



Supporting customers by lending responsibly

Our core business purpose is to help put people on a path to a better everyday life. To do this, we provide customers with opportunities to borrow a sensible amount in a transparent, responsible and sustainable way.

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Our customer journey

We provide our customers with tailored and affordable products that match their specific needs, and we help them to handle the inevitable challenges that everyday life throws their way.



To read more about our customers' typical characteristics go to page 3 of our Annual Report www.providentfinancial.com/investors



Our Blueprint: *Strategic drivers*

Serving our customers in a responsible manner

The Group's core business is to provide tailored and responsible products, services and partnerships that help put our customers on a path to a better everyday life. The 2.3 million customers we are proud to serve come from all across the UK and ROI.

The employment status of our customers can vary and, due to their personal circumstances, they can be in receipt of state support. As a result, they typically have low to average incomes. Some of them have also had to deal with significant life events such as divorce, loss of a job, long-term illness and other challenges which, given that they have low to average incomes, can occasionally cause them to fall behind with their financial commitments. This can cause their credit files to be impaired and contribute to them being underserved or totally excluded by mainstream credit providers.

The products, services and partnerships that we offer through our three divisions are therefore tailor-made to meet the particular needs of our customers. In general, the approach we take to providing credit to our customers involves lending smaller amounts over shorter periods of time. Under this approach, new customers to Vanquis Bank, Satsuma and Provident home credit get lower credit limits, or smaller, shorter-term loans to begin with. This enables us to observe and understand the behaviour of our customers before we consider granting further lending and it also enables the customers to experience our products and see if they suit their needs. It also enables our customers to enter or re-enter the credit market, stay in control of their finances and build credit scores for greater future access and choice. In the case of Moneybarn, where a vehicle is held as security, we are able to lend more credit for longer periods.

Customer image: Nav

1 in 5

adults in the UK are
not well served by
mainstream lenders





Improving customer satisfaction rates



Although customer satisfaction improved in some areas, it decreased in others. So, we recognise that there is more we can do in 2020 to continue to improve our customer satisfaction scores.

One of the key performance indicators we track to determine whether we are providing our customers with products, services and partnerships that meet their particular needs and help put them on a path to a better everyday life is customer satisfaction. Measuring this year on year also gives us some insight into where we can make improvements to our offerings so that we can continually meet or surpass customer expectations. Information on customer satisfaction is collected through a variety of methods such as online forums and phone and face-to-face surveys, as well as focus groups. The overall customer satisfaction rates in 2019 for each of our brands are set out on the right.

Although satisfaction improved in some areas, it decreased in others. So, we recognise that there is more we can do in 2020 to continue to improve these scores.



Customer satisfaction rates for 2019

90%
(2018: 86%)

Customer complaints received in 2019

34,123
(2018: 38,767)



Customer satisfaction rates for 2019

4.6/5 Feefo rating
(2018: 4.7/5)

Customer complaints received in 2019

5,053
(2018: 4,551)



Customer satisfaction rates for 2019

89%
(2018: 87%)



Customer satisfaction rates for 2019

4.6/5 Reviews.co.uk rating
(2018: 4.7/5)

Consumer Credit Division (Provident and Satsuma)

Customer complaints received in 2019

36,722
(2018: 36,584)

6%

of complaints made to the Group in 2019 were referred to the Financial Ombudsman





Handling our customer complaints responsibly

Ensuring that we keep customer complaints to an absolute minimum is also a good indicator that we are treating our customers fairly and that our products, services and partnerships meet their specific needs. Understanding the reasons behind complaints also helps us to improve the services we offer. We have well-established complaint-handling processes, procedures and timescales to guide our customer relations teams in resolving issues in a professional and timely way. Vital to resolving customer complaints satisfactorily is ensuring our staff are trained well enough to deliver excellent customer service whether face to face, on the telephone or via email. The total amount of hours employees spent on customer-focused training in 2019 was 19,140.

