

Consumer perceptions of fairness within financial services

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1. Executive Summary

1.1 Introduction

The FSA first commissioned research on treating customers fairly in 2005. The Financial Services Consumer Panel commissioned a follow-up programme of research in 2010 to update and enhance the evidence base on what treating customers fairly means from a consumer perspective five years down the track and after significant upheaval in the financial services sector. A three-stage project was conducted by Opinion Leader, commencing with a rapid review of available research on the topic, followed by 8 extended focus group discussions with consumers across the UK. The final stage involved 3 reconvened online groups to test and build on the initial findings from the focus groups, and to develop a set of updated principles of fairness in financial services.

1.2 Fairness in general

‘Treating customers fairly’ is a critically important issue to consumers and one that they can get very exercised about; this led to very engaged discussions in the groups.

As suggested by the literature review (see appendix), consumers find it easier to think of examples of unfair than fair treatment, and the examples of unfairness compiled as a pre-task and shared during the discussions covered a wide range of sectors and issues.

When asked to consider positive examples of fairness it was apparent that fairness is not necessarily seen as just absence of unfairness. Rather, examples of fairness were often instances where companies had gone ‘above and beyond’ their obligations and therefore exceeded the participants’ expectations.

This provided an early indication that the notion of fairness is closely associated with other concepts such as reliability, value for money and, particularly, good customer service.

It appears from this research that the ‘softer side’ (communication and customer care) is at least as important as the ‘nuts and bolts’ (provision and price) in terms of demonstrating that the customer is being treated fairly.

1.3 Fairness across different sectors

Most sectors are seen as being lacking in terms of treating customers fairly. The anonymity of large companies, and the core motivation to make profits for shareholders, are both seen as being at odds with treating customers fairly.

However, on consideration, the retail sector is perceived to do better than the rest. Consumers point to no quibble return policies, competitive pricing, and generally better face-to-face customer service as examples of fairness. John Lewis stands out in the view of participants as a particularly exemplary organisation.

Other sectors, such as telecoms and utilities and financial services, are seen to be much less fair by comparison. There are a range of factors feeding into this view, particularly the perception of organisations in these sectors being insufficiently:

- Competitive (complex tariffs, locking customers into lengthy contracts, not rewarding loyalty, taking advantage of lack of knowledge and inertia etc.)
- Accessible (premium phone numbers, complex IVR systems, no high street presence in the case of utilities, needing to deal with intermediaries/middle men especially with online transactions etc.)

1.4 Initial views on fairness in financial services

On one hand, similar barriers to treating customers fairly were identified for the financial services sector when compared to other sectors (see above). However, the damaged reputation of the sector as a whole, following the recent banking crisis and also previously publicised poor practices, acts as a further negative influence on perceptions of fairness in financial services.

There was a view that personal and individualised service has been lost in the financial services sector with the advent of internet and telephone banking, and a sense of nostalgia for the days of the 'old fashioned bank manager' was spontaneously expressed.

There was also a general criticism of lack of transparency in financial services, including small print and insufficient explanations of possible consequences throughout the lifetime of the product or service.

Thus, financial services fare particularly poorly in perceptions of treating customers fairly. At the same time, treating customers fairly is seen to be particularly important in financial services as finances are seen to be an essential part of life, and providers may sometimes encounter customers who are vulnerable due to difficult financial circumstances or low capability with respect to financial matters.

1.5 Differences in fairness within the financial services sector

Most products and providers were felt to have the potential to be less than fair to consumers. Credit and store cards were particularly singled out for having unfairly excessive interest rates, while the current account charges levied by some banks on customers who have been overdrawn were seen as disproportionately high.

In addition, the scope for unfairness is seen to be greater for pensions and investments as these were regarded as being more complex products where consumers' lack of knowledge could be exploited. Insurance products and providers were also highlighted as being potentially unfair as some participants had experience of fine print and loop holes preventing claims from being paid out.

During the research there was a great deal of commonality in how consumers felt about fairness in financial services across different genders, ages, socio-economic circumstances and levels of financial capability. In general, consumers were felt to share some responsibility with providers for ensuring that they are being treated fairly, as long as they fully understand what they are buying (they assume that this is possible because they assume products are sufficiently simple to understand and can be understood from literature and/or advice). That said, participants spontaneously identified 'vulnerable customers', those with lowest incomes and financial capability, as a group to whom providers had a particular responsibility to treat fairly.

1.6 Fairness through the stages of the customer journey

Based on the literature review, the research took an approach to exploring fairness in detail which tracked the various stages of the customer journey in financial services from exposure to marketing and communications, through the sales process, post-sales and the resolution of any problems or complaints. Scenarios were also used to tease out views on fairness, including any 'grey areas'. These are discussed in detail in section 8 of the report however generalised learnings from the scenarios and associated discussions have been drawn out below.

Marketing, advertising and point of sale (scenarios 1-4)

From these scenarios it emerged that:

- Cross-marketing was seen as fair as long as it was done in an appropriate way.
- However, there was strong disagreement with high pressure marketing of products that are not relevant to the customer.
- There is a view that loyalty should be rewarded by providing competitive deals to existing as well as new customers.

More generally, it was seen as important that:

- Products are made as easy to understand as possible, with a suggestion that a short plain English summary should always accompany detailed Terms and Conditions.
- The sales process is tailored to the individual customer. This requires the sales person to take time to understand the customer's needs and circumstances, and then to use this information to ensure only relevant and appropriate products are offered.
- Customers receive full explanations of the product at point of sale including any restrictions, fees and charges, potential risks, and the customer's responsibilities.

Post sale and errors/breaches (scenarios 5-7)

These scenarios demonstrated that:

- Providing proactive follow-up to ensure that the customer has the best product for their needs would be highly valued.
- However, it was also felt that customers bear a share of responsibility for taking care of their finances, including reading small print (assuming it is written in plain English) and understanding the risks (assuming developing a full understanding of the level of risk is possible i.e. it is within the capacity of the consumer and clearly described).

More generally, participants prioritised:

- Post-sales communication, particularly highlighting any changes.

- Easy access to providers, ideally face-to-face or if by telephone then it was important that this be without premium numbers, complex IVR systems, or foreign call centres.
- Fast resolution of problems and complaints.
- Apologies and compensation if the provider is at fault.

1.7 2010 consumer principles of fairness

When participants were shown the 2005 principles these were generally seen as comprehensive and appropriate, and few specific changes were suggested. However, it was generally felt that the principles have not had a positive impact on the behaviour of financial services providers who had not shown any improvement and have arguably become less fair as they become increasingly focused on the bottom line in the wake of the financial crisis.

From the discussions more generally, we can extrapolate that there has been some changes to priorities and the language of treating customers fairly since 2005. We have identified four broad themes of fairness in 2010:

Transparency of information (about inclusions and exclusions, risks, charges etc., and not deliberately using small print or loopholes to hide costs or mislead.)

Responsible marketing and sales (particularly tailoring to ensure relevance/suitability of product to the customer but also taking time to explain, no high pressure sales, and using particular care with vulnerable customers.)

Fair pricing (critically linked to transparency of information on costs, but also about charges which reflect costs to the provider and fair profits. Some also strongly felt that pricing should be designed to reward loyalty.)

Good ongoing customer care (to proactively help solve any issues or problems quickly and effectively, honesty and accountability if there are mistakes on the part of the provider, and being flexible and empathetic to the customers' personal circumstances.)

Conclusions

- Both the 'nuts and bolts' of the product provision and price and the 'softer' elements of sales and customer service are equally important in perceptions of fairness
- When comparing fairness across a range of sectors, retail is seen as the most fair (e.g. no quibble returns, competitive pricing, good face to face service) whereas telecoms, utilities and financial services are regarded as less fair, being insufficiently competitive or accessible. The financial services sector's damaged reputation, following the recent banking crisis and also previously publicised poor practices, acts as a further negative influence on perceptions of fairness in the sector
- Treating customers fairly is seen to be particularly important in financial services as finances are seen to be an essential part of life. Most products were felt to have the potential to be less than fair to consumers. However products perceived as simple e.g. savings accounts were seen as fairer than more complex products e.g. insurance. Products including disproportionate fees or charges, e.g. store cards, were also seen as particularly unfair
- Principles of fairness emerged at each stage of the customer journey:
 - The **sales process** should be low pressure, and tailored to the individual needs and capabilities of each consumer. Providers should ensure a full understanding of products being purchased via clear literature and sufficient explanation. Loyalty should be rewarded
 - **After sales** providers should provide easy and convenient access to consumers through a range of channels and ensure errors or queries are resolved quickly
- The 2005 principles were generally thought to be comprehensive, but ineffective given the perceived decline in fairness
- We have identified four broad themes of fairness in 2010:
 - Transparency of information relating to product provision, risks and charges
 - Responsible marketing and sales tailored to consumer needs and capabilities
 - Fair pricing of products to reflect costs to providers and reward customer loyalty
 - Good ongoing customer care - being honest and accountable and empathetic to customers

2. Background and objectives

2.1 Background

The Financial Services Consumer Panel (the Panel) was established by the Financial Services Authority (FSA) to represent the interests of consumers in advising the FSA on its policy and practices, and monitoring its effectiveness. As one of its objectives the Panel has committed to scrutinise the effectiveness of the FSA's approach to consumer protection, the role of principles and rules, and the level of consumer confidence in the sector. A substantial element of that objective is concerned with the issue of fairness, whether or not consumers are indeed getting a 'fair deal' from their financial services provider, and how much the FSA's approach mitigates against unfair treatment.

The Panel was interested in commissioning consumer research to explore consumers' perceptions of fairness and understand consumer expectations regarding fairness so that the FSA's approach can be more easily assessed. The FSA had previously commissioned a research project on consumer perceptions of fairness in 2005, when developing the 'treating customers fairly' initiative. However, the 2010 research was intended to have a wider reach than this previous research and address more wide-ranging aspects of fairness.

2.2 Objectives

The main objectives of the research were threefold:

- To identify what consumers believe to be fair/unfair in their consumption of financial services;
- To explore in-depth the issues consumers believe are pertinent to any definition of fairness;
- To explore whether consumers' perceptions of fairness in financial services are different from those they hold for other sectors.

In particular, the research explored:

Perceptions of value for money - how far can this be a consideration in assessing fairness and whether fairness can be assessed without taking value for money into account, particularly in relation to:

- Savings accounts, savings interest rates, the bank rate and the rates at which banks are offering mortgages;
- Commission charges;

And more broadly across various financial services sectors and how this compares with non-financial services sectors

- Perceptions of fairness in the sense of equity (i.e. the division of risk and reward between buyers and providers of financial services).

3. Methodology

The project comprised three stages:

- Stage 1: A rapid literature review of available research on the topic
- Stage 2: 8 extended focus group discussions with consumers across the UK
- Stage 3: 3 online groups where selected participants were reconvened from the focus groups

These stages are explained in more detail below.

3.1 Stage 1: rapid literature review

The literature review aimed to offer a broad-brush picture of consumer perceptions of fairness to inform the project and establish what research has already taken place to investigate consumer perceptions of fairness and whether there were any important gaps. This included a review of the 2005 work as well as multiple other sources. Ultimately the review endorsed the need for further consumer research on the issue of fairness within financial services as there were found to be significant gaps in the literature. We also noted a number of salient points in the design of the discussion guide for the extended focus groups. This literature review is appended.

3.2 Stage 2: extended focus groups

The literature review was followed by 8 extended focus group discussions. The groups each involved 8 participants and lasted 2 hours. The focus group approach enabled participants to bounce ideas off each other and develop their own thinking by hearing from others. The extended period of time (compared to conventional focus groups typically lasting around 90 minutes) allowed us to explore fairness in greater depth, looking at fairness in a wider consumer context as well as in a range of specific financial services scenarios. The groups involved discussion and questioning from an Opinion Leader facilitator based on a discussion guide, self-completion exercises and stimulus material in the form of pen-portrait scenarios.

The groups, which took place in London, Birmingham and Edinburgh, commenced on 25th March and finished on 8th April 2010. The first two groups were treated as an informal pilot to test the discussion guide and materials. There were no major changes following these first groups, however small tweaks were made to the wording of one of the scenarios so that it would be more easily

understood. The decision was also made not to cover every scenario in all the subsequent groups, but rather to specifically choose scenarios for each group enabling coverage of issues that had not already been raised in the upfront spontaneous discussion.

3.3 Stage 3: Reconvened online groups

Following the focus groups we selected a cross section of participants to take part in a further stage of research aimed at verifying the results of the focus groups, moving towards developing a set of principles of fairness, and reviewing the 2005 standards.

A total of 14 participants from the earlier focus groups were recruited to take part in 3 online focus groups. Using an online method allowed us to mix participants from different regions in the same group. We also mixed the groups in terms of the financial capability of participants. The groups lasted around one hour and used a mixture of group discussion as well as some online tasks such as brainstorming. The groups took place between 14th and 19th April 2010.

4. Fairness in general

Summary: Fairness in general

- Fairness, and unfairness are highly emotive issue for consumers
- The concept of fairness is complex, and overlaps with other broad concepts such as good customer service and value for money
- The 'softer' side of fairness (quality of communications and customer service) is as important as the 'nuts and bolts' of a product (whether it functions or offers value for money)
- The key features of unfair experiences are: mis-selling at point of sale, the consumer 'losing out', poor customer service and slow resolution and inconvenience for the consumer
- Participant examples of fair experiences often involved expectations being exceeded rather than simply being met

The principle objective of this research was to understand what consumers think about fairness with respect to their interactions with the financial services industry. To place this in context, the research commenced with a more generalised exploration of what treating customers fairly means across different sectors such as retail, utilities, and telecoms. Mirroring the format of the focus groups, this report begins with a wide-ranging discussion of fairness in general - including consumers' own experiences of fairness and unfairness - before moving on to focus specifically on financial services.

Fairness is a broad and complicated issue and thus is difficult to define. The research did not begin with a predefined concept of fairness, rather it applied a flexible and discursive approach designed to provide participants with the space and time to explore facets of the subject most pertinent to them.

The first thing that emerged about fairness - or just as frequently, un-fairness - is that it is a highly emotive issue for many consumers. Examples of companies behaving either fairly or unfairly live long in peoples' memories, and many of the participants in the research found it easy to recall numerous examples they had experienced either directly or indirectly through family members or colleagues. These examples covered a huge range of issues, sectors and aspects of the consumer-business relationship, and a selection of these have been included in the report as case studies.

The vast spectrum of examples provided by participants gives some illustration of the complexity of fairness. However, whilst there were numerous examples of both fairness and unfairness, it is important to note that it was specifically unfairness that most exercised participants. Their experiences of unfairness included aggressive sales staff or officious customer service personnel, sales policies that favour new over existing customers, lack of clarity over refunds and returns at the point of sale, and even an example of embezzlement which had resulted in a criminal conviction. As unfair experiences are often protracted and frustrating they tend to make much more of an impact on individuals.

The case study below provides a typical example of unfairness to the consumer, as well as highlighting several key features of unfairness to which we will return throughout the report: mis-selling at the point of sale, the consumer 'losing out', poor customer services, and slow resolution and inconvenience for the consumer.

Case study 1: A typical example of unfairness to consumers

Intending to fly to Sri Lanka for a wedding, flights were booked through an online travel agent who appeared to be affiliated to a well-known company whose logo was used on the website. After 24 hours, no confirmation email had been received so the company was contacted and they informed the participant that there had been a fault with the computer system on that day and the flight had not actually been booked. However, on checking his bank account the participant discovered that the money had been removed, despite the fact that the order was null. It took a long time for the money to be paid back into the account, by which time the prices of the flights had increased. To compound matters, the online company was only affiliated with the well known travel agents, so when they were contacted about the issues and poor customer services, they did not offer any assistance or compensation. The participant felt misled and let down by the entire process.

"I need to buy my ticket now from somewhere else which I could have done, but they've held the funds and it literally took like a week or more for the funds to come back on to the card, by which time the flight was like £250 more than it was in the first place and so I called them up and I was getting so angry that I had to like just draw a line underneath it"

Male, Mass Market, London

One recurrent characteristic of participants' general experiences of unfairness were situations in which customers had felt let down because their expectations had not been met. Many of the unprompted anecdotes participants discussed at the beginning of the discussions were situations in which a product or service had been sub-standard, or examples of poor customer service after a

product had been purchased. In short, many of these situations were occasions in which something went wrong and this was not fixed promptly or effectively.

