

Alzheimer's Society

Alzheimer's Society response to the Financial Inclusion Commission call for evidence

December 2014

Consultation Response

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Alzheimer's Society welcomes the opportunity to comment on this consultation.

Alzheimer's Society

Alzheimer's Society is the UK's leading support and research charity for people with dementia, their families and carers. We provide information and support to people with any form of dementia and their carers through our publications National Dementia Helpline, website and more than 2,000 local services. We campaign for better quality of life for people with dementia and greater understanding of dementia. We also fund an innovative programme of medical and social research into the cause, cure and prevention of dementia and the care people receive.

Evidence from this response is based on Alzheimer's Society research with nearly 150 people with dementia and carers conducted in 2011. The full report is here:

<http://www.alzheimers.org.uk/shortchanged>

Recommendations in this response are based on the Alzheimer's Society dementia-friendly financial services charter developed in partnership with Lloyd's Banking Group and the financial services industry. The full report is here:

http://www.alzheimers.org.uk/site/scripts/download_info.php?downloadID=1294

1. What policy change would most support increased financial inclusion for the client group you represent?

Financial abuse places people at significant risk of financial risk and financial exclusion.

People with dementia are at a greater risk of financial abuse. In an Alzheimer's Society survey, 15% of carers said that the person for whom they care had been a victim of financial abuse. Financial abuse is the theft, or the illegal or unauthorised use, of a person's property, money or other valuables. This may be perpetrated by carers or third-parties.

In cases of suspected financial abuse, financial services need to be able to share information with relevant agencies such as the Financial Ombudsman Service, Office of the Public Guardian, Trading Standards, the police and local authorities. This is, however, extremely challenging as a result of the Data Protection Act 1998, other legislation and the mechanics of collaboration.

To help reduce the number of people with dementia who are victims of financial abuse, clarity is needed on data or information sharing with regard to the Data Protection Act 1998 and other legislation.

2. What do you see as the role of the regulator, government and financial services in promoting inclusion?

Regulator

The regulator, as part of its aim to create a financial services sector that puts the interests of customers first, must ensure that banks and financial advisers understand, recognise and respond to the needs of people with dementia. In 2015, there will be 850,000 people with dementia in the UK. As such, people with dementia constitute a significant minority of the financial services industry's customers.

People with dementia are at greater risk of financial abuse. In an Alzheimer's Society survey, 15% of carers said that the person for whom they care had been a victim of financial abuse. Direct marketing is a particular area of concern. In many cases, people with dementia receive unrequested contact from companies, including banks, that is potentially open to misunderstanding from the person with dementia. This contact can be difficult to stop.

To ensure that direct marketing recognises the needs of people with dementia, Alzheimer's Society calls for the regulator to work with the financial services industry to formalise existing good practice guidance. Good practice guidance, such as the Direct Marketing Association's White paper on call centres dealing with vulnerable customers, should be developed by the regulator and industry bodies to develop guidance that can be applied consistently across the financial services industry.

Government

Meeting the needs of the 850,000 people with dementia requires greater co-ordination of policy-making across government. In particular, the Department for Business, Innovation and Skills' efforts to promote financial inclusion of people with dementia are strongly influenced by the Department of Health's decisions on how people pay for care.

At present, people with dementia and carers meet two-thirds (£17.4 billion) of the cost of dementia. This cost could be insured against. However, the Health and Social Care Act has not created sufficient incentives for the financial services industry to develop new products. In addition, the Treasury's reforms to annuities have had an adverse impact on the insurance sector and, consequently, its potential to develop new products.

Financial services

The financial services sector should recognise, as part of its overall approach to improving customer experience, the needs of the 850,000 people with dementia who constitute a growing proportion of their customer base. This includes support for carers, 84 per cent of whom help people with dementia access financial services. In addition to the practical steps to promote access to basic banking, outlined in question 9, financial services should also:

- Appoint a dementia champion, at a senior leadership level, to promote recognition of dementia and the importance of becoming dementia-friendly organisation
- Consider the needs of people affected by dementia when amending or developing business processes, procedures and products
- Ensure their product, service and supply partners provide products and services that are appropriate for people with dementia
- Promote dementia-friendly practices within the financial services industry

3. Do you have any practical examples of financial inclusion initiatives that have been successful?

Lloyd's Bank, as part of its commitment to implementing the dementia-friendly financial services charter, has undertaken a range of actions to improve financial services for people with dementia. These actions include:

- The creation of dementia friends in branches. A Dementia Friend learns a little bit more about what it's like to live with dementia and then turns that understanding into a practical action
- A training programme to help staff understand how they can help people with dementia. This has been rolled-out to 25,000 staff

The dementia-friendly financial services charter was developed by Alzheimer's Society in consultation with the financial services industry. Lloyd's Bank led the steering group.

4. What impact, positive or negative, does the increasingly digital delivery of financial services (e.g. prepaid cards, online banking) have on financial inclusion?

Many financial services and products are purchased and managed over the telephone or online which brings specific challenges when it comes to recognising and acting upon potential signs of dementia.

Firstly it is highly unlikely that customers will be routed through to the same customer adviser more than once, so the opportunity for a customer adviser to remember an individual customer (and their personal situation or patterns of behaviour) is equally unlikely.