We provide the contact details of the Financial Ombudsman Services (FOS) to all our customers, so they have another option if they feel we have been unable to resolve their complaint to their satisfaction.

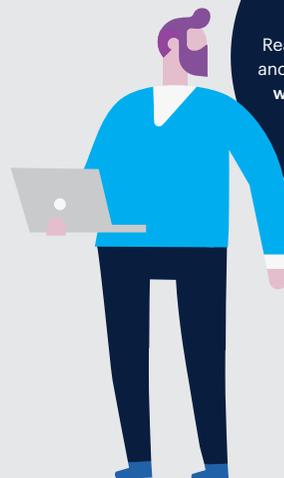
During 2019, the total number of complaints referred to the FOS was

4,253

(2018: 4,302)

Of these, 1,481 or 35% (2018: 30%) were upheld in favour of the customer

Read more in our Annual Report and Financial Statements 2019 at www.providentfinancial.com



Case study:

How Moneybarn is putting the customer on the team

Moneybarn has progressed its customer engagement agenda in 2019 by extending a partnership to Trustpilot, as well as maintaining its existing relationship with Feefo. It has also enhanced its direct customer insights work with the launch of its customer panel which allows it to seek opinion on its products and services, as well as communications strategies. This work will be extended further in 2020 to enable Moneybarn to gain insights into how it can better support customers in financial difficulty.

Moneybarn also launched a new insights platform towards the end of 2019, which allows it to obtain volume feedback directly from its customers, outside of its existing feedback loops. This will benefit Moneybarn's customer-facing teams and allow them to drive further improvements in the way that it supports customers as well as develops its staff.

[+ Read more](#)

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Supporting customers in vulnerable situations

The purpose of our business is to help put people on a path to a better everyday life, by offering credit to those who really need it and struggle to access it from mainstream banks. However, we understand that with this comes great responsibility. This is why we have reviewed our Social Impact Programme, which traditionally focused on providing grants to local community organisations and charities, to include a workstream dedicated to improving the level of support we provide to our vulnerable customers, as well as our staff who are working on the front line with them.

We understand that our customers can find themselves, at times, in financially challenging situations due to unforeseen circumstances such as ill health, loss of income, family bereavement or other significant life events. Therefore, we ensure that our call centre employees are trained in recognising signs that might indicate a customer could be classified as 'vulnerable', or may be facing financial

difficulty, whether in the short term or long term. We have also recently implemented a programme of work with Surviving Economic Abuse. This initiative will allow us to deliver awareness sessions on domestic and economic abuse to a variety of employees.

We have developed relationships with organisations and charities such as IncomeMax and the Money Advice Trust, which provide training to our employees to help them communicate effectively with such customers and to increase understanding of the UK welfare system. The training and guidance our call centre receive is informed by the customer protocol TEXAS (Thank, Explain, eXplicit consent, Ask and Signpost), developed by the Money Advice Trust and Royal College of Psychiatrists, as well as guidance published by our regulators, the Financial Conduct Authority and the Prudential Regulation Authority. In certain cases, our employees can offer customers forbearance options such as breathing space or an adjustment to their repayment plans so they can manage their finances better. In some cases, a decision may be taken to write the debt off.



Case study:

Identifying financial benefits for a customer in difficulty

A customer had been living on a very low income and due to poor health conditions had been forced to reduce their hours of work which had a huge impact on their finances. The Vanquis financial difficulties team provided forbearance support for them and, seeing that they may be entitled to additional income, referred them to IncomeMax. IncomeMax called our customer and quickly identified that they were unfamiliar with the benefits system and had no idea that they would be eligible for some extra help. After talking through their situation, IncomeMax identified that the customer was eligible for £2,076 in Universal Credit. Our customer was surprised about this news as no one had advised them of this before.