However, the attention on unfair experiences does not mean that fair behaviour is simply the absence of mistakes or where a company has lived up to a consumer's expectations. It is interesting to note that the purchasing of a well-priced and well-made product that does precisely what it is expected to do was not normally referred to as an example of fairness. It may be the case that there is an implicit understanding that the product or service on purchases does what it is expected to do, to the point that consumers do not feel the need to state this belief! Frequently, examples cited as fair were situations in which expectations had actually been exceeded. In particular, many examples provided by participants were of expectations exceeded in the resolution of an issue.

Case study 2: A fair resolution

One female participant had ordered a suite from a local furniture shop. The suite was on the shop floor, but she wanted some adjustments to be made and had been told to expect these to be completed within six weeks. Having already experienced several weeks' delays, she received a phone call saying that there would be a further delay, so she went into the store and asked to speak to a senior figure. One of the store's owners spoke to her and, after hearing her side of the story, offered the participant the option to replace her previous order with any other suite on the shop floor promising next day delivery. The suite she chose was actually larger than her initial choice and she received a further discount.

"We ended up with two settees instead of one, a three-seater and a two-seater and an armchair, so we had one more seat and we actually got it, they gave us a bigger discount so I mean I couldn't fault them, they were absolutely brilliant."

Female, Expert, Birmingham

A further complication is that the concept of fairness is rarely distinct from other concepts in consumers' minds. However, we have not sought to define fairness by attempting to delimit which concepts should or should not be considered under this heading. Put simply, a precise definition would not accurately reflect the findings of our research with consumers, and would therefore misrepresent their perspective on the subject. For example, there was considerable evidence of overlap between fairness and concepts such as good customer service and value for money, which some people may not consider to pertain to fairness at all. In the minds of consumers, concepts such as 'customer service' and 'value for money' are broad categories which encompass a range of different facets. 'Customer' service may relate to the quality of communication received from a

company, a discounted price for customer loyalty, or the rapid resolution of any issues. ‘Value for money’ often refers not just to a fair price, but also to the provision of good customer service.

At the outset of the project, we were especially interested in whether ‘value for money’ is a necessary condition for fairness in the financial services sector. However, whilst many of the terms associated with value for money are important components of consumer definitions of fairness, we also found that the term ‘value for money’ is not one automatically used by consumers to describe financial services. One reason for this may be that many financial products, such as current accounts or savings accounts, are not purchased in the same way as products in, for example, the retail sector.

Throughout this report the term fairness is used to refer to the broad and diverse range of issues explored by participants in the course of the research. The literature review pointed towards two distinct areas in which fairness might operate: the ‘nuts and bolts’ of a product (such as whether or not it functions or if it offers good value) and the ‘softer’ side (the quality of communications and customer service). Our research has revealed two important details around these categorical distinctions. Firstly, what might be termed the ‘softer’ side is equally as important to consumers as the products and the price. Secondly, as the previous paragraph suggests, the distinction between these categories is not generally applied by consumers, who tend to consider the issue of fairness holistically.

Case study 3: Good customer service

Several retailers, John Lewis in particular, were mentioned as being ‘fair’ because they have good customer service and care. One participant had purchased a coffee maker on special offer from a major high street retailer. The machine broke so the customer contacted the manufacturer. She was told she could send it to the manufacturer for repair, or take it back to the retailer. The participant chose to take it back and the retailer replaced the faulty machine with a brand new one, even though the new one was not on special offer. It was seen as a very good example of an issue which was dealt with quickly, face-to-face, and without fuss.

“The bloke said ‘Yeah okay, what’s wrong with it? Da-da-da-da, fine, come with me’ and he give me a brand new one, a full price one as well, that wasn’t on special offer and didn’t, there was not aggravation, I was in and back out again in ten minutes with brand new one and I thought ‘Oh blimey, that’s totally amazing’”

Female, Low Capability, London

5. Fairness across different sectors

Summary: Fairness across different sectors

- Fairness was compared across retail, utilities, telecoms and financial services
- All sectors are perceived as having the potential to treat customers fairly but there was consensus that the retail sector is fairer than the others
- The key strengths of retail sector are perceived to be: face-to-face contact, flexibility in rules and regulations, extensive consumer choice, widespread competition between retailers and high consumer knowledge of the sector. These practices are seen as 'good business' which encourage loyalty from customers
- Utilities, telecoms and financial services shared certain commonalities that were felt to undermine fairness: diminished face-to-face contact and a greater reliance on telephone and internet contact, strict enforcement of rules and regulations, hidden, excessive or unexpected pricing, lengthy contracts, complexity of products and lack of competition

One of the key objectives of this research was to assess if and how perceptions of fairness in the financial services sector differ from other sectors. Fairness in financial services was compared to three other sectors: retail, utilities, and telecoms. This section provides an overview of the similarities and differences across these sectors but, since financial services are the main subject of this report, it is primarily focussed on exploring the areas in which this sector can learn from comparisons with other sectors.

Initially, most sectors were felt to be lacking in terms of treating customers fairly. The anonymity of large companies, and the core motivation to make profits for shareholders, were each seen as being at odds with treating customers fairly. However, on consideration there was strong agreement across all groups that the retail sector is considerably fairer than financial services, utilities, and telecoms sectors. Many of the examples of 'fair' behaviour provided by participants at the beginning of the discussions related to the retail sector.

5.1 Fairness in the retail sector

Several of the key strengths of the retail sector are perceived to be a result of the direct face-to-face contact with members of staff. This is important because it gives a company a personal, human

side. It also helps that many issues can be rectified quickly and with little fuss, both qualities which were found to be important to consumer conceptions of fairness. For example, if there is an issue with a product purchased on the high street, that product can usually be returned to the retailer in question, where the customer is dealt with directly by a customer services assistant who is often able to rectify the issue swiftly and straightforwardly. A number of the participants described the simplicity with which a faulty product or an ill-fitting garment can be replaced or refunded as indicative of a fair consumer-business relationship. Further, if the issue cannot be resolved quickly by a customer services assistant, the consumer can ask to speak to a more senior member of staff, such as the store manager.

“I've found usually if you can go and meet a responsible person face-to-face, which you usually can in retail, you will usually get a result...Now that doesn't apply to any of the others. They're all remote and because it's remote it's impersonal and it's easier for people to say no.”

Male, Expert, Birmingham

The direct contact with members of staff, including more senior staff, was seen as contributing to the efficiency of the interaction. It was also perceived to enable a greater degree of flexibility. As suggested in the previous section, an essential aspect of fairness for many consumers is the sense that businesses are following the spirit, rather than the letter of rules and regulations, surrounding the consumer-business relationship. Whereas the financial services, utilities, and telecoms sectors were frequently associated with inflexibility and the often mechanistic application of regulations, the retail sector is notable for affording the consumer some latitude. For example, several participants cited examples of ‘fair’ behaviour in which retailers did not actually need to offer a refund or exchange (for example because a receipt had been lost or because the dates of a warranty had been exceeded), but had done so regardless in order to retain a good relationship with the consumer.

Case study 4: Flexibility in the retail sector

Our participant had purchased an Xbox for Christmas 2006. The model was known to have a particular fault which rendered it unusable. Recognising this, the manufacturers had ensured a three year guarantee against this specific fault. Two months after the three year warranty expired, the Xbox developed this particular fault. The owner contacted the manufacturer who replaced the product with a brand new model free of charge, despite it no longer being under warranty, with postage and a year's warranty also included.

“I phoned them up and they said send it out to us, the packaging was free, it was UPS, they come and collect it and they subsequently sent me back a brand new machine with a

full year's warranty on it so, that was extremely fair"

Male, Mass Market, Edinburgh

For many participants, greater consumer choice and competition between rival retailers was seen to be driving higher standards of customer service, and thus increasing fairness across the sector. The ease of switching from one high street retailer or supermarket to another is not mirrored in other sectors. It was pointed out throughout the research that it is very simple to switch between retailers, and the types of behaviour described above were ultimately seen as 'good business' in the long run, since it enhances a company's reputation and encourages customer loyalty. Competition is also seen as exerting a strong effect on keeping prices 'fair'.

Another reason for greater fairness in retail is perceived to be a result of relatively high consumer knowledge levels which characterise the sector. Consumers feel more confident of their rights, such as returns and guarantees. The majority of products purchased are easily understood and it is more straightforward to determine whether or not the product is functioning as it should, and there is rarely the need for contracts or complicated terms and conditions. Further, information is usually communicated more straightforwardly to consumers in the retail sector. For example, refund and return policies are often explained at the point of sale, or displayed clearly in shops. In summary, in the retail sector consumers feel like they know their rights and the products they are purchasing.

5.2 Fairness across the financial services, telecoms and utilities sectors

The other sectors which featured in our research included utilities, telecoms and financial services. Fairness in relation to financial services will be discussed in detail in the remaining chapters of the report, but there were certain similarities across all three sectors which are reported below.

First, in stark contrast to the retail sector, contact with financial services companies, utilities, and telecoms are much less likely to be conducted face-to-face, and far more likely to be contacted remotely. This can contribute to a sense that the relationships between consumers and businesses in these sectors are not transparent with participants describing companies as "hiding" behind a telephone or directly accessing a customer's bank accounts via direct debits. Dealing with someone over the phone is generally felt to be a much less open and transparent mode of communication, and therefore more likely to lead to unfairness. It was also suggested that it is easier to say no to a customer over the telephone, or pass an enquiry or complaint around different departments. Further, if an error is made on the part of the company, it often takes a considerable length of time to rectify if the main point of contact is via telephone or internet rather than face to face.

'When somebody is sneaking about your bank accounts taking direct debits and or other things, you are sceptical always about things like that.'

Female, Mass Market, Edinburgh

This greater detachment from the customers is seen to contribute to a different application of rules and regulations. Whereas many participants felt that retailers were often comparatively flexible, and willing to take into account issues such as an individual's personal situation or loyalty as a customer, the other sectors were characterised by the strict enforcement of rules and regulations, and a lack of flexibility towards the personal situations of consumers. For example, banks were described as having inflexible, and at times unreasonable, rules with a penalty often incommensurate with the transgression.

There was also a strong feeling that pricing in the utilities, financial services and telecoms sectors was inherently unfair, particularly if those prices were perceived to be "hidden" or unexpected. Thus, the cost of utilities is seen as unpredictable and often unfair, with companies passing on wholesale price increases to customers but not passing on savings when the wholesale prices fall. Some participants cited variations in savings and interest rates as unfair to the consumer, particularly if they were not informed. Similarly, mobile telecoms companies were considered to charge extortionate rates per minute when customers exceed their contractual allowance.

Case study 5: Unfairness in the telecoms sector

Telecoms companies were criticised by several participants for being removed from the consumer and difficult to communicate with. One consumer felt she was paying over the odds for her internet and phone line. She felt that she was sold a package that is unsuitable to her requirements, since she very rarely uses a landline. This means she was effectively paying a very high price (£60 per month) for internet access. She also felt it was unfair that she had been signed up to an 18 month contract which is difficult to get out of. Other participants also commented that telecoms companies are highly unlikely to advise consumers that they are paying for something unnecessary or at too high a price, since the telecoms company is making money.

"[The sales people] weren't saying 'it's £60 a month', they were like 'oh it's only £20 and your internet is only £5... it's like that's not true, because then it would only be £25 a month so that's not true. And before you know it then it's 18 months you're in a contract for, it's not a year anymore."

Female, Mass Market, London

Certain structural features of these sectors were also noted as being conducive to less fair treatment of consumers. Lengthy contracts, particularly in the telecoms sector, were seen to make it more difficult for consumers to switch to better deals, which might result in an unfair price being paid. Many participants felt that new customers were more likely to be offered or have available better deals, in comparison with existing customers who are already locked in. This contributed to the sense of many participants that companies rarely reward loyalty. On the occasions when loyalty is rewarded, it was felt that this was usually prompted by enquiries from the customer, or threats to switch service providers. Finally, there was felt to be a lack of competition across these sectors in general. This is often a result of the complexity of the products themselves, and the difficulty of comparing across companies. It was also suggested that consumer inertia means companies see limited need to reward loyalty or drive competition. This is considered particularly unfair because the services provided by utilities, telecoms, and financial services are often fundamental to peoples' lives rather than optional.

Despite the similarities across these sectors, there are also some differences which may prove instructive for the financial services sector. While all three sectors were criticised for their limited face-to-face contact, reliance on call centres, and automated customer service lines, utilities and telecoms were generally perceived to perform worse than financial services in terms of day-to-day relationships. Several participants lamented the decline of the old-fashioned bank manager, but it was still widely felt that dealing with people in branches leads to a better relationship, and consequently, a fairer relationship. As will be explored further in subsequent sections, it is interesting to note that financial services such as insurance, which often involve little or no face-to-face contact, were often singled out as particularly unfair. Utilities and telecoms companies were felt to be somewhat fairer in terms of pricing, since tools such as price comparison websites mean consumers can make a more straightforward comparison between rival products.

6. Initial views on fairness in the financial services sector

Summary: Initial views on fairness in the financial services sector

- Financial services fare poorly in perceptions of treating customers fairly yet fairness is considered particularly important within this sector because financial services are an essential part of consumers' lives
- The absence, or demise, of face-to-face contact was perceived as an important barrier to fairness. Consumers lamented the loss of old-fashioned bank manager with whom they had a relationship and trusted, and problems protracted and exacerbated when there is no face-to-face contact
- A lack of transparency was also felt to characterise the financial services purchase process; from unclear advertising or marketing to complicated terms and conditions of products
- The complexity of products represents a further barrier to fairness, with products being difficult to understand and subsequently difficult to compare, thereby restricting consumer choice
- Finally, financial services companies were felt to have the advantage over consumers, making large profits whilst showing little loyalty or flexibility towards their customers and often employing aggressive sales techniques

The previous sections have already discussed fairness in general and how fairness varies across the retail, telecoms, utilities, and financial services sectors. The remaining chapters of this report focus on fairness in financial services.

As shown in the previous section, similar barriers to treating customers fairly were identified for the financial services sector when compared to other sectors (see above). However, the damaged reputation of the sector as a whole (from the recent banking crisis and also previously publicised poor practices) acts as a further negative influence on perceptions of fairness in financial services.

6.1 Barriers to fairness in the financial services sector

Many participants lamented a lack of face-to-face contact and generally of personal and individualised service. This was perceived to be epitomised by the demise of the ‘old-fashioned bank manager’. The figure of the old-fashioned bank manager is associated with many of the attributes that consumers link with fairness: a familiar, regular point of contact who knows the customer and his/her needs, and can therefore suggest products to best suit, as well as exercising a certain amount of flexibility in response to customer difficulties. In short, the bank manager was someone the consumer could trust to be fair.

It is also important to note that the lack of face-to-face contact with bank staff is seen to significantly increase the time it takes for many issues to be resolved. Participants frequently returned to the issue of the difficult and protracted nature of complaint or redress procedures when dealing with financial services. This tended to be considered ‘unfair’ in itself, but because it pertains to the complaints process, it can impact on other issues of fairness.

Case study 6: Lack of flexibility in banks

One participant wanted to increase her overdraft from £100 to £250 for an eight day period, until her next pay cheque. When she called her bank to make this request, she was told by the telephone operator that the computer would not allow the increased overdraft, and that she could appeal against it, but it would take 20 days. A few days later, her TV licence was taken from her account via direct debit, and she exceeded her overdraft limit by less than £2, thus incurring a £25 charge. Despite banking with the same bank for many years, and using the account a great deal, she felt she was not afforded any flexibility, and ended up paying a financial penalty for what she perceived to be the bank’s own lack of flexibility.

