


The Vulnerability Registration Service: Helping insurers support vulnerable customers

29 January 2025  Alex Morrissey

According to the Financial Conduct Authority, 31% of UK adults have at least one vulnerability characteristic; however, the insurance sector still struggles to identify vulnerable customers consistently.

In light of this, calls are increasingly being made for insurers and brokers to support the Vulnerability Registration Service (VRS), a voluntary service that allows consumers to confirm their vulnerability status, which service providers can then have access to in order to tailor services appropriately. While the VRS currently integrates data from various sectors, the insurance industry has yet to make a significant contribution.

Insurers often use their own methods to detect vulnerability, but customers are required to repeat the process each time they switch providers. A centralised vulnerability database would eliminate this burden and streamline the process for insurers and other regulated firms. At the moment, fewer than 3% of vulnerable individuals are registered with the VRS. More widespread use of the VRS could help regulated firms provide a more efficient way to support vulnerable customers.

Another significant challenge when dealing with customer vulnerability relates to the sharing of data relating to vulnerability. Communication between firms in the insurance distribution channels is essential to ensure vulnerable customers receive the tailored services required, but this can be a challenge where such communication can involve the sharing of sensitive information or special category data. Third party organisations such as the VRS can help bridge that gap to enable insurance market participants to better address the needs of vulnerable individuals, potentially creating a more inclusive and compassionate insurance market.

Insurers have been grappling with the issue of customer vulnerability for some time. Services such as the VRS may be a useful tool to help compliance and drive better customer outcomes. However, as VRS is voluntary, not all vulnerable customers will be registered so, whilst it may be a useful tool in servicing vulnerable customers, insurers should continue to use other procedures for identifying and servicing vulnerable customers.

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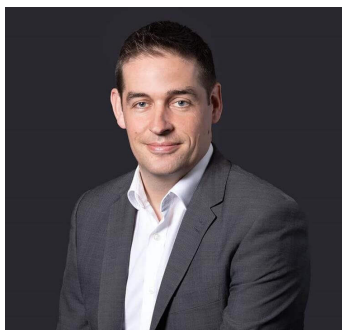


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