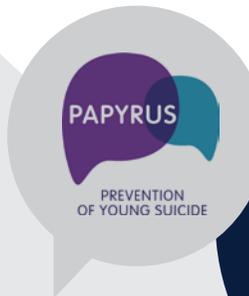
It transpired that although the customer had heard of Universal Credit, they had not been able to search or apply for it because they struggled to use technology. With support from IncomeMax, the customer was able to create an email account and make an application for Universal Credit via the Gov.uk Gateway.



Case study:

Moneybarn's vulnerable customer approach

Moneybarn continues to identify opportunities to improve and reinforce its approach to dealing with vulnerable customers. Moneybarn has introduced a dedicated customer account handling team for its high-risk vulnerable customer interactions and has a plan to extend this to the majority of vulnerable customer segments in the second half of 2020. Moneybarn is also leveraging the FCA paper, 'Guidance for firms on the fair treatment of vulnerable customers', released last year, ensuring alignment with the direction it provides and the practical support that it offers to customers.



We partnered with PAPYRUS to help our employees better identify customers who are having thoughts of suicide. This training will help enable our colleagues to respond empathetically and signpost customers to appropriate support.



Supporting customers in vulnerable situations continued

As well as the work we are doing in our contact centres to ensure our employees are equipped with the right skills to support our customers, we have a long history of supporting a wide range of organisations within the money advice sector. By supporting these organisations, this allows our customers to seek free and low-cost independent and personal financial advice and support if they are facing financial strain.

IncomeMax

Vanquis Bank continues to work with IncomeMax, through an innovative partnership that began in 2015, to support customers of the bank that are experiencing financial difficulties. IncomeMax is a community interest company that helps people to maximise their household income by providing them with independent personal welfare advice that helps them take control of their finances. The advice provided by IncomeMax helps households to increase their income, reduce household bills and get the debt advice they need. Vanquis Bank's dedicated financial difficulties team, which offers additional support through financial capability and capacity assistance, puts customers in touch with IncomeMax. IncomeMax then provides independent personal money advice to help customers take control of their finances. Since 2015 IncomeMax has identified £865k of additional income for Vanquis customers experiencing financial hardship and struggling to make ends meet.



While our divisions are working to collect outstanding debt from customers, sometimes they enter debt agreement plans with leading debt charities such as StepChange Debt Charity (a similar arrangement is in place with Christians Against Poverty (CAP)). We continue to accept the offers of payment when customers have sought advice from these charities and a financial assessment has been made. Through the 'Fairshare' agreements we have with these charities, we contribute almost 12% of any payment we receive from a customer who has entered a debt agreement plan to the charities. The 'Fairshare' contributions mean our subsidiary businesses pay for the debt advice received by the customer. They provide the charities with financial support so that they can continue to provide free, independent advice and operate independently of taxpayer support. During 2019, the Group's operating companies paid £766,631 (2018: £864,107) to StepChange Debt Charity and CAP in 'Fairshare' contributions.



IncomeMax is a genuine customer first, outcome driven force for good. They are fantastic with our customers, often in very difficult and complex situations, and indisputably change people's lives. As we partner with IncomeMax we are directly helping individual customers, but there is a broader opportunity to connect to their culture to treat customers as individuals and tailor our service and support to their distinct needs.

Duncan Barton
Head of Financial Difficulties



Case study:

Supporting CAP clients with complex needs

As a long time supporter of Christians Against Poverty, we had become aware that their client base increasingly comprised individuals with multiple personal and health challenges, in addition to debt difficulties. And that the complexity of many of their clients might require a revision to the assistance provided within their current model of advice provision. We therefore agreed to fund them to undertake a Vulnerability Project. The project began by diagnosing and quantifying CAP clients' key vulnerabilities beyond debt and evaluating which particular vulnerabilities were most likely to impede an individual successfully interacting with them. These findings were then used to inform how CAP's client servicing processes should be adapted in order to better meet the needs of its most vulnerable clients.