“I was so cheesed off about it and at the end of the day they get a hell of a lot of money out of us. What’s £150 for eight days? But all you get is a computer and, no disrespect, but 9 times out of 10 you get some young very sweet girlie on the end of the phone and you ask her anything out the loop or that’s not on the bit of paper sort of thing and it’s like ‘Oh I don’t know. But you can’t talk to anybody, you can’t go so somebody above to change that decision, that’s where it’s at. I’m just like ‘Bring back a good old-fashioned bank manager’”

Female, Low Capability, London

A second, related issue is that of transparency. Many participants felt that a lack of transparency characterises the consumer-business relationship throughout the financial services purchase process, from unclear advertising or marketing, poor or even misleading advice at the point of sale, or the complicated terms and conditions of a product. Consumers also mentioned several other specific forms that lack of transparency might take. For example, when discussing marketing practices, participants stated that salespeople ought not to have “hidden agendas”, such as incentives to sell a certain product that might not be in the consumer’s interests. Here lack of transparency can be equated with lack of disclosure. However, some participants were also critical of details which are contained in lengthy terms and conditions, as they did not feel that anyone actually reads the details closely and that it is therefore unfair to put important information solely in the small print.

Case study 7: Lack of transparency

After taking out car insurance and retaining it for 14 months (the original contract was for 12 months), a participant wished to cancel the policy. His insurance company did not raise any objections and cancelled the policy accordingly. However, about a month later he received a letter from a second company, informing him that he owed them £85 for cancelling his insurance. When signing up for the policy, he had entered into a credit agreement with a third party. This was detailed in the terms and conditions of the policy, but it was not something he was made aware of when the policy was sold, or when he wanted to cancel the policy. It was felt to be unfair because the situation was not properly explained.

“...If you look at the terms and conditions it’s like 30 pages that you never ever read but you’ve got to tick the box so you can move on.”

Male, Mass Market, Edinburgh

The third major issue raised in the initial discussions of fairness in the sector is the complexity of the products on offer. The matter of complexity is not unrelated to the issue of transparency, as the two have a similar effect on the consumer: reinforcing the asymmetry of knowledge, and therefore power, between business and consumer. However, whereas transparency generally refers to the information communicated to consumers, complexity refers to the products themselves. Complicated products have two impacts on fairness in the consumer-business relationship. First, the products themselves are difficult to understand, involving complicated processes and terminologies which it is difficult for a non-expert to fully comprehend. Second, it is very difficult to compare products because of their complexities, whether amongst the different products offered by the same organisation, or across the range of products offered by competitors. This restricts consumer

choice (frequently considered a key component of a 'fair' system) and may potentially lead to consumers getting a product that they do not necessarily want or need. It also reinforces the power imbalance between consumer and service provider, which is often viewed as a root cause of unfairness in the financial services sector.

Finally, there is a general sense that the financial services industry is seen to be somewhat exploitative and greedy, with the playing field favouring large corporations rather than consumers. Whilst it is accepted that companies exist to make money, there is a feeling that many financial services companies make vast profits from their customers but show little loyalty in return. Even taking into account the additional reputational damage wrought by the credit crunch and financial crisis (discussed later in this section), the financial services sector was considered to be a particularly aggressive and inflexible sector compared to others. Participants frequently pointed to what they consider to be disproportionate fees and punitive charges as evidence of the industry's greed. The asymmetry of information between the financial services sector and consumers (outlined above) reinforces the sense that the service providers occupy a stronger position which is open to potential exploitation. There were also serious concerns about vulnerable consumers being exploited by aggressive marketing or unscrupulous sales people. Particular worries were expressed about older consumers, younger consumers, those with limited experience of the sector, and those with limited financial resources.

Thus, financial services fare particularly poorly in perceptions of treating customers fairly. At the same time, treating customers fairly is seen to be particularly important in financial services, as finances are seen to be an essential part of life, and with providers potentially encountering customers who are vulnerable due to difficult financial circumstances or low capability with respect to financial matters.

6.2 Contextualising fairness in financial services

One particularly important contextual detail concerning financial services and fairness relates to the fact that many financial services and products are seen as essential rather than optional. In contrast to many of the products purchased in the retail sector, which are seen as 'non-essential', consumers see things like a current account, mortgages, and insurance as vital to their everyday lives, and not things they could choose to do without. These are products and services which people simply have to have, and unfairness is often exacerbated by the fact that consumers do not feel able to 'opt out'. The market was also recognised to be characterised by lack of financial capability and consumer inertia, which potentially puts the consumer at a significant disadvantage.

The anecdotes and scenarios detailed by participants in the research revealed that the emotional context of consumers' interactions with financial services plays an important role in perceptions of

fairness. Participants' examples often involved situations in which the interactions were very important to them - when purchasing a house, for example, or executing the will of a deceased relative. Insurance claims also fell into this category because claims are only likely to be made in unfortunate personal circumstances. These are often times when people feel under particular emotional pressure, and may feel particularly vulnerable. When a financial services provider is seen to get it wrong and behave unfairly at a time such as this, it reflects particularly badly on them. Further, products or services such as pensions are seen as vital for safeguarding peoples' futures, and therefore it is absolutely vital that service providers conduct themselves fairly.

Since the last report into consumer perceptions of fairness was commissioned in 2005, the national and global economic landscape has shifted dramatically. The last report completed during a period of high economic optimism and strong growth rates, marked by historically high levels of employment, low inflation and rising house prices. In contrast, recent economic history has been far from stable and has seen attitudes towards the economy change a great deal. For example, the Northern Rock crisis of 2007, turmoil in the financial markets in late 2008, and the recapitalisation of several high street banks by the UK government, have all affected consumer perceptions of financial institutions.

These recent events have also had an effect on how people perceive financial institutions. Whilst it does not seem to have radically altered views of what is fair or unfair, participants in the research reported that they now feel financial institutions are even less fair than they were in the past. This is in part due to consumers' own experiences: the perceived lack of face-to-face contact with staff, reduced flexibility and personal service, and the decline of the role of the "traditional bank manager". However, it is also based on the broader image of the sector in the wake of the financial crisis.

7. Differences in fairness within the financial services sector

Summary: Differences in fairness within the financial services sector

- All financial products and providers have potential to be considered unfair by consumers
- However, products and providers can be placed on spectrum of fairness
- The fairer end of the spectrum is characterised by simple and easy to understand products whilst the less fair end is characterised by complex products, hidden small print and disproportionate charges
- Savings accounts were considered the most fair, perceived as uncomplicated products requiring minimal engagement
- Current accounts, credit and store cards and insurance products were considered least fair. Current accounts and credit and store cards were criticised for additional or unfair costs to consumers i.e. disproportionate overdraft charges and excessive interest rates. Insurance products were criticised for hidden small print and not fulfilling expectations when consumers try to make a claim

In addition to exploring perceptions of fairness across the financial services sector as a whole, this research also sought to understand how these perceptions varied across the different types of products or providers within the financial services sector. It is important to note that this was not a major focus of the research and we did not probe on an exhaustive list of both products and providers. Rather it was a participant led discussion on what parts of the sector (both products and providers) stood out as being either fair or unfair and why.

It was apparent in discussion that, in general, products and providers were regarded as synonymous by participants, for example no distinction was made between insurance products and insurance providers, and discussion tended to be product rather than provider focussed. Many examples given by participants of unfairness in financial services centred on current accounts, insurance and credit and store cards. The reasons for this will be discussed in detail below but it should be noted that whilst these products may be perceived as less fair, the frequency with which these product types are utilised or accessed in comparison to some of the others may have contributed to participants' perceptions. Furthermore, there was some feeling that fairness can vary not only between product

types but also within product types, with polar examples of fairness given for the same product or type by different groups of participants.

Case study 8: Two different experiences with current accounts

Unfair experience: One participant's mother reported that her card had been cloned at the counter of her bank. In her statement a month later she noticed that money had been withdrawn for five continuous days, she had gone into her overdraft and incurred overdraft charges. In total she had lost nearly £1,000 and she is still waiting to hear from the fraud department.

"All because when she reported this card, whatever happened behind the counter obviously didn't go from there to head office or the fraud department or whatever and the stressed it's caused it's dreadful and it's still ongoing."

Male, Expert, London

Fair experience: A second participant who had experienced a cloned card was contacted by her bank to check that it was her buying a \$2,000 coat in Melbourne. The participant was subsequently sent a follow-up letter saying that she might see money taken out of her account but not to worry as this is what normally happens with a cloned card.

'I've had two cloned and one of them tried to buy something in Australia and the bank rang me at 3 am in the morning and said, "are you trying to buy a \$2,000 coat in Melbourne?" "No, you're talking to me."

Female, Expert, London

In general, the different products could be placed on a spectrum of fairness within the financial services sector, although most products have the potential to be considered unfair by consumers. The fairer end of the spectrum tended to be characterised by products that were considered simple and easy to understand such as savings accounts. In contrast, the unfair end tended to be characterised by products that were considered complex, had hidden small print, and incurred 'excessive' financial penalties such as credit and store cards, current accounts and insurance. These general principles were consistent across consumer types: gender, age, socio-economic status and levels of financial capability.

'It looks like the more complex the proposition is, the lower the perception of fairness.'

Male, Expert, Birmingham

7.1 Savings accounts: towards the fairer end of the spectrum

Savings accounts were considered relatively fair by participants based on their understanding of how they work. They perceived them to be relatively straightforward products, with one key easy to understand element, i.e. the interest rate, which determines the performance of the product. They are also easy to administer, requiring minimal engagement and few transactions. They are also seen to reward positive behaviour, through earning interest, or, as one participant put it, “getting money for nothing”.

Very few examples were raised in which participants felt that had been treated unfairly with regard to a savings account. One cited experience was for an ISA whereby the interest rate had dropped after one year without the holder being notified. Indeed, interest rate changes at short notice or without explicit notification were the only criticisms levied at savings accounts. A participant did mention that it was in the banks interest to set a minimum deposit for savings accounts, but also felt that consumers benefited from this policy as it encouraged saving.

“I think it’s the without notifying which is the really unfair bit. It will be in the terms and condition but it will be that small and it will be somewhere on page 90.”

Male, Expert, Birmingham

7.2 Pensions, investments, mortgages: towards the unfair end of the spectrum

These products generated less discussion than products such as current accounts and insurance, perhaps partly because individuals have less experience or proximity to them. However, all the products were deemed to involve a degree of unfair practices.

Pensions and investments are regarded as relatively complex products, which means that consumers are vulnerable to providers taking advantage of their lack of understanding. A participant raised the example of his IFA recommending an investment but not emphasising the risks or terms sufficiently, which meant he was unexpectedly tied-in to the investment and was penalised for taking his money out. Whilst participants did acknowledge that it was good practice for consumers to learn about products and question service providers to ensure they are being treated fairly, with more complex products participants did not feel it was enough for the risks or terms just to be mentioned. They

felt these needed to be emphasised to the individual to ensure a comprehensive understanding of the product being purchased. This requirement is also important for mortgages and loans where there are often strict terms and penalties associated with repayment. There is also the assumption that suppliers will provide an accurate picture of the way a product works, and that it will 'do what it says on the tin' i.e. it will operate in the way it has been described to them.

Case study 9: Importance of ensuring risks and terms are understood

A participant is recommended a loan by his bank manager. Whilst explaining the loan to him, he felt she skimmed over the risks and terms and he signed for the loan. However, his circumstances changed and he had trouble paying back the loan and the interest charges on top. He tried calling his bank manager many times to discuss the loan but she has not called him back. This example of unfairness was further compounded by the fact that the participant viewed his bank manager as a person of trust with whom he had a relationship.

'She basically skimmed over the nasty areas, she completely skimmed over it. I had so much trust in her because we had a relationship but for me it was always sales, she was always trying to sell me stuff and she skimmed over anything that I should have really been listening to and there I was signing on the dotted line.'

Male, Mass Market, London

7.3 Current accounts, insurance and credit and store cards: the unfair end of the spectrum

Current accounts and insurance products were the most commonly cited in examples where participants felt they had been unfairly treated. Although less frequently cited, credit and store cards were also felt to be particularly unfair in terms of the 'excessive' interest rates they charge. The prevailing criticisms for current accounts usually centred on additional and unfair costs to the consumer, such as 'disproportionate' or 'undeserved' overdraft charges. For insurance products, unfairness was generally associated with the product itself and the information provided about the product by the service provider. In particular, there was a strong feeling that companies' default position was not to pay out for a claim. These products were united by the fact that they are generally considered a necessity (with the exception of store cards), and as a result, are the most commonly held products which would also explain their frequent mention in the research.

It is worth noting that there were a few mentions by participants of being treated fairly both by insurance companies and current accounts. For current accounts, there were examples of rescinding

overdraft charges that were deemed disproportionate or undeserved. For insurance companies, examples most often included a simple and timely claims process followed by prompt payment for a claim. It was also deemed fair, or even above expectation, when an insurance policy exchanged 'new for old'.

Current accounts

Many participants related experiences in which they incurred overdraft charges that they felt were disproportionate to the amount they were overdrawn. Examples included being 8 pence overdrawn and incurring a £60 charge. The perceived unfairness was not just about the punishment not befitting the crime, but also the lack of flexibility and freedom for customers to appeal against the charges. This lack of flexibility to appeal had even greater impact in situations where participants felt that being overdrawn was out of their control or directly the fault of the bank. In these instances, the feeling that they were being treated unfairly was stronger, and centred more on banks refusing to accept responsibility and/or rescind the charges. Such examples included banks not cancelling direct debits when asked or timings of credits and debits to participants' accounts resulting in unexpectedly being overdrawn. The overriding feeling was that individual circumstances should be taken into account and discretion used when a bank applies an overdraft charge in terms of the amount of the charge and whether it should be waived.

The main contributory factors to the perception of unfairness of overdraft charges were:

- A suspicion that they were excessive in the context of administrative fees;
- A sense that banks already make a huge profit on their customers' money and shouldn't need to impose charges;
- The practice of extending overdraft limits without prior consent or notifying the customer.

'I said I know I've got a payment coming out of my bank account, so let me put the money in from another one of my accounts to cover it...I got the numbers wrong and it was short by 8 pence. Short by 8 pence, and the following month I got charged £60. How does this work out with 8 pence!? And they were like "the transaction that came through was for £250", and I'm like "yeah, you covered 8 pence of that £250!"'

Male, Mass Market, London

Packaged current accounts (current account 'plus') were also subject to criticism. Whilst these types of account may offer the simplicity of packaged benefits, some participants felt it was unfair

that the individual components of the package fell short of comparative products available through other providers e.g. mobile phone insurance cover.

Insurance products

Participants had wide-ranging experiences where they felt they had been treated unfairly by insurance companies. The consistent themes were perceptions that insurance companies used loop holes and small print to avoid or delay paying out for claims, and that premium rates were irregular. In terms of making insurance claims, the complexity of the product, the terms and conditions, and the lack of knowledge regarding consumer rights, all contribute to the perceptions of unfairness. Consumers purchase insurance with the expectation that they will be covered in the event of damage, an accident, theft etc. When this expectation is not met by the insurance company it is perceived to be unfair, even if the detail is in the small print. Participants felt that there is often a lack of clarity in the terms and conditions which are used by insurance companies to avoid honouring claims. It was considered very important that the key conditions are explicitly mentioned at the point of sale, so that consumers do not purchase products which fail to deliver the coverage they expect.

A related issue is the lack of clarity and transparency around who is actually providing the insurance. A point of real concern was that it is not always clear whether the person selling the insurance is an insurance provider or an insurance broker. This can lead to confusion when an issue with the policy or a claim arises, with consumers feeling uncertain who has responsibility for the policy. It is also considered to be indicative of a more widespread lack of transparency and complexity across the industry.

In terms of premium rates, insurance companies are seen by participants to have incoherent and inconsistent prices. For example, charging higher rates for insuring vans versus cars, or increasing rates if the consumer moves to a 'riskier' area, are deemed unfair. Also, offering variable rates to new customers is considered unfair by some. These suggest that fairness for insurance products should be based on consistent and transparent pricing. However, participants also express a desire for rewarding loyalty and taking individual circumstances into account, as well as a competitive market environment. This apparent contradiction is not exclusive to insurance products and providers but is a theme that has recurred throughout the research and in this report.

Where claims are met, it is also important that this is done in a timely manner and at a high standard. Participants thought they had been unfairly treated when their insurance company had 'dragged its feet' in making a payment or provided a substandard repair service. The context is also a compounding factor, in that customers are likely to be more sensitive to their treatment because it is often a vulnerable time.

