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Using AI to help spot vulnerable customers

26 July 2024 Joanna Wallens

The **Financial Times reported** in June 2024 that St James's Place, the United Kingdom's biggest wealth manager, is using AI to listen to calls through its call centres to identify vulnerable customers.

Chief executive, Mark FitzPatrick said: "Something we've done very recently....in terms of supporting and identifying clients who may be vulnerable is we have an AI in our call centre that listens in to the calls and identifies any kind of intonation or any kind of language that is used that may trigger that somebody is a vulnerable customer."

What this means for insurers

The Consumer Duty requires firms to focus on the diverse needs of customers, including vulnerable customers, at every stage and in each interaction. Firms are required to consider if a customer is vulnerable when dealing with them.

For more information on the Consumer Duty, see the below articles:

- https://www.brownejacobson.com/insights/the-word-october-2023/insurance-industry-consumer-duty-update
- https://www.brownejacobson.com/insights/the-word-october-2023/customers-in-financial-difficulty

The FCA says that a vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm - particularly when a firm is not acting with appropriate levels of care.

The FCA's view of vulnerability is on a risk spectrum. All customers are at risk of becoming vulnerable, but this risk is increased by having certain identified characteristics of vulnerability. These could be poor health, cognitive impairment, life events such as new caring responsibilities, low resilience to cope with financial or emotional shocks and poor literacy or numeracy skills. (https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers)

The FCA's Principles require firms to pay due regard to the interests of its customers and treat them fairly (Principle 6), pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading (Principle 7).

Firms must meet the standards set by the FCA Principles and treat customer fairly. The FCA has specifically said that because anyone can find themselves in a vulnerable circumstance at any time its guidance for firms on the fair treatment of vulnerable customers is relevant to firms serving retail and business customers, regardless of the firm's size or sector.

The use of AI to detect and respond to the needs to vulnerable customers by wealth management firms is an interesting development which is likely to have applications in identifying vulnerable customers in insurance. This could apply across a range of distribution channels including to telephone calls and online chats.

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