Supporting customers in vulnerable situations continued

MONEY ADVICE TRUST

In 2019 we funded the equivalent of one specialist National Debtline advisor. National Debtline offers free and impartial debt advice by phone, webchat and online, and its specialist advisors help callers to understand their debt options and to confidently manage their money. In 2019, National Debtline helped 147,000 people. 84% of those who spoke with a specialist advisor said their debts had reduced or stabilised within 12 months of making contact.

We also made a financial contribution to the running costs of Money Advice Trust's Insight function, which carries out in-depth analysis of National Debtline and Business Debtline clients. The insight generated is used to measure and assess the impact of National Debtline's services and aid a better understanding of their clients, for the purposes of shaping future service improvements, as well as aiding the Trust to enhance understanding of personal debt in the UK amongst relevant external stakeholders.

84%

of those who spoke with a specialist advisor said their debts had reduced or stabilised within 12 months of making contact with National Debtline



The Institute of Money Advisers held its annual conference in Manchester in June 2019 with the theme 'Money Advice, does one size fit all?'. We contributed £4,000 to the cost, to help ensure the event remained affordable and accessible to money advisors from the not-for-profit sector. Over 285 debt advisors attended the conference over two days, which offered opportunities to network, acquire credits for continuing professional development and gain insights into sectoral innovations and good practice.



The funding received by AdviceUK was used for the majority of the year to support the work undertaken by its National Money Advice Coordinator (NMAC) and for the last quarter to support its Policy and Campaigns Coordinator (PCC). Some functions previously undertaken by the NMAC have now been migrated to the new PCC role.

As a whole, our funding enabled the holders of these two roles to fulfil a suite of responsibilities ranging from supporting the ongoing capacity of the money advice membership of Advice UK to provide professional and authorised assistance to its clients, to representing the interests of members and clients to relevant external stakeholders and in policy development and regulatory processes.



The funding we provided to Money Advice Scotland (MAS) in 2019 contributed to the successful delivery of its conference, which delegates from the money advice sectors, the credit industry, regulators and government attend for training and networking purposes. Our funding subsidised the attendance of 15 money advisors, who would otherwise not have been able to come to conference.

Our funding also enabled Money Advice Scotland to retain the Gold Investors in People Standard it progressed to in 2018. Given that one of MAS' key objectives is ensuring the ongoing professional development of its members, our funding enables them to maintain this ethos with their own staff, ensuring they too have opportunities for training and progression.



In 2019 the funding we provided to The Money Charity (TMC) enabled it to:

- deliver 295 financial education workshops to 5,268 young people;
- deliver 78 budgeting and money management workshops to 771 adults; and
- distribute 1,263 teacher resource packs to schools.

Following discussion of our mutual ongoing priorities, we agreed that a proportion of our funding be earmarked for provision to hard to reach groups.

In 2019 this enabled TMC to develop a specific programme for those in young offenders centres, resulting in the delivery of five sessions at the Medway Secure Training Centre. This pilot work has been well received and TMC is assessing the practicality of replicating it in other locations and extending support to the families of offenders.