'The nature of insurance is you've had something bad happen to you anyway to begin with so it's going to irritate you if they are not cooperating.'

Male, Low Capability, Birmingham

Credit and store cards

In the case of credit and store cards, the type of end consumer had a significant impact on the perceptions of fairness. These cards were felt to be irresponsibly sold to those who could not afford them, particularly young customers (store cards), and although participants recognised consumers had the choice, providers were acting unfairly if they didn't appreciate the circumstances of the individual. It was also felt that these cards levied excessive interest rates that further disadvantaged those on low incomes. As with overdrafts on current accounts, the practice of automatically extending credit card limits without the consent or notification of the holder was considered unfair.

8. Fairness through the different stages of the customer journey

Summary: Fairness through the different stages of the customer journey

- Fairness was explored at four specific stages in the customer journey: marketing and advertising, point of sale, post-sale, errors and breaches of agreement
- Marketing / advertising are accepted within in financial services but certain tenets should be upheld, most notably the process should be transparent and consumer focused i.e. products or services marketed must be suitable for the individual consumer
- At the point of sale, issues around rewarding loyalty versus encouraging competition (particularly in terms of pricing products) were discussed with the predominate view that rewarding the loyalty of existing customers is most important
- In terms of post-sale, it is important that providers ensure consumers are fully informed about the nature of a product upfront and about any changes to products over their lifespan. Consumers have a responsibility to become informed before making decisions about products
- To minimise errors, consumers were felt to have responsibility in ensuring products bought reflected their requirements e.g. by checking accompanying documentation, however providers also have responsibility to ensure documentation is simple and understandable to consumers of all levels of sophistication, and to deal with any errors or breaches of agreement that arise promptly, courteously and proactively

Based on the literature review, the research took an approach to exploring fairness in detail which tracked the various stages of the customer journey in financial services: marketing and communications, the sales process, post-sales, and the resolution of any problems or complaint. Scenarios were also used to tease out views on fairness, with particular attention paid to 'grey areas' - issues which participants found difficult to judge either fair or unfair. Seven scenarios were developed to get participants to think about these stages in detail, especially any 'grey' areas. Participants also contributed their own examples in the course of discussion.

The customer journey provides a very useful framework for thinking about fairness in the financial services sector, enabling us to explore in detail consumer opinions on the various processes and procedures in the purchase process. However, as we have suggested elsewhere in this report, the

research findings consistently demonstrate that consumers tend to view the subject of fairness holistically. Views around this subject are rarely formed from a single aspect of the purchase process, and therefore it is important to bear in mind that what counts as fairness is more frequently affected by the entire customer journey. It is equally important to remember that the customer journey in the financial services sector differs to the more straightforward and linear pathway generally associated with the retail sector, with consumers often having purchased complicated and long term products such as loans or mortgages. Such protracted and complex relationships also contribute to the need for a holistic perspective when considering fairness.

8.1 Marketing and advertising

Scenario 1: Advertising/Marketing

Maxine is 65 and lives alone.

- Maxine recently decided to take out a new credit card with a bank that was offering low interest rates.
- The bank wrote to Maxine asking her to call their credit card services number to validate the credit card that she had recently received.
- Maxine immediately called the bank to validate her card.
- During the telephone call, Maxine was told about other products the bank provided and asked whether she might be interested in them.
- Maxine said she had only called to validate her card.

Scenario 1 was designed to test attitudes to the cross-selling of products. It was generally felt to be fair practice, although it was suggested that this type of marketing can be somewhat irritating. It should also be noted that financial services companies are expected to engage in this sort of marketing, and the scenario was felt to be representative of communications with banks. However, participants set out a number of conditions to this scenario being fair, as well as detailing the more frustrating aspects.

The main causes of irritation are the fact that the consumer does not have a choice about being subjected to this kind of marketing. Maxine must call the bank to activate her card, and is therefore something of a captive audience. Some participants said that whilst they expected banks to engage in these techniques, they also felt it slightly impertinent given the circumstances of the phone call

outlined above. Further, since Maxine is paying for the phone call, it is slightly unfair to extend the call unnecessarily.

Despite these concerns, cross marketing sales techniques were generally felt to be fair, provided certain principles were maintained. First, since Maxine has made the phone call having followed the bank's instructions, it was argued that her card should be activated first, prior to any marketing. Second, the manner in which the call is conducted was felt to be important. It should not be a 'hard sell', and if the consumer is not interested in taking on any of the products their answer should be taken as final. Under no circumstances should Maxine be harassed or pressured during the call.

'We felt that as she was paying for the phone call to validate her card, that should have been the first thing that they did. They validate her card first, which is what she rang up for, and then say to her "is there anything else" and then she can say yes or no because she's got her card validated.'

Female, Expert, Birmingham

'Unless they keep hassling obviously, but they haven't been hassling. No force or coercion, just you know what to expect and that's the way it happens. I think it's part of normal life.'

Female, Mass Market, London

Third, the salesperson should not be marketing products that are unsuitable for Maxine, but should tailor the call to her particular set of needs. As we have demonstrated throughout this report, the marketing of unnecessary or unsuitable financial products and services is a powerful example of unfair practice, and this is a particularly pertinent issue in the sales and marketing stage of the customer journey (See also the following section on participants' views on Scenario 2). Fourth, the information provided by the sales executive should be accurate and they should be transparent about the products, such as providing explanations of the product and important terms and conditions. Fifth, Maxine's age and circumstances were mentioned as making her potentially vulnerable to sales and marketing. Participants felt it was vital that older people are not exploited, and that the salesperson should take into account her age when making the call. This suggests that fair behaviour is not necessarily the same across the board, and that the principles of fairness should take into account the consumer's personal situation.

'Well because I think that given her circumstances, the fact she lives by herself as well, she's got no-one... else there immediately to chat it through with. Also I think that they don't know whether or not she understands all of what they're talking about to her.... It sounds as if I'm being ageist and thinking that all old people are thick. I don't, because I'm one.'

Female, Expert, Birmingham

Scenario 2: Advertising/marketing

- Anna works as a salesperson for a well known high street bank.
- The head of Anna's sales team calls a meeting with the sales staff.
- Anna and her colleagues are told that they will be paid commission if they persuade a customer to switch from their current bank account to an account with added benefits that charges the customer a monthly fee.
- Like the rest of her colleagues, Anna is keen to earn the commission.
- During her sales calls she tries to encourage customers to switch to the bank account with a monthly fee without necessarily considering whether it is the most suitable option for the individual she is speaking to.

Scenario 2 was also designed to investigate participants' views on the sales and marketing of financial services. In contrast to Scenario 1, Scenario 2 was considered to be very unfair by consumers. It exemplifies a number of the key concerns participants had about sales and marketing across the sector, including the marketing of inappropriate products, aggressive sales tactics, and the 'hidden agendas' of sales teams. These tactics can seriously undermine trust in the sector. It is important to note that participants did not blame the sales team, but the management of the banks for imposing the system on their staff.

The most unfair aspect of the scenario is arguably the fact that the salesperson is receiving commission for selling a particular product, whilst the consumer is likely to be under the impression that they are receiving balanced and impartial advice. Such sales tactics reinforce the sense that financial service providers are not always open and transparent, instead operating with various hidden agendas which are inherently unfair to the consumers. This is particularly important because consumer knowledge of the products is often low and financial products can be very complicated. Further, the distinctions between sales and advice, and salespeople and advisors, may be considered somewhat vague. Participants were particularly critical of the scenario because they felt the consumers in this scenario would expect impartial, balanced and fair advice, and that it was therefore misleading for Anna to 'sell' a particular product.

'(It's unfair) to the customer because she's got a hidden agenda, obviously, she's getting paid commission.'

Female, Mass Market, Edinburgh

As consumer perspectives on Scenario 1 (and previous chapters) suggest, treating customers as individuals is also seen as an important principle of fairness. Whilst many participants accepted that commission can be fair, they also felt that gaining commission for one particular product would most likely lead to that product being marketed and sold over and above more suitable products. The salesperson was unlikely to have the consumer's best interests at heart since the primary motivation for the salesperson is likely to be the commission.

Scenario 2 on the other hand was felt to be very unfair as it was perceived that structuring the commission this way would lead to high pressure sales tactics that failed to take into account the customer's personal circumstances. It is important to note that participants did not see the situation as being Anna's fault; in fact a number of people said they felt the scenario was equally unfair to her as an employee. In addition, it was not that participants were averse to payment of commission per se; however they felt that it should take other factors into account such as providing excellent service to existing customers.

'They're not looking at the needs and suitability of the customer who's invested in your bank; it's all about the gain of the bank and the individual (salesperson).'

Female, Expert, London

8.2 Point of sale

Scenario 3: Point of sale

Person 1: David is 50 years old; he's got several properties and is just about to buy another house.

- David researches on the internet looking at different providers for the best interest rate for his mortgage.
- He finds one bank in particular that is offering low rates for new customers.
- David contacts the bank and secures the best deal for his mortgage.

Person 2: Lisa is 29 and just about to buy her first house.

- Lisa doesn't know anything about mortgages and so books an appointment to talk a mortgage advisor at her bank.
- The mortgage advisor shows her a range of options and Lisa decides to go for the one with the lowest interest rate.
- However, the interest rate is not as low as David's who has just bought his mortgage through Lisa's bank.
- The interest rate on David's mortgage is only open to new customers.

Scenario 4: Point of sale

- In the last few years, Dean and Matt both made a couple of minor claims on their household insurance.
- As a consequence, the premium that Dean and Matt have to pay for their policies has increased.
- In order to avoid paying the increased premium, Dean decides to cancel his policy and look for a new provider.
- Whilst searching for the best policy, Dean re-contacts the company where he has recently cancelled his policy.
- He finds that they are willing to overlook his previous claims and offer him lower premiums as he is joining as a new customer.
- Matt, however, did not cancel his policy and now pays a higher premium than Dean despite making similar claims in previous years.

Scenarios 3 and 4 dealt with the point of sale and, in particular, differential pricing for new and existing customers. The two scenarios provoked discussion around a number of similar issues, and are analysed together in the following paragraphs.

Overall, participants were divided over the implications for fairness for the two scenarios, and did not reach a broad consensus on the issue. On the one hand, a number of participants felt strongly that the scenarios were unfair because in both cases customer loyalty was not rewarded. Those who argued this felt that the existing customer lost out simply by virtue of being an existing customer. The unfairness here results from the fact that existing customers are already seen to be making money for their financial service providers, and should not therefore be penalised. In scenario 3, for example, it was argued that Lisa should not pay a higher interest rate simply because she currently uses the bank for other services. Interestingly, in other discussions about customer loyalty, some participants went further by suggesting that loyal customers should be the ones who are rewarded, in much the same way as loyalty cards function in the retail sector.

'You get nothing back for loyalty. You can go and search the banks and get something elsewhere, she didn't know she could do that and, yes, if she'd been with the bank nine years, tens years or whatever, she gets nothing for her loyalty.'

Male, Expert, Birmingham

'Lisa is an existing customer but she's paying more, they're giving him a sweetener to lure his business in whereas her loyalty isn't being rewarded, she'd being taken for granted.'

Male, Low Capability, London

Those who felt the scenarios unfair also cited the imbalance in knowledge and experience between the two consumers in Scenario 3. Lisa is inexperienced and has very low knowledge about mortgages. She is purchasing her first home, and therefore is potentially more vulnerable than David, who is 50 years old and owns several properties. It was felt by a number of participants that it was unfair for Lisa's bank to exploit her naivety resulting in her paying a higher rate of interest. Once again, the complexity of many financial products was used to demonstrate the relative imbalance of knowledge and power in the sector. There were also concerns raised because Lisa appears to be less wealthy than David, and many participants felt that the current practices in the financial services sector tend to favour the wealthy over the less well off. This is seen as inherently unfair because those who are less well off are more likely to need accurate advice and more likely to benefit from better rates than the wealthy.

A number of participants disagreed with this interpretation of the two scenarios, arguing instead that the scenarios were generally fair, and simply reflective of the current (accepted) situation. For these participants the scenarios were seen to represent important aspects of fairness: competition and choice. Competition is seen by some consumers as conducive to fairness across a range of sectors, because it is seen to drive down prices and can lead to improved customer services, as rival companies battle for new customers. One of the key criticisms of the financial services sector is that it is much less competitive than retail, and offering new customers preferential rates was seen by a number of participants to be driving an increasingly competitive market similar to the retail sector. Further, greater choice can benefit consumers as they have the option to select cheaper services, such as online options.

'... you have to be a bit savvy about this and you have to know. Because everyone has been bitten so many times in the past and this is the tough way that you learn... obviously Matt didn't argue the toss on this one and you have to try your luck now. I think if consumers get a bit wiser and say something then it's fair for everyone, because the option is there.'

Male, Mass Market, London

It was also argued that a more competitive marketplace puts some responsibility on the consumer to seek out the best deals, just as one might when selecting which supermarket to use. In the scenario, Lisa does not shop around or investigate other alternatives, and some participants argued that she would have been more likely to find a better deal had she done further research. In contrast, David is more proactive in seeking out the best deal, and it was considered fair that he be rewarded for his efforts.

'It's just like your car insurance. You always shop around for your car insurance, you don't just sit where you are because you end up losing money. So you do the same if you're wanting to get a loan or a mortgage, you shop about.'

Male, Low Capability, Edinburgh

8.3 Post-sale

Scenarios 5 and 6 were designed to get participants to consider the post-sale period. The two scenarios were targeted at different aspects of the post-sale period, with Scenario 5 focussed on the 'soft' side - customer care and communications - and Scenario 6 focussed on the issue of risk and reward in financial products.

Scenario 5: Post-sale

- Jack is 35 and is married with two children.
- Four years ago Jack decided to take out a savings bond with his bank.
- The savings bond was for a fixed term of two years and matured in 2008.
- The bank informed Jack that the bond had matured and that his money would be switched into a default account unless he instructed them otherwise.
- Jack did not contact the bank and his money was switched into the default account.
- A year later Jack was surprised to see the interest he received on this account was lower than for his other accounts.
- He contacted the bank to investigate.

- The bank responded to say that it was standard policy to switch matured savings bonds into the account providing the lowest return unless instructed otherwise.

Overall, Jack's situation outlined in Scenario 5 was felt to be technically fair, although not a particularly good example of strong customer services. Most participants felt it to be acceptable as Jack had been informed by the bank that his bond had matured, but had not taken the trouble to re-contact the bank. This was seen as somewhat remiss of him, since he should take responsibility for his finances. In particular, participants felt that Jack should have checked the bond more frequently. As we have suggested elsewhere in this report, consumers do believe that they themselves should take responsibility for their own financial affairs, including reading and acting on communications received from service providers.

'He was contacted and he hasn't bothered to look into it has he? If you don't look into it, then it's up to you to do that isn't it? They can only do so much.'

Female, Low Capability, Birmingham

'I don't see anything wrong with this at all. He was told, it was a fixed term bond for two years, maturity 2008, the bank informed Jack the bond had matured and his money would be switched...'

Male, Expert, London

Despite the overall feeling that the scenario was technically fair, a number of participants were somewhat critical of the bank's actions, arguing that they did not represent good customer service. Whilst it was generally accepted that the bank was justified to move the money to the lowest interest account, since Jack had been informed and had chosen not to act, some participants argued that the bank was making money out of Jack's inertia. It was also suggested that the bank could have tried to contact him more frequently displaying an effort to ensure he was fully aware of the situation. This was considered an example of an area in which a company's customer service could go further, particularly if any changes in the product were necessary. As previously mentioned, there was strong support across the groups for more face-to-face contact, and it was suggested that situations such as this are often best avoided by direct communications, rather than telephone or letter.

'Or send a reminder then send like a final reminder and even something for them to sign and send back just to say they've even got the letter.'

Female, Low Capability, Edinburgh

'I've been guilty of that where I've got these letters, I had money in something and I saw all this paperwork and thought "oh my goodness" and it was quite unclear to me what was going on, so I put it aside and then it happened, oh why didn't I get a personalised phone call to say, are you aware? Did you get your pack? ...then I would have dealt with it, instead of being inundated with all this paperwork and gone "oh my god.'

