

An aerial photograph of a city, likely London, showing a river (the River Thames) winding through the urban landscape. The image is partially obscured by a large blue diagonal overlay that covers the bottom right corner. The text is overlaid on this blue area.

CONSUMER FRAMEWORK

What do good banking outcomes look like to consumers?

1. Introduction

The Banking Standards Board was established to help raise standards of behaviour and competence in the banking sector for the benefit of customers, clients, the economy, and broader society. Consistent with this purpose, we proposed in late 2017 a Consumer Framework ('Framework') to help define what good banking outcomes look like to consumers. The intention behind this work was to:

1. enable us to increase our understanding of consumer issues and concerns as they relate to aspects of the BSB's work;¹
2. provide the basis for the creation of good practice guidelines for firms that serve consumers, along with a common language for both firms and consumer organisations; and
3. enable consumer and civil society organisations to engage more readily with aspects of the BSB's work.

The Framework set out seven proposed consumer principles; outcome statements for each of the principles; and examples of what those outcomes might look like in practice to consumers.² We consulted consumers and civil society organisations on the Framework from 2 November 2017 to 26 January 2018. We received 81 responses to the consultation from a range of organisations and over 2,600 responses from individual consumers, a [summary](#) of which was published in September 2018.

We are very grateful for all the feedback received, which has informed the updated Framework presented in this report. In our ongoing work in this area and drawing on evidence from the BSB annual Assessment, as well as from other sources, we will be focusing on how the Principles can be used most effectively by firms. This may include addressing issues identified by employees as preventing them from serving customers well and learning from what employees see as helping them provide good customer service; how to make the customer perspective more salient to employees; and how firms currently measure or gauge customer outcomes.

¹ We use the term 'consumer' to capture both personal customers and micro-businesses in the banking industry, i.e. retail banking customers and building society members, both potential and actual.

² The examples demonstrate what those principles might mean in practice to consumers. They were suggested to us by consumer and civil society organisations and/or derived from a review of relevant research. We do not intend to cover all possible instances as examples for each principle as the purpose is only illustrative and to provide a sense of each the principles to the reader.

2. Summary of feedback received during the consultation

The feedback from the consultation broadly supported the Framework and its outcomes-based approach. It was suggested that further consideration be given to:

- achieving greater consistency between the principles and those used by other organisations;
- additional themes such as inclusivity and inclusive design; the right to clear information; trustworthiness; and support for vulnerable customers;
- reflecting the broader social and economic purpose of banking;
- taking account of the whole ‘consumer journey’ as well as ‘end’ consumer outcomes; and
- effective implementation of the Framework.

As noted above, the BSB’s own next steps on this issue, working with member firms, will focus on the last of these above points – effective implementation. The following section sets out where and how we have revised the Framework to reflect other aspects of the feedback, as part of which we have reduced the number of principles themselves and added further examples of what good outcomes may look like to consumers.

3. Summary of changes to the Framework

The draft Framework on which we consulted contained seven principles. Reflecting the feedback received, we have now consolidated these into five, both to minimise overlap between the principles themselves, and to make the principles easier to use. The wording has also been simplified where helpful; changing, for example, ‘redress and being listened to’ to ‘responsiveness’. Respondents also endorsed the outcomes-based approach of the Framework and commented that it enabled banks and building societies to achieve desired ends in different ways, while providing a basis for consumers, consumer organisations, regulators and others to hold firms accountable for the impact of their actions on end-consumers. Respondents agreed that focusing on outcomes removed the need to be overly prescriptive on processes, which would necessarily differ depending on the circumstances of the consumers involved.