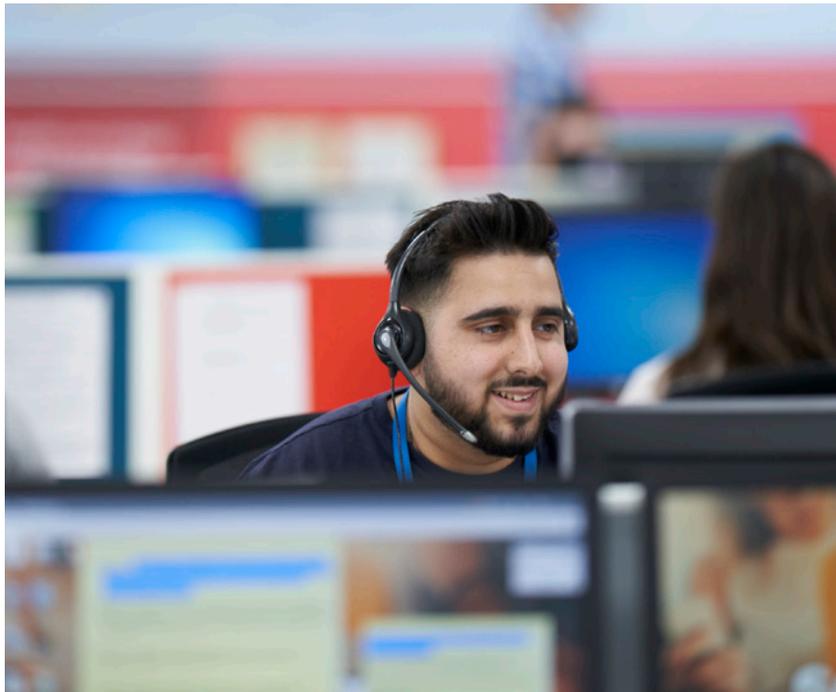
In addition, TMC continued to expand their relationship with third-sector organisations in order to reach those individuals and families who might benefit most from learning how to manage their money well but who are often unaware of or unable to access support of this kind. The relationships TMC has established with carer groups, family support organisations, homelessness support organisations, refugee groups and women's refuges mean their hard to reach clients were able to participate in the 78 adult workshops held in 2019.



How we manage arrears



We have call centre staff who are trained in recognising signs that might indicate a customer could be classified as ‘vulnerable’, or may be facing financial difficulty, whether in the short term or long term.



In unfortunate scenarios, some of our customers will fall behind on their repayments, meaning we have to make contact with them and rearrange their repayment schedule. It is of utmost importance that we are empathetic and understanding in these circumstances and offer forbearance measures where possible, so we can protect their credit score. However, there are cases where customers, in spite of all efforts to assist them, either cannot or will not cooperate with our efforts to rearrange their repayment schedule. Our divisions therefore have systems and processes in place to deal with these situations; however, these processes differ slightly, due to regulatory requirements and the products we have on offer.

Vanquis Bank, Provident home credit and Satsuma loans all have internal recovery procedures in place which are aimed at reconnecting with customers via letter, telephone or SMS text message. These procedures enable us to determine whether customers are experiencing any personal difficulties which are preventing them from making repayments. Then, we can agree with them any appropriate forbearance options (e.g. a reduced payment arrangement). If, having used these internal processes to reconnect with a customer who we believe has the capacity to repay, it is still not possible to secure payments from them, we may appoint a debt collection agency (DCA) to pursue the debt. When this occurs, we retain the title and responsibility for the actions of the DCA and the DCAs will only receive commission on the payments they collect. Our operating businesses only use DCAs whose track record is known to them and

who are members of the DCA trade body, the Credit Services Association. The activity DCAs undertake on our behalf is contractually based and we formally audit their activity and performance every 12 months. These audits focus on all aspects of work that the DCAs undertake on our behalf, including ensuring that their activities are responsible and comply with our processes and procedures.

The management of accounts in arrears for Moneybarn is less straightforward than our other subsidiaries due to the nature of the business. Moneybarn’s policy is to try to keep as many customers who are in arrears in ‘live’ agreements as possible. They do this through a series of forbearance strategies, including payment plans based on detailed income and expenditure assessments, providing breathing space and debt management agency referrals as well as debt reduction or write-off, on a case-by-case basis. Particular emphasis is placed on higher risk vulnerable customers, again, applying a case-by-case approach. Even with forbearance strategies available, some customer agreements will prove to be unsustainable. In these situations, the agreement will be ended and the vehicle recovered and sold. The sale value of the vehicle is offset against any shortfall debt the customer might have on their agreement. Any further shortfall debt is then recovered through payment arrangements with the customer. All payment arrangements are only entered into if the customer can afford them, validated by full income and expenditure assessments.