Male, Expert, London

Scenario 6: Post-sale

- Lewis is 52 years old, married with children.
- About 8 years ago, Lewis wanted the opportunity to make higher gains on some money he had saved.
- He decided to invest his money on the stock market through an equity fund.
- Over the first 5 years, he made gains on his equity fund.
- In the last couple of years of poor economic performance, however, the value of Lewis' stocks have fallen and the fund is worth now less than it was two years ago.
- Explanation of equity fund (provided): A fund that invests in stocks. The objective of an equity fund is long-term growth through profits or gains resulting from investments.

Scenario 6 was designed to probe participants' views on the balance between risks and rewards in investment products. The scenario was not shown to low capability groups, but amongst the mass market and expert groups it was unanimously believed to be fair. The main reason it was perceived to be fair was that Lewis was well aware of the potential risks as well as the potential rewards inherent in the equity fund. Whilst there was some sympathy for Lewis, it was accepted that higher risks were a fair trade-off for higher rewards, and that consumers should be able to choose between various products whilst accepting responsibility for their decisions. Some participants also pointed out that Lewis had made good returns on his investment in previous years, so had already benefitted from higher savings rates.

'Yeah, they have to make money somehow, the stock market is a gamble and they have to make money, so he went in to it with open eyes. If you want to gamble you can gamble.'

Female, Mass Market, London

In order to maintain fairness, in these circumstances certain conditions ought to be maintained on the part of service providers. First, financial services companies should explain in full the situation around the various products including potential risks as well as rewards. Second, it was argued that financial service companies have a moral obligation to ensure such products are only sold to appropriate individuals, with companies taking into account potential issues such as age, ill-health financial capability and understanding.

'I think the responsibility does lie with him so long as it was properly explained to him at the beginning that it was a high risk strategy.'

Female, Expert, Birmingham

'I think the bank has got a moral responsibility. If somebody comes in to the bank who is illiterate then they wouldn't sell them a product like that.'

Male, Mass Market, Edinburgh

8.4 Errors and breaches of agreement

The final scenario we tested also focussed on the post-sale phase of the customer journey - errors and breaches of agreement.

Scenario 7: errors and breaches of agreement

- Lucy is 27 and shares a flat with friends.
- About 4 years ago, Lucy took out home contents insurance cover.
- She discussed her needs with the insurance provider which included away from home cover against loss or damage to valuables and personal belongings.
- Last month, Lucy lost her watch whilst shopping and called her insurance provider to make a claim.
- She was told that her policy did not include away from home cover against loss or damage to valuables and personal belongings.
- Lucy was surprised as she had specifically discussed having this when taking out the

insurance.

- Her provider informed her that when completing the application for she hadn't selected this additional option.
- Lucy had been unaware that she needed to do this and her provider had not flagged it at the time.

Scenario 7 proved to be a contentious scenario. Overall, both Lucy (the consumer) and the insurance company came in for criticism, with participants divided as to whether it was fair or unfair to the consumer. For a number of participants, ultimate responsibility was felt to be Lucy's, since she had not filled in the application correctly when purchasing the insurance in the first place. Several participants argued that although Lucy had discussed loss or damage to valuable personal items over the phone, it was not the job of the telephone operator to complete her form. As she was the one purchasing the insurance, she should have ensured that she had taken out the correct policy, particularly as it was felt that she would have had the chance to review a paper copy of the report. It was also mentioned that since the policy was four years old Lucy should have reviewed it at some point over this period.

'As long as you get the policy document to come through the post there's an element of responsibility that lies with her to check the policy document, especially with something like that, even if you're going to skim through it you should make sure it's on there anyway.'

Male, Mass Market, London

However, other participants argued that more blame could be attributed to the insurance provider. Since Lucy had specifically mentioned getting cover on these sorts of items, the telephone operator should have made sure she filled in the form correctly. Further, it was noted that the completion of forms and contracts online or over the phone could potentially create such problems, and therefore companies could do more to ensure consumers purchase the correct products, for example, by reviewing the purchased policy and checking against records of the phone call.

'If you were dealing with one person all the time this probably wouldn't happen because that person would know what she's specifically gone in and asked for. But although she signed it without ticking the box that said "I want away from home cover", it's partly still their fault because they should have known what, if she's gone in and asked for it specifically then they should have said "Well hold on you've signed that and you haven't ticked what you asked for".'

Male, Low Capability, Birmingham

Other issues also arose from the discussion of errors and breaches of agreements, which have been discussed previously in this report. In particular, participants felt it vital that problems and complaints are dealt with quickly and courteously, without the need for consumers to chase service providers. A large number of the examples of unfairness provided by participants illustrated situations in which redress had been a long, slow, and frustrating process. Participants also felt very strongly that in situations in which service providers were at fault, apologies, refunds, and compensation should be provided quickly, and should be commensurate with the error.

'You feel that you're not being listened to and that is the frustrating thing and you've got to battle on and on and on to get what's right.'

Female, Expert, London

Scenario 7 depicted a grey area in terms of treating customers fairly, and there was a view that fault could lie both with the insurance company and with Lucy. It was also a scenario that was perceived to be increasingly common as more agreements are initially populated online or over the phone. On consideration, it was felt that since the final contract would have been sent to Lucy for her to check and approve, the buck ultimately stopped with her. It was also noted that the initial policy was taken out 4 years ago and therefore some participants felt she should have more actively checked and updated the policy anyway.

9. 2005 principles revisited and updated for 2010

Summary: 2005 principles revisited and updated for 2010

- Key to treating customers fairly is a good relationship between consumer and provider that incorporates the 'nuts and bolts' of products as well as the softer, communication elements
- The 2005 principles of fairness are still compelling for consumers but the prevailing feeling is that these principles have not been upheld over the last 5 years and, if anything, fairness has declined in the financial services sector
- Additional principles uncovered in this research include: transparency of information, responsible marketing and sales, fair pricing and ongoing customer care

The final stages of the focus groups, and a large proportion of the reconvened online focus groups, were aimed at participants developing their own definition of 'treating customers fairly', and their own key principles of fairness.

Participants found it hard to distil their concept of fairness down into a single definition. Instead they tended to find it easier to highlight some key types of behaviour which they felt were encompassed by the term 'treating customers fairly'. This highlights that there is not a single definition of fairness as, in the minds of consumers, the subject of fairness covers a wide range of issues pertaining to price, products, advertising, sales, and customer service.

The findings demonstrate repeatedly that the most important factor that affects consumer perceptions of fairness is the maintenance of a good relationship between the customer and the service provider. A good relationship is made up of a broad range of aspects including not only the 'nuts and bolts' principles such as honest sales techniques, transparent pricing¹, and the quick resolution of queries or mistakes, but also the softer elements of treating consumers as individuals, providing easy and convenient access, and proactive communications to keep customers up-to-date. It is the consideration of these softer elements that meant examples of fairness provided by consumers were often situations in which businesses had exceeded the customer's expectations and provided excellent service. With this in mind we have sought to produce a set of principles designed to ensure a fair relationship between consumers and businesses is retained.

¹ It is worth noting that whilst fair and transparent pricing was critical for consumers when considering fairness in financial services, they did not talk in terms of value for money, as was anticipated in this research. This topic may be better suited within a study which gets consumers to analyse the detail of specific product offerings, their associated price and (possible) performance

9.1 A brief review of the 2005 principles

In order to assess consumer perspectives on the principles set out in 2005, a series of three reconvened online focus groups was carried out.

The 2005 principles are:

- Give the customer what they have paid for. Ensure that the product provided is the one which the customer applied for; ensure that the customer's understanding of what they have purchased and the reality of the product they are being sold coincide.
- Do not take advantage of the customer. Avoiding 'pushy' sales tactics; not selling products which, through lack of understanding on the consumer's part, are either not what they need or are in some way inappropriate to their needs or expectations; not allowing the priorities of the provider to unduly influence the sale of a product.
- Offer the customer the best product you can. Both the initial sale and the ongoing customer relationship.
- Do your best to resolve mistakes as quickly as possible. Whether the mistake is the provider's or the customer's, every effort should be made to resolve it; greater willingness of the part of providers to acknowledge mistakes or errors and, where appropriate, to make recompense to the customer.
- Show flexibility, empathy and consideration in dealing with customers. Where customers have made 'honest' mistakes, a degree of discretion should be used and each situation judged separately; the provider should err on the side of generosity, giving the customer the benefit of the doubt.
- Exhibit clarity in all customer dealings. Terms and conditions should be as clear and easy to understand as possible; changes or new features should be spelt out and explained; messages should be consistent across all channels; and language which could potentially mislead should be avoided.

When presented with the 2005 principles participants were strongly in favour of them. However, they did not feel that they had been adhered to over the last five years, and there was a general view that these should have been more strictly enforced. It is important to note that many participants felt that levels of fairness in the sector had declined in recent years, a perspective which is supported by (but not exclusively the result of) the recent banking crisis. The effect of the

banking crisis has been to shift the context of fairness, rather than changing the principles that underlie fairness. Participants felt that the banking industry is somewhat indebted to UK consumers since the crisis and the bailout of banks by the government. This additional element in the relationships between financial services providers and consumers is seen to make unfair treatment even less fair and even less acceptable now.

Whilst the 2005 principles were well received by consumers, our research has revealed further areas of concern. Because it was felt that these principles had not been applied effectively across the financial services sector, each of our principles is more concise and more focussed on action rather than the explanation and analysis (detailed in the 'Findings' section of the report).

9.2 2010 principles

From the feedback the participants provided throughout the focus groups we have developed the following principles which together provide a full picture of what fairness means.

Transparency of information - ensure that products are understandable to customers, and that customers have a full and realistic understanding of products before they purchase them. Highlight potential downsides and trade-offs involved with the product obvious to customers e.g. exclusions, risks, charges. Potential implications should also be highlighted to customers, particularly where there is a risk of customers losing money. The customers' responsibilities in signing up for products should be explained clearly.

Responsible marketing and sales - the sales process should be tailored to the needs of individual customers. They should be offered products which are most suitable to their needs and circumstances and are in their best interest. Advice should be provided in a way which matches their preferences (i.e. by their preferred channel) and their capabilities (i.e. spending sufficient time to explain products). Approaches should be low pressure in nature to ensure customers do not feel obligated or compelled to take a product. Particular care should be taken with vulnerable customers to ensure they are not sold a product which is not in their best interest.

Fair pricing - all aspects of pricing should be made clear to customers. Costs to customers should be reflective of costs incurred by providers, they should not aim to make excessive profits or have penalty charges which are out of proportion with the infraction. Providers should aim to balance the need for a competitive market with the need to reward the loyalty of existing customers.

Good ongoing customer care - providers should aim to treat customers as individuals, communicating by the channel and using the language most suitable to them. Queries and complaints should be managed with empathy and understanding for the customer, and should be

resolved quickly with the minimum impact on the customer's time. Products should perform as described to customers at the point of sale. Where mistakes are made, they should be acknowledged and rectified immediately, with appropriate recompense (financial or otherwise) to the customer where necessary.

10. Further research

As with any program of research this has been limited to a particular scope and scale. However, throughout the process the potential benefit of additional forms of research have come to light.

10.1 Product focused deliberative research

Although this research captured top of mind distinctions between different types of financial products in terms of their perceived fairness, it examined products as raised by consumers, rather than probe fully on a list of different financial service products. This was appropriate given the time constraints of this research, however there is likely to be a wealth of rich information on the fairness of particular products, especially when challenging top of mind perceptions of the products with information on the way they work in reality.

A process of deliberative research would allow the FSA to gain a detailed picture of the public perceptions of the fairness of products based on a genuine understating of the way the products and the market operate. This would involve an extended research process including developing the knowledge of participants and their understanding of products and the market to allow them to provide a considered view on how fair they see them as.

10.2 Quantitative research

This research has mapped the territory of fairness and developed consumer led principles that underlie fairness, which suited a qualitative methodology. However the relatively small sample allows us to provide only a limited impression of the depth of feelings relating to the perceived fairness of financial services suppliers, or how these may have changed since the previous piece of work in 2005.

A quantitative survey would allow perceptions of fairness, based on the principles derived in this study, to be robustly measured. It would also allow the opportunity for differences between the views of different sub groups to be assessed with confidence. Repeating this survey on an annual or biennially would allow these perceptions to be tracked over time and for the impacts of interventions by the FSA and/or the market to be assessed.

11. Appendix - Literature review

1. About the project

This literature review forms part of a wider research project to understand what consumers perceive to be “fair” in the context of financial services. Given that almost all definitions of fairness as a broad concept acknowledge the term to be subjective and dependent upon context, it is very hard to find any generalised definition of what constitutes fairness. That is not to say, however, that there is not scope within a sector such as financial services to formulate a specific set of principles to determine whether or not something is fair. The primary research element of this study will explore what consumers understand to be fair in the context of financial services with a view to establishing what that set of principles might be as far as the general public is concerned.

2. About this review

This initial rapid literature review is intended to meet two basic aims:

- To offer a broad-brush picture of consumer perceptions of fairness as far as this can be interpreted from existing sources in order to inform the research project going forward.
- To establish what research or engagement has already taken place to investigate consumer perceptions of fairness and whether there are any important gaps.

In particular, the review will look for evidence and data around the following key questions:

1. What issues do consumers believe are pertinent to any definition of fairness? (e.g. trust, customer service, value for money?)
2. How does fairness vary between consumer sectors?
3. What do consumers believe to be fair/unfair in their consumption of financial services in particular? (and how does this vary between different transactions, products, channels etc.)

3. Scope

This literature review focuses on what can be termed the “immediate public domain” - that is, the information which is available to both consumers and businesses without the need for academic research, specialist publications or subscription-only websites. Due to the rapid nature of the project, analysis has been largely focused on online sources, where the majority of financial service providers, consumer organisations, regulatory bodies and advisory bodies are represented, as well as a sample of views of individual consumers.

It should also be noted that for the purposes of this review, “fairness” has been considered primarily in the light of the provider/consumer relationship, rather than as it relates to the financial services sector in general. In the period following the global financial crisis there has been

vigorous debate around issues such as bonuses, a possible “Robin Hood” tax on financial transactions and the obligations of banks bailed out by the government, all of which raise issues relating to fairness. No doubt these matters will have had an impact on how consumers perceive financial institutions, and this is acknowledged below to a certain degree. However, consumer perceptions of these specific issues do not form a substantial part of this literature review.

4. Methodology

For the reasons given above, internet research formed the backbone of this literature review, and our approach consisted of two strands:

1. Keyword searches using the search engine Google.
2. Supplementary in-site searches of the following, focusing on the remaining gaps in the literature:
 - Think tanks such as Demos, IPPR, Smith Institute, Fabian Society, Policy Exchange
 - Consumer organisations such as Which?, Consumer Focus
 - Pollsters such as YouGov, ICM, Populus

Google Searches

Given the tight timeframe of the literature review strict parameters were agreed upon prior to commencing the review. It was also decided in advance that we would limit our research to material published in the UK since 2000, and items that appeared on the first 3 pages of results from each search (with each page displaying 10 results).

An initial search for “financial services” + “fairness” formed the starting point of the review, followed by searches for “financial services” and other related terms such as “trust”, “loyalty” and “justice”.

To understand fairness in relation to different commercial sectors we then carried out searches for “fairness” in relation to other sectors including “telecoms”, “energy companies”, “supermarkets”, and “retailers”. Finally the search term “fairness” was combined with terms for specific financial products/services such as “mortgages”, “banks”, “consumer credit” and “credit cards”.

Other key websites

Most think-tanks, consumer groups and polling companies have a searchable archive of research findings and other publications available to the public online, and sources such as these formed an invaluable part of the literature review process. Sources consulted included a number of reports (or sometimes sample reports), raw data, thought-pieces, responses to particular consultation documents and open letters.

Analysis

Throughout the literature review process, relevant material from websites and downloaded publications was organised in a grid format to enable systematic analysis of what proved to be a large volume of information. Findings were organised under headings relating to the specified

research questions and organised by different commercial sectors and financial services sectors. This made it possible to identify key themes in the existing literature more easily as well as gaps in the current knowledge.

5. Findings

The findings from this literature review are organised according to the four key questions set out in part 2 (above).

