

Treatment of customers in financial difficulty

Business support units

Customer outcome: customers transferred to business support units will receive appropriate treatment and support and, where practicable, will be returned to mainstream banking.

Firms will achieve this: with transparent processes and procedures, working openly and constructively with customers with a focus on returning the business to viability in a timely and cost-effective manner

1. Firms should ensure that appropriate governance arrangements are in place to safeguard against conflicts of interest in relation to the functions of the business support unit and the mainstream bank.
2. Firms should have a criterion in place for the consideration of the referral of a customer to a business support unit and for the subsequent assessment of viability.
3. Firms should ensure that appropriate policies and procedures are in place to ensure that staff are trained and supported to deliver good turnaround practice.
4. Firms should provide clear communications to customers to enable them to understand why they have been transferred to a business support unit, the firm's concerns and the proposed next steps.
5. Firms should keep the need for business support unit involvement under continuous review and customers should be aware of the processes the firm has in place for returning viable businesses to mainstream banking.
6. Firms should support a customer's turnaround plan where the firm has assessed the business to be viable. Firms should ensure that where a turnaround plan is agreed with the customer, the terms of the support are documented.
7. If a firm is unable to support a turnaround plan, the customer should be notified of the reasons why and given a reasonable period of time to consider the options open to them.
8. Firms should ensure that customers are provided with clear information on the range and type of fees and charges which may be applicable, and when these will be applied.
9. Firms should ensure that fees and margins applied take into account the customer's financial circumstances and their ability to pay. These should be discussed and agreed with the customer.

10. Firms should ensure that the rationale for pricing decisions is documented and validated. It should take into account the customer's circumstances and the impact this may have on the scope for successful turnaround.
11. Where valuations are required, firms should ensure that the customer is provided with clear information regarding the purpose of the valuation and whether there are any costs associated with it.