3.1. Consistency

Consistency with existing approaches, and avoiding confusion or fragmentation of approach, was an important consideration in the drafting of the original Framework. The revised Framework takes this even more explicitly into account. It refers to and builds on consumer

frameworks and principles drafted by the Financial Conduct Authority, UK Finance, the Lending Standards Board, Citizens Advice and others.³

3.2. Additional themes in the principles

Respondents highlighted some additional principles that they felt should be incorporated in the Framework. These included inclusivity and inclusive design, the provision and clarity of information, trustworthiness, and support for vulnerable customers. We agree that these are important but feel that they are cross-cutting themes rather than additional principles. We have therefore incorporated them within the now shorter set of existing principles. To incorporate appropriately considerations of inclusivity and inclusive design, we have added for each principle examples relating to different groups of consumers such as micro-businesses and vulnerable customers (e.g. an example that reflects the importance of access to competent bank staff for customers with transitory or permanent vulnerabilities).⁴ The provision of information is reflected in the outcome statement and examples relating to clarity and transparency. Trustworthiness is closely linked to good outcomes and underpins the outcome statements and actions relating to all the principles.

3.3. Reflecting the broader social and economic purpose of banking

Feedback underlined that the banking sector should serve society as a whole. The BSB agrees with this feedback that banks and building societies have a broader social and economic purpose, in addition to serving individual consumers. Since the Consumer Framework focuses mainly on consumer outcomes, the broader social purpose of banking is implicitly reflected in our Framework, i.e. by encouraging the industry to achieve these principles in a manner that serves the needs and requirements of different communities and groups of consumers within the society. For example, the principle to ensure ‘Access’ to financial services refers to access for consumers across all communities and groups, such as those with different ethnic backgrounds, nationalities, languages, religion, etc. Additionally, we have amended the outcome statements and the examples to be clear that vulnerabilities – increasing the likelihood and impact of financial distress – reflect situations rather than particular groups of people, as vulnerabilities can affect individuals or groups at different points in their lives.

³ For the FCA see in particular “[Fair Treatment of Customers](#)” (2015), “[Approach to Customers](#)” (2018) and “[Guidance for firms on the fair treatment of vulnerable customers](#)” (2019). For UK Finance’s principles, see “[Principles to improve customer access](#)”, 2017. For “[Standards of Lending Practice](#)” by the [Lending Standards Board](#), and “[Citizens Advice: Protecting Consumers in a Changing World](#)”.

⁴ Existing research shows the impact of financial distress on health and wellbeing and in turn, the impact of poor health on financial wellbeing. This thereby calls for a need to access competent banking staff and services. See [FCA Occasional Paper 20, 2016](#), *Can we predict which consumer credit users will suffer financial distress?* Page 6.

3.4. Reflecting the 'consumer journey'

Consumer outcomes may only become apparent sometime after the consumer has actually dealt with a firm. Feedback suggested that attention should be paid also to the customer experience more broadly (often referred to by firms and consumer organisations as the 'consumer journey'). Empathetic communication and ease of doing business are examples of aspects of this, and are important for achieving good consumer outcomes. We have therefore included additional example statements under the principles to reflect *empathy* and *ease of experience* from the point of view of consumers and to help incorporate a 'consumer journey' perspective into the Framework.

CONSUMER FRAMEWORK

Principles

Principle	What it looks like to consumers
<p>1. Access</p> <p>Consumers have access to firms, products and services that meet their needs and capabilities over their lifetime and in different personal circumstances.</p>	<ul style="list-style-type: none"> • I need to be able to open a personal or a small business bank account, or switch accounts quickly and easily. • I need access to cash and my digital bank account when I need it, even if I am unable to get online due to system outages, or lack the skills required for online banking. • I need to be given helpful information through different methods of engagement if the branch is closed or shuts down indefinitely, or during system outages. • I need access to people with the right training, knowledge, skills, and behaviours to assist and advise me if I am suffering from transitory or permanent vulnerable circumstances which strain my financial condition⁵. • I need to have access to a choice of products and services when my circumstances change, without being penalised unfairly. • I want to access all my accounts in one place and easily transfer money across accounts without any delays.
<p>2. Clarity and Transparency</p> <p>Products and services are described and sold such that they are clear, fair and not misleading, and in a manner that consumers understand.⁶</p> <p>Firms clearly communicate fees and charges and keep consumers appropriately informed.</p> <p>Consumers feel that the overall experience of dealing with their bank is easy and without hassle.</p>	<ul style="list-style-type: none"> • I need products and product charges to be described and sold in a way that I can easily understand, and do not want any hidden charges. • I need to readily understand the differences between products and services offered to help me take effective and meaningful decisions with the available choice. • I need information presented to me in a way that I can easily judge value for money, before, during, and after the point of sale, with respect to other products or services in the market. • I want to be given helpful information if I am turned down for credit, have the reasons why explained, and signposted appropriately. • I want my bank/building society to inform me about their best deals that are suited to my needs in a language I can understand. • I want my bank/building society to help me become more financially sound by helping me manage my money and making it easier for me to save. • I want my transactions to appear immediately on my account, so I can keep track of my finances. • I need my online or mobile banking platform to be intuitive and easy to use. • If I am switching banks, I want the process of ID checks and credit checks to be as simple and clear as possible.