5.1 What defines fairness? What issues do consumers believe are pertinent to any definition of fairness?

Arguably one of the best ways to examine consumer perceptions of fairness is to look at the ongoing work done by well known consumer campaigning organisations such as Which? and Consumer Focus as ensuring a “fair deal” for consumers is an explicit *raison d’être* for both organisations. Which?’s research and campaigning tends to be focused on specific products or services, while Consumer Focus has conducted and made available some limited research about consumers and the issue of fairness in general:

Key research

Giving consumers the right of redress over Unfair Commercial Practices *(Harris Interactive, August 2009)²*

This survey, commissioned by Consumer Focus, explored the extent of consumer detriment due to unfair commercial practices. It found that 64% of respondents had experienced ‘misleading, dishonest or aggressive sales and marketing practices’ in the last 24 months, amounting to an estimated annual consumer detriment of £3.3 billion for consumers across the UK.

Some examples of the practices cited in the report are specifically banned, and do not require an objective definition of “fairness” to be identified as unfair (e.g. passing off fake goods as genuine, pyramid selling, refusing to leave a person’s house). However, other practices mentioned are indisputably “grey areas” where it might be difficult to determine the degree of fairness; for example, at what point does a marketing slogan become a “misleading statement”? The survey does not give a detailed definition for what it considers to be an unfair practice, instead asking respondents to self-identify, however its use of the definition “misleading, dishonest or aggressive” captures the essence of what Consumer Focus believes to be unfair.

The EC Unfair Commercial Practices Directive *2007*

² 1,867 people in England, Scotland and Wales responded to an online invitation to participate in the survey. Of this sample, 1,145 people qualified for the main interview by virtue of having experienced an unfair commercial practice.

The European Commission has issued a directive on Unfair Commercial Practices which is in force in the UK under the Consumer Protection from Unfair Trading Regulations 2008. It offers a valuable example of how consumer perceptions of “fairness” have been addressed in a regulatory context. Two defining criteria are used to identify an unfair commercial practice - a commercial practice is regarded as unfair - and prohibited - if it meets the following two, cumulative criteria:

1. The practice is contrary to the requirement of professional diligence Professional diligence is “the special skill and care which a trader may reasonably be expected to exercise, commensurate with honest market practices and/or general principle of good faith in the trader’s field of activity.”
2. The practice materially distorts or is likely to materially distort the average consumer’s economic behaviour The criterion “to materially distort the economic behaviour of consumers” means using a commercial practice to appreciably impair the consumer’s ability to make an informed decision, thereby causing the consumer to take a transactional decision that he would not have otherwise taken.

In addition to this general definition the Directive divides several sub-headings:

Misleading Practices (actions and omissions)

A commercial practice is misleading if it either:

- Contains false information and is therefore untruthful, or
- In any way, including overall presentation, deceives or is likely to deceive the average consumer, even if the information is correct and
- Causes or is likely to cause him to take a transactional decision that he would have otherwise not taken.

Misleading Omissions

Omissions refer to the fact that consumers need information to make informed choices. A trader must provide material information that the average consumer needs. It is misleading to:

- Omit material information that the average consumer needs, according to the context, to take an informed transactional decision;
- Hide or provide material information in an unclear, unintelligible, ambiguous or untimely manner;
- Fail to identify the commercial intent of the commercial practice if not already apparent from the context.

When assessing practices for omissions, the following aspects are taken into consideration:

- What counts is the effect of the commercial practice in its entirety, including the presentation; Information must be displayed clearly: obscure presentation is tantamount to an omission to inform.

Aggressive Commercial Practices

Regulating aggressive commercial practices is new at EU level. A practice is considered aggressive if the average consumer's freedom of choice or conduct is significantly impaired. The Directive contains a list of criteria to help determine whether a commercial practice uses harassment, coercion, including physical force, or undue influence.

“Undue influence” means “exploiting a position of power in relation to the consumer so as to apply pressure, even without using or threatening to use physical force, in a way which significantly limits the consumer’s ability to make an informed decision.”

The Black List

Certain commercial practices across Europe are banned outright under the Directive. To ensure that traders, marketing professionals and customers are clear about what is prohibited, a Black List of unfair practices has been drawn up. The commercial practices on the Black List are unfair in all circumstances and no case-by-case assessment against other provisions of the Directive is required (please see annexe 1 for a full list of blacklisted practices)

Key themes

Despite the lack of formal research around fairness, the issues that consumer organisations campaign on and how the EC considers consumer protection legislation can help to determine what things consumers regard as unfair, whether it is aggressive marketing, impenetrable blocks of ‘small print’, faulty goods, misleading advertising or poor customer service. A report on implementing a Treating Customers Fairly (TCF) policy by Tesco Banking notes that consumers are often much more sure of what they regard as unfair than they are of what fairness actually is. However, by looking at corollaries to many common consumer grievances it is possible to draw conclusions about what consumers perceive as “fair”, within which there are two identifiable strands:

Provision and price:
(*The 'nuts and bolts'*)

Does the product meet consumer expectations in terms of quality and functionality (i.e. does it “do what it says on the tin”)? Is it priced fairly (i.e. does the exchange bring mutual benefit to both the consumer and the provider?) Are the terms of the exchange made clear at the outset?

Communication and consumer care:
(*'Softer' considerations*)

Is information about the product clear and ingenuous and delivered in an open and timely manner? More broadly, what is the nature of the consumer/provider relationship? Does the provider have the consumer's best interests at heart? Concepts such as empathy, loyalty and flexibility come in here.

The state of current knowledge

There is an abundance of rhetoric, and indeed activity around protecting customers from unfair practices, including research around specific products and sectors to find out the causes of consumer detriment. However:

- Examples of specific research into fairness as a general concept are remarkably scarce.
- This may be explained by the fact that resources allocated for research tend to be linked to sector/product -specific campaigns.
- The most relevant studies (by Consumer Focus and the EC Unfair Commercial Practices Directive) are concerned with the impact of unfair practices, rather than the question of how to determine if something is fair.

5.2 How do consumer perceptions of fairness vary between consumer sectors?

Although there is no study available which specifically explores consumer perceptions of fairness across different sectors, it is relatively easy to find pieces of research or polls which compare perceptions of different sectors in other ways, such as how far they are trusted, how well they communicate, or how satisfied customers are. As we have seen in part 5.1, these are all factors which contribute to overall perceptions of fairness.

Key research

One particularly interesting piece of research currently available is another study commissioned by Consumer Focus:

Consumer Conditions Market Research Survey
(*IPSOS Mori, March/April 2009*)

Based on 5,862 telephone interviews, the survey was concerned with how different markets are perceived by consumers in terms of their transparency and in generating

consumer confidence. Consumers were asked to rate the markets in which they had recent transactional experience in terms of six Key Performance Indicators (KPIs):

1. The ease of comparing the quality of goods and services
2. The ease of comparing prices
3. The range of goods and services and the degree of choice available
4. The degree to which the good or service lived up to expectations
5. Confidence that consumers' rights were protected
6. Confidence that goods and services were being advertised and marketed in a trustworthy manner.

An overall Consumer Confidence Index score (CCI) was then calculated by taking an average of the mean scores consumers give to each market on each of the above six key performance indicators.³ NB. It should be noted that almost all of the KPIs listed above relate directly to the factors identified in Section 5.1 as being pertinent to determining fairness (covering both 'Provision and price' and 'Communication and customer care').

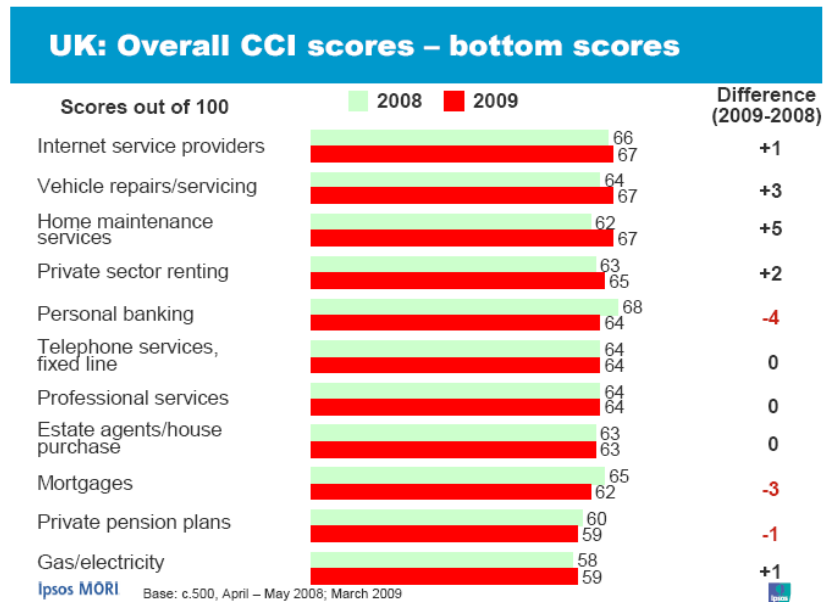
The survey found that consumer perceptions were partly a reflection of actual conditions in the marketplace, but were also likely to be influenced by the following three factors:

- Recent economic factors such as the credit crunch, changes and specific events in the marketplace, or a recent atypical experience.
- The nature and extent of recent publicity and media coverage.
- The types of markets covered - whether a market is associated more with a 'pleasurable' or 'painful' purchase or activity; or whether a market is complex or relatively uncomplicated, or whether it is a familiar 'everyday', or is more infrequent 'critical event' market.

The markets which scored highest overall tended to be at the 'pleasurable/retail therapy' end of the spectrum, with the 'TVs, DVD players and Mp3 players' market coming top followed by markets for items such as books, clothes, music and video games, newspapers and small domestic appliances.

The markets which scored lowest included those affected by the economic downturn or markets associated with rising prices or recent adverse publicity. They also included 'pain' markets, such as the kinds of markets which are engaged 'when things go wrong', or those which consumers might find complicated or difficult to understand. Clearly these are all factors which relate to the financial services sector. The following table ranks the lowest scoring markets, showing not only how poorly some financial services fared, but also how far their scores deteriorated by comparison with a similar survey conducted in 2008.

³ A total of 5,862 telephone interviews were conducted across the UK between 6th and 31st March, 2009. The interviews lasted 17 minutes on average and covered 4 or 5 markets each. This resulted in 22,836 evaluations in all - yielding a sample of at least 500 responses in each of the 45 markets.



‘The consumer landscape for financial services in post-crunch Britain’
(The Future Foundation, 2009) 4

This report, commissioned by think tank The Future Foundation, explored consumers’ changing levels of trust in various professions and industries. It found that declining levels of trust were recorded for most; perhaps unsurprisingly given recent economic events, banks experienced the worst decline in trust, whilst supermarkets fared relatively well. The report questioned whether this could be seen as a challenge to traditional financial service providers given the increasing range of financial services offered by supermarkets; however, it countered this by citing a previous piece of research it had conducted which showed that even at the apex of the financial crisis consumers still believed banks were a safer place to put their money than supermarkets.

‘Treating Customers Fairly: What is Fair in the Consumer’s Eye?’
(MINTEL, 2006)

Another study conducted by MINTEL in 2006, which is not publicly available in full, asked respondents who they considered to be ‘fair’ amongst professionals and organisations⁵. Doctors, teachers, charities, the police and supermarket were the top five fairest according to those surveyed, although banks and building societies ranked closely behind. Other financial service providers, however, received much lower ratings. For example, pension companies and investment managers received similar scores to traffic wardens

⁴ Base: 1,200 respondents aged 15+, UK

⁵ Professions included doctors, teachers, the police, charities, supermarkets, banks, building societies, trade unions, accountants, lawyers, financial advisers, insurance companies, travel agents, newspapers, television stations, traffic wardens, pension companies, estate agents, investment managers and politicians.

estate agents and politicians, and financial advisers and insurance companies were ranked only marginally higher.

Key Themes

Perceptions of fairness differ widely across different sectors, and this is influenced by a variety of factors. As some of the research mentioned above suggests, the nature of the product or service in question is central to consumer perceptions of fairness. Products associated with pleasure or those sectors which perform a public service tend to be regarded more positively than other sectors, and this is likely to influence perceptions of fairness.

Looking at the wider body of information available perceptions of different sectors, it is possible to identify particular factors in each case which influence whether a particular business or service provider is seen as “fair”:

Retailers:

For retailers the issues which appears to matter most to consumers are those relating to “communication and customer care”, and this is an area where supermarkets in particular are clearly performing well. Practices such as tailoring special offers to customers based on their purchasing habits, operating customer-friendly returns policies, and instilling a “customer-first” attitude throughout the workforce are all ways in which retailers are building positive and individualised relationships with their customers, and trying to demonstrate that they have their customers’ best interests at heart.

Utilities:

The main issue for utility companies, particularly energy suppliers, is pricing. Customers perceive gas and electricity providers to be very unfair due to rising energy costs and recent heavily publicised accusations that providers are failing to pass on recent falls in oil prices to the consumer. Provision receives far less criticism by comparison, since in most cases it does meet expectations, although any consumer who was unhappy with the quality of provision would undoubtedly feel a more acute sense of unfairness due to the amount they were being asked to pay.

Telecoms:

Consumer Focus conducted a recent report which suggested that the key issues for telephone and internet providers as far as fairness is concerned fall into several different categories. Provision can be an issue; for example, mobile providers who provide patchy or unreliable network coverage. However, poor customer care is also an area for concern, especially issues such as off-shore call centres, automated answering services and a lack of cooperation between different departments. In terms of pricing, consumers perceive that contracts tie customers in for too long a period and vary wildly in terms of what they include.

The state of current knowledge

- Research comparing different sectors is conducted on a relatively frequent basis by consumer groups, think-tanks and businesses.
- However this research offers only a patchy analysis of the issues which are pertinent to fairness; most do not address the issue of fairness explicitly, and those which do have not explored in depth what consumers understand by the term “fair”.
- There is therefore scope for more a more detailed and more specific examination of the issue of fairness across different sectors.

5.3 What do consumers believe to be fair/unfair in their consumption of financial services in particular? (and how does this vary between different transactions, products, channels etc.)

The issue of “fairness” has seen a significant rise up the agenda in financial services over the past decade, and more specifically there is widespread evidence of companies responding to and endeavouring to comply with the FSA’s guidelines on Treating Customers Fairly (TCF). However, whilst TCF pages on company websites offer insight into what companies believe to be fair, there is far less evidence of those companies engaging with consumers to find out what their understanding of the term might be. Indeed, some companies’ versions of the FSA’s six TCF ‘outcomes’ (see annex 1) bear such close resemblance to the original FSA wording that it seems unlikely that any consultation with consumers themselves has taken place. However, one notable exception did surface during the process of this review:

‘Creating value for customers to earn their lifetime loyalty.... By treating them fairly’
(Consensus on behalf of Tesco Bank, 2009)

This report describes the process of consultation and research which Tesco undertook as part of making TCF an integrated part of the business. Unlike many organisations, Tesco had clearly realised the importance of establishing what exactly its customers regarded as fair:

“From the outset it was clear to us that bolting-on a TCF exercise to an organisation with their own customer values in place for so long would not work. We needed to take a holistic view of Tesco Bank’s customers, its staff and its ethos”

Roger Ashworth, Head of Customer Insight - Brand & Customer Strategy, Tesco Bank

This realisation was the starting point for a full-scale research project consisting of the following:

- Qualitative research amongst Tesco Bank customers, structured according to the key dimensions of stage of journey⁶, product held and channel used, to understand what ‘fairness’ means across the Tesco Bank customer base.
- Following the qualitative stage, a survey was conducted, again structured by key customer dimensions, to benchmark Tesco Bank’s current TCF performance and to prioritise areas for improvement.
- Qualitative and quantitative staff research also took place with Tesco Bank staff to test awareness and understanding of TCF and to identify perceived barriers to its successful implementation.
- Alongside this research, exit interviews were conducted outside Tesco Bank’s first 6 Banking and Insurance Centres.

The consumer phase provided an opportunity to test the wording of Tesco’s version of the FSA’s “outcomes”, but it also enabled Tesco to find out what consumers believed constituted fairness - particularly in the context of different financial products and services.

