole

purpose of the VRS is to protect consumers and provide organisations with a tool to complement their regulatory and social responsibilities around dealing with vulnerable people at a particular point in their lives.

The VRS recognises the many forms of consumer vulnerability and provides a single reference point for consumers and organisations, enabling an individual's vulnerability issues to be handled sensitively and professionally. Importantly, the service does not replace an organisation's responsibilities for identifying consumers or seek to alter its internal processes, but provides a 'decision agnostic' platform for consumers and the organisations they deal with as an additional safeguard during the formers' period of vulnerability. The VRS does not indicate why a consumer may be vulnerable nor does it process the information supplied, other than for providing a platform for optional user interaction when the individual's particular circumstances can be discussed with their consent.

Rather than creating a multitude of flags according to VRS type, the service uses a straightforward proprietary set of flags that signify the source of the register entry, typically the consumer themselves, either directly or through a user service, for example, a lender or a third party with a signed client authority or legal mandate to operate on the consumer's behalf, i.e. power of attorney.

In some instances, the individual may opt to be declined for any credit-related services for which they apply or for any application to be underwritten manually to ensure that their circumstances are taken fully into consideration. The VRS flag will identify this choice.

In practical terms, the VRS is designed to help organisations which assess the register to identify consumers in potentially vulnerable circumstances, and provide instant application programming interface access and data upload facilities. For lenders, specifically, the VRS can be used at the point of application or when deciding on any customer strategies from marketing to account management, arrears and collections. For utilities, the VRS offers a closed user group to enable them to share PSR codes to enable the consumer to carry details with them when changing supplier, thus minimising the impact on the customer while offering the correct level of protection.

The service is free of charge for debt charities and third party contributors such as organisations providing power of attorney services, and in order to build the database will also be free to search and contribute data from the financial services, utilities and insurance

sectors for a period of 12 months. Thereafter, those sectors will pay an annual membership fee based on anticipated search volumes.

The VRS will evolve and develop, increasingly, on a cross/multi-sector basis, but it is at least a starting point for organisations to enhance their corporate responsibility credentials and they will be seen to be taking their vulnerability responsibilities seriously.

1 Money and Mental Health Policy Institute, 'Money and mental health: the facts', available at: <http://tinyurl.com/yaqx9nah>

2 See note 1

For further information, visit: <http://www.vulnerabilityregistrationservice.co.uk/>

The Vulnerability Registration Service: what it is and how it works

Any of us at any time in our lives can have periods when, for whatever reason, we feel out of control or unable to cope. There is no stigma attached to this, but very often we may find it difficult to talk about, or even more challenging, difficult to do anything to help ourselves.

The Vulnerability Registration Service (VRS) is designed to help people who have circumstances that need to be taken into consideration by the businesses or organisations that they have contact with. There is no cost to the people who register. In our daily lives, we deal with many different organisations in relation to our finances, household, bills, rental payments, telephones, insurance and general purchases. And at a time for, whatever reason, we are feeling vulnerable, it is important for these organisations to be aware of our current circumstances so that they can treat us in the right way.

The VRS provides consumers and organisations that use the service with a single reference point to ensure that people do not need to have the same, often emotionally draining, conversation with those organisations. The organisations which use our service will be alerted to the fact that someone's situation needs to be considered, whether they are contacting them for the first time or where they have an existing relationship with them.

The VRS does not define what 'vulnerable' is because there are so many different instances where this may apply and different situations mean that people need to be dealt with in different ways. Organisations which use our service will have the opportunity to speak with

whoever registered the information and understand the reasons why somebody has registered with us and deal with them appropriately and sympathetically.

It may be that someone is in financial distress, but that will not always be the case. It could also be that someone is suffering from a life event. The VRS is an initiative to help vulnerable consumers protect themselves against personal hardship because of debt and financial problems that have made them vulnerable for a short period of time. It may be appropriate for people to register if they have a mental or physical illness or suffering from an addiction.