⁵ For a list of the key drivers of vulnerability, see [FCA Guidance on the fair treatment of vulnerable customers](#), Table 1 (page 7)

⁶ The outcome statements and the examples for the basic principles reflect Financial Conduct Authority's work on "[Approach to Consumers](#)", 2018.

3. **Safety and Security**

Consumers' assets and data are safe and secure and protected from deceptive practices, fraud, or hacking.

- I need my cash and assets in the bank/building society to be safe.
- I need my information to be kept safe, so I do not become easier to scam or be subject to fraud.
- I need my bank/building society to inform me how to protect myself from fraud.
- I need my bank/building society to be proactive in spotting, dealing with and responding to any security breach if it occurs, and inform me about what to do next.
- I need to get my money back quickly and easily if I lose it because of fraud or hacking, where I have not been negligent.
- I want to be able to reliably and safely authorise a third party to access and manage my finances, whether it is through a power of attorney or a financial adviser.
- I want banks/building societies to ensure that the information or choice available to me is not restricted in detrimental ways.
- I want to be able to safely and easily share the information held by my bank/building society about me with a third party, so that a third party may advise me.
- I want to be able to send money safely using only the recipient's mobile number.
- I want my bank to let me know quickly if it blocks a transaction or freezes my account, consider the knock-on consequences of doing this and ensure that I have access to at least some money in the interim.

4. **Responsiveness**

Consumers have access to easily navigable forms of redress when things go wrong.

Consumers are appropriately listened to within banks and building societies.

Consumers feel that they are cared for and receive individualised attention from their banks/building societies irrespective of the technology used.

- I need it to be easy and not time-consuming to file a complaint or access redress.
- I need to be able to make a complaint through means I would usually communicate with my bank/building society, such as over the phone, in person, or in writing.
- I need to know that my complaint will be taken seriously and that, if my complaint is upheld, I will receive appropriate compensation.
- If someone from my bank/building society promises to do something, I need it to be done without me having to chase them.
- I want my issue to be resolved automatically, quickly, easily, and properly without me having to go through the trouble of making a formal complaint.
- If I have a complaint that is upheld, I want the bank/building society to understand the root cause and stop the same problem arising in the future for me or for others.
- I want the bank/building society to communicate with me empathetically.

5. **Fairness**⁷

Banks/building societies provide fair and appropriate products and services to consumers irrespective of their individual circumstances, without taking advantage of customer loyalty.

- I need bank rates, fees, and charges to be relevant, fair, and justified.
 - I need to be dealt with fairly and with respect, regardless of my circumstances, over the lifetime of a product and not just at the point of sale.
 - I need banks/building societies to make me the same attractive offers as the ones they make to their new customers, where appropriate to my needs.
 - I need products to perform as firms have led me to expect, and the associated service to be reliable.
 - As a small business, I need to be treated fairly, not least when it comes to product offers and forbearance in times of financial difficulty.
 - I need banks/building societies to make me product recommendations that are suitable to my needs, irrespective of whether they are made to me by humans or automated processes.
 - I need products and services to be designed such that they meet my needs and adapt when my circumstances change.
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⁷ The 'Fairness' principle in particular includes the definition and outcomes relating to '[Fair treatment of customers](#)' proposed by the Financial Conduct Authority.