For many, the concept of ‘fairness’ was abstract - it only made sense when contrasted with ‘unfair’. For some it was simply not having any cause to complain, for others it was the product ‘doing what it says on the tin’.

The survey found that definitions of fairness, and the terms in which it was described, varied from product to product and depended on what stage the respondent was at in the customer journey.

Customer Impact Survey

The Association of British Insurers (ABI), 2009

The Customer Impact Scheme was launched in March 2006 with the objective of improving outcomes for customers of the UK’s life, pensions and investment industry. It was designed specifically to complement the FSA’s TCF agenda and the move towards more outcomes-focused regulation. A key component is an annual survey of customer views of the industry, and the resulting report is intended, in its own words, “to inform customers about how well companies are meeting their Commitments under the scheme”; these are:

Commitment 1: Developing and promoting products and services which meet the needs of customers.

Commitment 2: Providing consumers with clear information and good service when

⁶ What stage in the customer journey were they at? Were they in the honeymoon period still? Had they complained or made a claim?

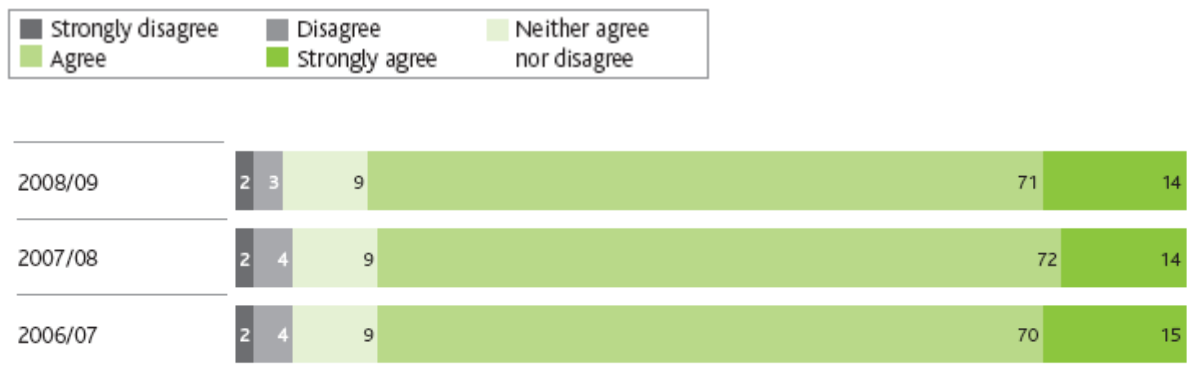
they buy products.

Commitment 3: Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product.

Like TCF, Customer Impact works on an outcomes basis, requires senior management buy-in and endorsement and aims to consider the entirety of the relationship between the customer and their provider. ABI member companies writing pensions, protection and investment business participate in the Scheme. 33 companies* are now members of the Scheme, collectively representing around 85% of long-term insurance business written by ABI members in 2007.

Participants in the survey were asked a variety of questions relating to the ‘customer focus’ of companies participating in the scheme, including whether or not they felt the companies treated customers fairly:

How far do Customer Impact member companies treat customers fairly?



The ‘Fairness Index’

(Nottingham University Business School Financial Services Research Forum, 2009)

This quarterly report produced by Nottingham University Financial Services Research Forum offers further evidence of the disparity which exists between perceptions of fairness depending on the precise area of financial services being considered.

The Index found that IFAs enjoyed by far the highest ratings on overall fairness, with an index score of 84 out of 100, significantly greater than the industry average of 72. Brokers/advisers were followed by building societies (75), investment companies (73), life insurers (72), and general insurers (72). Banks (68) and credit card companies (63) received the lowest ratings.

It is interesting to compare these findings with the MINTEL survey in 20067 (i.e. prior to the financial crisis) a time when banks were ranked considerably higher than financial advisers in terms of fairness.

Treating Customers Fairly: The Consumer’s View

⁷ See 5.2

(TNS on behalf of the Financial Services Authority, 2005)

This was the FSA's most recent exploration of consumer perceptions of fairness and was intended to build an understanding of the consumer perspective on the issue. Through a programme of eight discussion groups with participants from a range of backgrounds, and with varying levels of experience of financial products, the research identified the following six principles as being pertinent to a consumer definition of "fairness":

1. Give the customer what they have paid for. Ensure that the product provided is the one which the customer applied for; ensure that the customer's understanding of what they have purchased and the reality of the product they are being sold coincide.
2. Do not take advantage of the customer. Avoiding 'pushy' sales tactics; not selling products which, through lack of understanding on the consumer's part, are either not what they need or are in some way inappropriate to their needs or expectations; not allowing the priorities of the provider to unduly influence the sale of a product.
3. Offer the customer the best product you can. Both the initial sale and the ongoing customer relationship.
4. Do your best to resolve mistakes as quickly as possible. Whether the mistake is the provider's or the customer's, every effort should be made to resolve it; greater willingness of the part of providers to acknowledge mistakes or errors and, where appropriate, to make recompense to the customer.
5. Show flexibility, empathy and consideration in dealing with customers. Where customers have made 'honest' mistakes, a degree of discretion should be used and each situation judged separately; the provider should err on the side of generosity, giving the customer the benefit of the doubt.
6. Exhibit clarity in all customer dealings. Terms and conditions should be as clear and easy to understand as possible; changes or new features should be spelt out and explained; messages should be consistent across all channels; and language which could potentially mislead should be avoided.

It also proposed various explanations for why consumer perceptions of fairness may be so far removed from the regulatory sense of the term. One of the most interesting explanations was that many people conceive an image which contains elements of themselves as vulnerable, relatively powerless individuals, at best dependent on but, in some cases, either in opposition to or preyed upon by a powerful industry, which they can neither influence nor control. It found this to be a key reason why, for example, consumers might expect a bank to treat them leniently in spite of being "in the wrong".

In addition to these findings the study also methods of categorising consumers according to their degree of so-called "financial sophistication" - a marker which might be useful in conducting further research into the same subject. Taking into account the experience of individuals regarding financial services, their level of wealth and their level of interest and interaction with different products participants were allocated to one of the following three groups:

Dependants: Have a limited understanding of financial products and details of their functions and tend to rely on others in their decision-making, (formal advisors, the

media, family and friends etc.) When talking about fairness they tend to incorporate a wide range of factors such as customer service, supplier errors or mistakes and other ethical issues.

The Mass-Market: Better informed about the financial services industry, such respondents have a reasonable understanding of products and services which they have experienced. However, their perceptions of the industry may nonetheless be clouded by somewhat emotional or irrational factors.

Experts: They have greater knowledge of the financial services industry and its products, and are able to engage in a more informed dialogue. Their views tend to be rational and less emotive/emotional compared with dependant or mass-market types.

Key Themes

The Treating Customers Fairly (TCF) Agenda

In exploring different perceptions of fairness within the financial services sector, one thing becomes immediately apparent: consumers are more aware of the issue of fairness than ever, and are more inclined to take action if they feel they have been treated unfairly than they used to be.

“Consumers are nowadays being actively supported in their desire to quietly (and not so quietly) vent their frustration at bad treatment and perceived injustices within financial transactions. They have been invited by a plethora of actors - via the internet, the media and flourishing consumer interest groups - to rebel, to complain either about “unfair” bank charges”

From ‘Retail Banking: Banking and Branding’, a report by nVision, October 2007

Furthermore, there is evidence to suggest that since the financial crisis consumers have even more reason to be vigilant about issues relating to fairness; Walter Merrick, Chief Ombudsman at the Financial Services Ombudsman reported in June 2009 that the organisation had just recorded its highest ever highest-ever proportion of disputes upheld in favour of consumers.

This shift in consumer attitudes suggests that fair treatment of customers and customer satisfaction are becoming more and more closely aligned. The FSA has been at pains to emphasise that a customer may be satisfied and yet have been treated unfairly and vice versa, but this evidence suggests that more and more customers are able to make the distinction themselves and act accordingly. A huge number of practices which customers feel to be unfair (such as aggressive tactics to force customers to repay loans, or snowballing bank charges) stem from a tension between the interests of the consumer and the company’s need to protect its own profit margins. However, companies are increasingly recognising that the two are in almost all cases one and the same.

How do perceptions of fairness differ within the financial services sector?

a) Type of consumer

The evidence currently available supports the findings of the FSA's 2005 survey that the "financial sophistication" of consumers plays the most important role in determining what a consumer believes to be fair or unfair. Those well-versed in financial matters are likely to take a more pragmatic view, one which is more closely aligned to a regulatory or contractual definition of fairness. Those with a less comprehensive understanding are more likely to see fairness in the light of other emotional and ethical factors, placing the quality of the provider/consumer relationship above the question of the exact terms of particular agreements or the precise nature of the provider's stated obligations.

The question of "financial sophistication" is concerned largely with the consumer's level of understanding and involvement, but this also brings with it considerations about vulnerability. Often consumers in the most precarious position financially tend to be those with the a low degree of "sophistication" and this means that products catering for this section of consumers, such as credit card companies or consumer loan providers have to be especially aware of communicating with their customers in a clear and transparent manner. In such cases provision has to be regarded as an especially important part of determining fairness, ensuring that customers are not given access to credit they cannot afford in the first place for example. There has been a great deal of concern around these issues voiced by organisations such as the Money Advice Trust recently about companies which seek to target those in financial difficulty.

By contrast products which are directed at those with a high level of involvement in financial services can afford to take a more clinical approach to the provider/customer relationship; indeed, they will most likely be expected to do so.

b) Stage in the 'Customer Journey'

There are certain issues which relate to fairness which apply at various stages of the customer journey:

Marketing/Advertising

- Is advertising misleading in its wording or presentation? (e.g. "Typical" APR rates which do not reflect average actual rates)
- Are customers placed under undue pressure to purchase new products?

- Is advertising appropriate to the audience it addresses - not only in terms of the language used etc., but also in terms of the products it promotes? (e.g. Sending credit card application forms to someone overdrawn)

Point of Sale

- Is the product in the best interests of the customer? Is it the best product available and is it priced competitively? (e.g. is a mortgage affordable)
- Is information accessible and appropriate for the type of client in question? (How dense is the “small print”? Is it jargon-free/in plain language)
- Is sufficient care taken to explain the details of any product to the customer (does someone talk the customer through the terms and conditions?)
- Is the customer given sufficient warning about the risks involved (e.g. Changing interest rates for mortgages, the level of risk of particular investments)?
- Is the customer made fully aware of the consequences/policies which apply if they breach any of the terms of the agreement (e.g. arrears policies)?
- Are any “hidden charges” made clear (e.g. exit administration fees/redemption penalties/excesses).

Post-Sale

- Are there unreasonable barriers to the customer terminating the contract (e.g. a prohibitive fee)?
- Is the customer kept informed about other more appropriate products/services as and when they become available? (e.g. savings accounts with better rates)
- Is the customer given sufficient notice of any changes to the agreement (e.g. a change in rates/charges)?
- Does the product match the expectations a customer was led to have at the outset (e.g. are consumers able to make claims on an insurance policy without unreasonable difficulty)

Error/Default/Breach of Agreement on the part of the consumer

- Are the individual circumstances of the customer and the circumstances of the offence taken into account? (and is there an a degree of discretion as to how the terms of the contract are enforced to allow for flexibility?)
- Is the customer directed to advice/support services which may be able to help them where appropriate?
- Are any charges/repayment terms proportionate and realistic?
- Is the customer treated in an appropriate and empathetic manner?

Error/Breach of Agreement on the part of the provider:

- Are mistakes acknowledged and rectified as swiftly as possible?

- Is the consumer offered suitable compensation where appropriate?

NB. Returning to the issue of subjectivity, there are examples of where it can be almost impossible to definitions of “unfair” at different points in the customer journey. For example, many believe it unfair to levy high charges for those who exceed their overdraft by a small amount; however, it has become apparent that without the income from these fees many banks may have to start charging all their customers to cover their costs, and many who stick within their agreed limits consider it unfair that they should have to subsidise those who do not.

Are there any key themes which emerge?

From the above points, and from the research so far conducted, some basic underlying principles can be distilled:

1. That the product lives up to expectations (“Does what it says on the tin”) and those expectations are managed so that people understand potential future risks
2. That businesses communicate with customers in a transparent, timely, proactive and accessible manner throughout the customer journey
3. That contracts and charges are clearly defined, predictable, proportionate, consistent and allow an element of discretion to accommodate individual circumstances where possible
4. That throughout their journey customers are treated professionally and as human beings

From these various points one can identify two fundamental questions relating to fairness which apply across the range of financial products and throughout the consumer journey.

Is it appropriate?

- Is the product right for the consumer?
- Does the provider communicate with the consumer in an appropriate manner?

Does it meet expectations?

- Does the product meet expectations?
- Do providers manage expectations effectively in the way they deal with consumers?

These questions therefore cover both ‘product and pricing’ and the way in which the customer is communicated with and treated throughout their journey. Indeed, the two questions are very much interlinked; for example, the extent to which the product lives up to expectations will depend heavily on whether its characteristics are communicated in an appropriate way. Similarly, the

appropriateness of a charge will depend on what the consumer has been led to expect in terms of the provider's policies on the matter.

6. The implications of this review

This rapid literature review does indeed endorse the need for further consumer research on the issue of fairness within financial services as there are significant gaps in the literature.

The most notable points for us to consider in the development of the discussion guide are:

- **Drawing on other wider consumer fairness aspects and focussing on a range of sectors will help to contextualise this research**, as it has done in this review.
- **It is appropriate to segment focus groups by customer type**, as we are planning to do, given that the type of consumer plays a critical role in determining what a consumer believes to be fair or unfair. We are essentially using the customer types as identified in the 2005 FSA/TNS work as the core criteria in segmenting the focus groups.
- **It may be easier for participants to consider what is unfair rather than what is fair**. An important outcome for this research will be an understanding of a spectrum of what is deemed fair to unfair. But it may be appropriate to start from an 'unfair' perspective and pull apart the elements that make something unfair as a springboard for looking at the opposite / what makes something fair.
- **Examining fairness along a customer journey will be critical**, given that there are certain issues which relate to fairness which apply at various stages of the customer journey. This takes into account for example that with certain financial service products consumers don't always know whether it will 'do what it says on the tin' and there is the issue of longer term performance. Thus the comprehensive list of questions pertaining to fairness along the customer journey outlined above will need to be included in the discussion guide and associated scenarios.
- **It will be important to ground perceptions in individuals' experiences**. The disconnect between consumer's perceptions of the industry (often negative) and their own providers and personal experience (often positive) will need to be overcome. By grounding perceptions of fairness in people's own experiences and through the use of pen portrait scenarios we will steer people away from a knee-jerk negative perceptions.
- **The different and overlapping principles / frameworks for what constitutes fairness /unfairness generally and in financial services specifically point to the need to build a framework from the ground up**. It is not about validating existing work, but rather about creating a list of principles which is current and fit for purpose, and understanding the relative weighting of each principle. We will use existing work to ensure that we probe comprehensively and to ensure that no dimension is overlooked.

Scenario development

During the focus groups we would like to use scenarios, in the form of pen portraits to explore the issue of fairness. We would like to use the questions around the customer journey outlined above as a framework for scenario development. Whilst we recognise that it won't be possible to have a scenario for each question raised along the customer journey (it may also be that a scenario can incorporate more than one of these questions) it would be useful to have a number of scenarios for each stage of the customer journey.