Secondly telephone and online channels are anonymous in the fact there is no face-to-face interaction so non-verbal cues can be lost or not picked up.

However, the anonymity of a phone conversation or online session might make it easier for someone to disclose they have dementia without the potential embarrassment of revealing it to someone sat in front of them.

5. What opportunities are there to use technology to facilitate financial inclusion?

For someone concerned about remembering their personal identification number (PIN) for their bank card, a chip and signature card is helpful. This works like a normal bank card. However, instead of having to put a PIN into a machine, the holder is asked to sign a receipt and their signature is checked.

6. How has the financial downturn changed the nature of financial exclusion?

N/A

7. What is the impact of welfare reform on financial inclusion and what support should be available to people as a result?

N/A

8. What transactional services do households on low or unpredictable incomes, or who have experienced a life shock, need and want?

People with dementia's ability to remember, understand and communicate will gradually decline and, as a result, in many cases financial services providers will need to authorise a carer to operate a bank account on their behalf. The guidance document "A framework for authorising people wanting to operate a bank account for someone else" was published in 2012. This covers the legal and regulatory framework in England and Wales for attorneys and other representatives plus best practice guidance for registering and administering third party mandates and general services to carers.

However, people with dementia and carers can struggle to access transactional banking services. In Alzheimer's Society research, 80 per cent of carers said that banks need a greater understanding of lasting powers of attorney. Others reported that that banks and utility companies refused to deal with them without a lasting power of attorney. Financial services companies need to perform a gap analysis against the guidance and resolve challenges, such as IT system changes, to meet these gaps.

9. What improvements are needed to make basic banking fit for purpose?

The dementia-friendly financial services charter, developed by Alzheimer's Society in consultation with the financial services industry, outlines the following actions to make basic banking services fit for purpose for people with dementia:

- Deliver basic dementia awareness training for staff so they can recognise and act on the signs and symptoms of dementia
- Identify the needs of customers with dementia
- Create a culture where customers feel comfortable discussing their needs
- Develop practical and consistent guidance for staff so they can better support people affected by dementia
- Ensure that staff are aware of their duties and responsibilities with respect to relevant legislation and industry standard
- Work towards ensuring that communication and service needs can be recorded
- Support the carers of customers living with dementia by providing fair, appropriate and consistent standards of practice within the current legal framework

10. Can technology help deliver better transactional banking services for people on low or unpredictable incomes?

N/A

11. Is there scope to bring people into mainstream credit who are currently excluded, while also ensuring that this does not risk financial difficulty?

N/A

12. For people who are unlikely to qualify for mainstream credit, what might affordable alternatives be? Should banks, building societies and others play a role in provision?

N/A

13. How does credit scoring contribute to financial exclusion, and are there viable alternatives to traditional credit scoring?

N/A

14. What reforms could be considered to ensure consumers getting into financial difficulty are protected including those who become insolvent?

N/A

15. What role should the state and the insurance sector play in providing a financial safety net in the event of an unexpected life event? e.g. bereavement, family breakdown, unemployment and illness

The insurance market for people with dementia, as discussed below, is underdeveloped.

In terms of state support, Alzheimer's Society has campaigned for many years to end the "dementia tax". At present, two-thirds (£17.4 billion) of the cost of dementia is paid by people with dementia and their families, either in unpaid care (£11.6 billion) or in paying for private social care (Alzheimer's Society, 2014). This is in contrast to other conditions, such as heart disease and cancer, where the NHS provides care that is free at the point of use.

To go some way to address this, the Alzheimer's Society campaigns for the implementation of the Dilnot proposals as a minimum. From 2017, in England and Wales, the government will cap the cost of care at £75,000 and increase the means-tested threshold at which people pay all their care costs to £123,000. Alzheimer's Society welcomes the government's intention to act in this area.

However, Alzheimer's Society is concerned that the cap will only help a small number of people and people will still be liable for so-called "hotel costs". In addition, the Dilnot proposals do not address the chronic underfunding of social care. Alzheimer's Society calls for a national debate about how to improve quality, meet the level of unmet need, abolish the postcode lottery and end the dementia tax.

16. Is the insurance market functioning appropriately and competitively?

The insurance market for people with dementia is underdeveloped. Growing this market will require government and the financial services industry to overcome significant behavioural barriers to people taking out insurance. Currently, small numbers of people take out insurance for care and Alzheimer's Society research suggests that people would be reluctant to do so. Large numbers of people must join these schemes to make them affordable and, in addition, people must join insurance schemes at an early age.

There are risks associated with an insurance-based model. In particular, there is a risk that an increased reliance on private insurance could lead to a two-tier system where people with insurance face high care costs and struggle with the minimum level of care provided.

17. How can we ensure that people on low incomes, especially private tenants, have access to appropriate and attractive insurance products for their possessions and property?

N/A

18. Will pension reforms enable inclusion, and what further improvements could be made?

N/A

19. Should policymakers enable and encourage people on low incomes to save, particularly in the economic downturn?

N/A

20. To what extent can savings act as a preventative measure, helping people to avoid debt?

N/A

21. What incentives to save work best for people on low incomes, and how might the costs of these incentives be met?

N/A

22. What practical steps could be taken to foster a savings culture in the UK?

N/A

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