ANNEX I

From the EU EC Unfair Commercial Practices Directive (2007)

COMMERCIAL PRACTICES WHICH ARE IN ALL CIRCUMSTANCES CONSIDERED UNFAIR

Misleading commercial practices:

1. Claiming to be a signatory to a code of conduct when the trader is not.
2. Displaying a trust mark, quality mark or equivalent without having obtained the necessary authorisation.
3. Claiming that a code of conduct has an endorsement from a public or other body which it does not have.
4. Claiming that a trader (including his commercial practices) or a product has been approved, endorsed or authorised by a public or private body when he/it has not or making such a claim without complying with the terms of the approval, endorsement or authorisation.
5. Making an invitation to purchase products at a specified price without disclosing the existence of any reasonable grounds the trader may have for believing that he will not be able to offer for supply or to procure another trader to supply, those products or equivalent products at that price for a period that is, and in quantities that are, reasonable having regard to the product, the scale of advertising of the product and the price offered (bait advertising).
6. Making an invitation to purchase products at a specified price and then:
 - (a) refusing to show the advertised item to consumers;or
 - (b) refusing to take orders for it or deliver it within a reasonable time;or
 - (c) demonstrating a defective sample of it,with the intention of promoting a different product (bait and switch)
7. Falsely stating that a product will only be available for a very limited time, or that it will only be available on particular terms for a very limited time, in order to elicit an immediate decision and deprive consumers of sufficient opportunity or time to make an informed choice.
8. Undertaking to provide after-sales service to consumers with whom the trader has communicated prior to a transaction in a language which is not an official language of the Member State where the trader is located and then making such service available only in another language without clearly disclosing this to the consumer before the consumer is committed to the transaction.
9. Stating or otherwise creating the impression that a product can legally be sold when it cannot.
10. Presenting rights given to consumers in law as a distinctive feature of the trader's offer.

11. Using editorial content in the media to promote a product where a trader has paid for the promotion without making that clear in the content or by images or sounds clearly identifiable by the consumer (advertorial). This is without prejudice to Council Directive 89/552/EEC [1].
12. Making a materially inaccurate claim concerning the nature and extent of the risk to the personal security of the consumer or his family if the consumer does not purchase the product.
13. Promoting a product similar to a product made by a particular manufacturer in such a manner as deliberately to mislead the consumer into believing that the product is made by that same manufacturer when it is not.
14. Establishing, operating or promoting a pyramid promotional scheme where a consumer gives consideration for the opportunity to receive compensation that is derived primarily from the introduction of other consumers into the scheme rather than from the sale or consumption of products.
15. Claiming that the trader is about to cease trading or move premises when he is not.
16. Claiming that products are able to facilitate winning in games of chance.
17. Falsely claiming that a product is able to cure illnesses, dysfunction or malformations.
18. Passing on materially inaccurate information on market conditions or on the possibility of finding the product with the intention of inducing the consumer to acquire the product at conditions less favourable than normal market conditions.
19. Claiming in a commercial practice to offer a competition or prize promotion without awarding the prizes described or a reasonable equivalent.
20. Describing a product as "gratis", "free", "without charge" or similar if the consumer has to pay anything other than the unavoidable cost of responding to the commercial practice and collecting or paying for delivery of the item.
21. Including in marketing material an invoice or similar document seeking payment which gives the consumer the impression that he has already ordered the marketed product when he has not.
22. Falsely claiming or creating the impression that the trader is not acting for purposes relating to his trade, business, craft or profession, or falsely representing oneself as a consumer.
23. Creating the false impression that after-sales service in relation to a product is available in a Member State other than the one in which the product is sold.

Aggressive commercial practices

24. Creating the impression that the consumer cannot leave the premises until a contract is formed.
25. Conducting personal visits to the consumer's home ignoring the consumer's request to leave or not to return except in circumstances and to the extent justified, under national law, to enforce a contractual obligation.
26. Making persistent and unwanted solicitations by telephone, fax, e-mail or other remote media except in circumstances and to the extent justified under national law to enforce a contractual obligation. This is without prejudice to Article 10 of Directive 97/7/EC and Directives 95/46/EC [2] and 2002/58/EC.

27. Requiring a consumer who wishes to claim on an insurance policy to produce documents which could not reasonably be considered relevant as to whether the claim was valid, or failing systematically to respond to pertinent correspondence, in order to dissuade a consumer from exercising his contractual rights.

28. Including in an advertisement a direct exhortation to children to buy advertised products or persuade their parents or other adults to buy advertised products for them. This provision is without prejudice to Article 16 of Directive 89/552/EEC on television broadcasting.

29. Demanding immediate or deferred payment for or the return or safekeeping of products supplied by the trader, but not solicited by the consumer except where the product is a substitute supplied in conformity with Article 7(3) of Directive 97/7/EC (inertia selling).

30. Explicitly informing a consumer that if he does not buy the product or service, the trader's job or livelihood will be in jeopardy.

31. Creating the false impression that the consumer has already won, will win, or will on doing a particular act win, a prize or other equivalent benefit, when in fact either:

- there is no prize or other equivalent benefit,

or

- taking any action in relation to claiming the prize or other equivalent benefit is subject to the consumer paying money or incurring a cost.

12. Appendix - Recruitment specification

1. Sample structure

Each extended focus group comprised 8 participants matched by age category and segmented by financial capability; low capability, mass market and experts (see segment definitions below). The groups were organized so that each had a unique combination of age category and financial capability. Research took place in London, Birmingham and Edinburgh between 25th March 2010 and 8th April 2010. Table 1 below shows the breakdown of focus groups by location, segment and age. The composition of the sample was weighted towards low capability and mass market segments to represent the largest group of consumers. Additionally the age categories were weighted towards the highest likelihood of incidence for each segment i.e. the two groups with experts were conducted with the older age categories; 41-54 and 55-70 years.

Table 1. Extended focus group specification

Group	Location	Segment	Age
1	London*	Low capability	41-54
2	London*	Mass market	25-40
3	Edinburgh	Mass market	41-54
4	Edinburgh	Low capability	18-24
5	Birmingham	Low capability	25-40
6	Birmingham	Experts	55-70
7	London	Experts	41-54
8	London	Mass market	25-40

*The first two London groups were also used as pilots to test the research materials

Segment definitions:

As part of the recruitment process, perspective participants were asked a raft of questions regarding their financial products holdings, knowledge and confidence using financial services and level at which they kept informed with the financial services industry (see recruitment questionnaire for specific questions asked). Participant responses to these questions were used to segment them into the following groups.

- **Low capability:**
 - Hold a bank or savings account
 - Maximum of 3 per group to hold a mortgage
 - None to hold investment products or personal pension
 - Low level of knowledge and confidence with regards to financial services
 - Do not keep informed about the financial services industry
- **Mass market:**
 - Hold a bank or savings account
 - Hold mortgage and/or personal pension

- Do not hold investment products
- Relatively good knowledge and confidence with regards to financial services
- Keep relatively informed about the financial services industry
- **Experts**
 - Hold a bank or savings account
 - Hold mortgage, personal pension and investment products
 - Strong knowledge and confidence with regards to financial services
 - Keep fully informed about the financial services industry

In addition to these core criteria, a number of other factors were taken into account during recruitment:

- All respondents were 'financial decision makers' (either solely or jointly) in their household
- All respondents had a 'recent' product experience such as purchase, claim and maturity depending on the product and group
- Spread of attitudes to risk in each focus group
- Spread of channel preference for buying goods and services in general and financial services in particular (i.e. telephone, post, internet, branch/shop)
- Spread of customers from a range of financial services providers
- Exclusion of those who work in the financial services industry or have attended a focus group in the past 6 months

Following the focus groups a cross section of the participants were selected to take part in the online focus groups. A total of 14 participants were recruited to take part in 3 online focus groups. The groups comprised a mix of location and financial capability and took place between 14th and 19th April 2010.

2. Recruitment questionnaire

**Financial Services Consumer Panel:
Consumer perceptions of fairness within financial services**

Recruitment questionnaire - FINAL

Good morning/afternoon. I am recruiting people (on behalf of Opinion Leader, a market research company that is a member of the Market Research Society) to take part in an important programme of research. The research is exploring what people think about fairness in the context of consumer services and particularly financial services. The research will be really exciting and will involve creative exercises and discussions.

You won't have to discuss anything relating to your personal financial circumstances in order to participate.

ONLY IF ASKED WHO THE RESEARCH IS ON BEHALF OF: the research is on behalf of the financial services consumer panel - an independent advisory body which represents the views of people who use financial services.

The discussion will be based on a two hour group session with people such as yourself.

The details are:

- [time, date, venue]

You will receive £50 as a thank you for taking part and everything said during the group is treated confidentially.

If you are interested I just need to ask you a few questions first.

Q1. Have you or any member of your family or close friends been employed in any of the following?

Advertising	CLOSE	Market Research	CLOSE
Marketing	CLOSE	Public Relations/Media	CLOSE
Journalism	CLOSE	Financial advice	CLOSE

Q2. When did you last attend a market research group discussion?

In the last 6 months	CLOSE
Over 6 months ago	
Never	

IF DISCUSSION ATTENDED IN LAST 6 MONTHS - INTERVIEW MUST BE CLOSED

Q3. Are you the financial decision maker (either solely or jointly) in your household?

Yes	
No	CLOSE

ALL TO BE FINANCIAL DECISION MAKER (SOLELY OR JOINTLY) IN HOUSEHOLD

Q4. What experience of financial products have you had in the last 6 months?
READ OUT, CODE ALL THAT APPLY

Purchased (or renewed - low capability only) a financial product e.g. mortgage, loan, savings account; insurance product?	
Made a claim e.g. insurance claim	
Maturity of a product	
Taken financial advice	
Management of your investment(s) portfolio (expert only)	
None	CLOSE

ALL TO HAVE HAD FINANCIAL PRODUCT EXPERIENCE IN LAST 6 MONTHS (IN LAST 12 MONTHS - LOW CAPABILITY ONLY)

Q5. What was your age at your last birthday?

Under 18	CLOSE
18-24	
25-40	
41-54	
55-70	
Over 70	CLOSE

RECRUIT TO GROUP SPECIFICATION

Q6. What is your current work status?

Working full-time	
Working part-time	
Not working - Retired	
Not working - Student	
Not working - Carer, unemployed, homemaker etc.	

ENSURE TWO STUDENTS IN GROUP 4 ONLY

Q7. Could you tell me what the occupation of the chief income earner in your household is?

Write in

--

ASSIGN SOCIAL GRADE BASED ON OCCUPATION OF HEAD OF HOUSEHOLD

A	Continue
B	Continue
C1	Continue
C2	Continue
D	Continue
E	Continue

RECRUIT MIX

Q8. Record gender of respondent

Male	
Female	

RECRUIT AT LEAST 3 MALE AND 3 FEMALE RESPONDENTS PER GROUP

Q9. Through which of the following channels do you typically buy goods and services? Any goods or services, not specifically financial.

READ OUT, CODE ALL THAT APPLY

Via the telephone	
Via post	
Via the internet	
In a branch or shop	

RECRUIT SPREAD OF CHANNEL PREFERENCE

Q10. Through which of the following channels do you typically buy financial products and services?

READ OUT, CODE ALL THAT APPLY

Via the telephone	
Via post	
Via the internet	
In a branch	

RECRUIT SPREAD OF CHANNEL PREFERENCE

Q11. Which of the following financial service providers have you bought or used financial services from in the last six months?

READ OUT, CODE ALL THAT APPLY

Abbey	
Bank of Scotland	
Barclays	
Halifax	
HSBC	
Natwest	
Lloyds TSB	
Royal Bank of Scotland	
Sainsbury's	
Santander	
Alliance and Leicester	
Bradford & Bingley	
Nationwide	
Northern Rock	
The Woolwich	
AA	
Aviva	
AXA	
Bupa	
Endsleigh	
ING	
Legal & General	
Royal Sun Alliance	
Other	

RECRUIT SPREAD OF FINANCIAL SERVICE PROVIDERS

Q12. I am now going to read out a list of statements about how people may feel about dealing with banking and savings. For each statement, please state how much you agree / disagree with it.

READ OUT

	Disagree strongly	Disagree slightly	Neither agree nor disagree	Agree slightly	Agree strongly
A: I always read the personal financial pages in the newspapers	1	2	3	4	5
B: I wish someone else would sort out my financial affairs	1	2	3	4	5
C: I think I am more clued about money than the average person	1	2	3	4	5

RECRUIT TO SEGMENTS AS FOLLOWS:

LOW CAPABILITY - MUST SCORE AT LEAST TWO OF A:1, B:5, C:1; MUST NOT SCORE MORE THAN 2 FOR A OR C AND LESS THAN 4 FOR B
MASS MARKET - MUST SCORE BETWEEN 2 AND 4 FOR A, B AND C
EXPERTS - MUST SCORE AT LEAST TWO OF A:5, B:1, C:5; MUST NOT SCORE MORE THAN 3 FOR B AND LESS THAN 3 FOR A OR C

Q13. I'm now going to read out a list of different financial products. Which of the following do you have either in your own name or jointly with someone else?

READ OUT, CODE ALL THAT APPLY

A bank account	
A savings account including e.g. ISA	
A mortgage	
A personal pension	
Investment product e.g. stocks and shares, managed fund	
None of these	CLOSE

RECRUIT TO SEGMENTS AS FOLLOWS:

LOW CAPABILITY - MUST HOLD A BANK OR SAVINGS ACCOUNT, MAX 3 PER GROUP TO HOLD A MORTGAGE, MUST NOT HOLD A PERSONAL PENSION NOR INVESTMENT PRODUCTS

MASS MARKET - MUST HOLD A BANK OR SAVINGS ACCOUNT, PLUS MORTGAGE PERSONAL PENSION AND/OR INVESTMENT PRODUCTS, MUST NOT HOLD INVESTMENT PRODUCTS

EXPERTS - MUST HOLD A BANK AND SAVINGS ACCOUNT, PLUS ALL OF FOLLOWING; MORTGAGE, PERSONAL PENSION AND INVESTMENT PRODUCTS

IF IN EXPERT SEGMENT ASK Q14 AND 15. IF NOT SKIP TO Q16

Q14. What types of Investment do you hold?

READ OUT, CODE ALL THAT APPLY

Stocks and shares	
Managed funds e.g. Investment Trusts	
Commodities	
Fixed income investments - e.g. bonds	
Foreign currency	
Equity ISA	

RECRUIT SPREAD OF INVESTMENT TYPE

Q15. How do you hold your investments?

READ OUT, CODE ALL THAT APPLY

Directly	
Through a third party - IFA, fund supermarket etc	

RECRUIT MIX OF WAYS OF HOLDING INVESTMENT

Q16. Which of the following insurance products do you own?

Car insurance	
Household insurance - building/contents	
Life insurance	
Critical illness insurance	
Health insurance	
Credit insurance - e.g. payment protection insurance	
Accident/Sickness/Unemployment insurance	
Liability insurance	

RECRUIT SPREAD OF INSURANCE TYPE

Q17. Please indicate which of the following best describes to your attitude to risk.
 READ OUT

1	I am someone willing to take only a small amount of risk of losing money	
2	I am someone willing to take some risk of losing money to improve the chance of making money	
3	I am someone willing to take a higher risk of losing money to get the chance to make a lot of money	

**RECRUIT SPREAD OF ATTITUDES TO RISK WITHIN IN EACH GROUP
 LOW CAPABILITY - MAY HAVE TO AIM FOR SPREAD BETWEEN WILLINGNESS TO TAKE A LOW AND MEDIUM RISK**

Q18. How would you describe your ethnic background?

Would you tell me which of the following best describes your ethnic background? (Please tick one box only)

A. White		C. Asian or Asian British	
White British	<input type="checkbox"/>	Indian	<input type="checkbox"/>
White Irish	<input type="checkbox"/>	Pakistani	<input type="checkbox"/>
Any other white background	<input type="checkbox"/>	Bangladeshi	<input type="checkbox"/>
B. Mixed		Any other Asian Background	
White and Black Caribbean	<input type="checkbox"/>	D. Black or Black British	
White and Black African	<input type="checkbox"/>	Caribbean	<input type="checkbox"/>
White and Asian	<input type="checkbox"/>	African	<input type="checkbox"/>
Any other mixed background	<input type="checkbox"/>	Any other Black background	<input type="checkbox"/>
		E. Chinese or other Ethnic group	
		Chinese	<input type="checkbox"/>
		Any other (please write in below)	
		<input type="text"/>	

RECRUIT AT LEAST 2 BME PARTICIPANTS PER GROUP

Q19. Would you be willing to be contacted again by either Opinion Leader or the FSA in the future to take part in research?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Q20. I just need your name, address and telephone number.

Q21. Finally, do you have any special requirements (eg because of a disability, dietary, hearing) which we should take into account on the day?

YES NO

Do not exclude people with special requirements, please record special requirement and inform Opinion Leader. Requirement:.....