



# Supporting Vulnerable Customers

How Scenario-Based  
Learning Improves  
Capability



## Context

### A rising bar, and a persistent gap

Supporting customers in vulnerable circumstances has moved from good practice to firm expectation. The FCA's 2021 finalised guidance (FG21/1)<sup>1</sup> set out what fair treatment should look like. The 2023 Consumer Duty went further by requiring firms to act to deliver good outcomes for all customers, including those most susceptible to harm.

In March 2025 the FCA tested how firms were doing. Its review<sup>2</sup> found real progress, but also a stubborn gap: many firms have the right policies, processes and training in place, yet customers in vulnerable circumstances still report worse experiences and outcomes than other customers.

That gap is the subject of this paper. For the most part, it is not a gap in knowledge. Staff can complete a vulnerability module, pass the assessment, and still miss the signs in a live conversation – or recognise them and not know how to respond. The distance between completing training and being capable in the moment is not a content problem. It is a learning design problem.

This is where our work sits. Ding Learning is not a vulnerability specialist; firms and their chosen experts hold that knowledge. Our expertise lies in designing learning and training that turns knowledge into capability - the ability to exercise judgement in real, unscripted situations.



## The completion gap

When the FCA tested outcomes in 2025, the disparity was clear. Customers in vulnerable circumstances were more likely to report a negative experience than other customers – 44% against 33%.<sup>2</sup>

The numbers also reveal where conversations break down. Only 42% of vulnerable customers told a firm about their circumstances at all, and a quarter felt uncomfortable doing so.<sup>2</sup> Most vulnerability, in other words, is never named. It has to be recognised.

### Knowing is not doing

Training completion measures what staff can state: the definition of vulnerability, the four drivers, the firm's policy. That knowledge matters, but it is not the same as capability. Capability is what a member of staff can actually do in a live, often emotional, conversation.

*"Trust is built not just when the times are good, but when the chips are down – when we're vulnerable."*

**Graeme Reynolds**

**Financial Conduct Authority**

The regulator already draws this line. FG21/1 sets expectations not just for staff knowledge but explicitly for the skills and capability of staff.<sup>1</sup> The sector draws it too: businesses need to build frontline soft skills and empathy to avoid rigidly scripted responses. But guidance is not a substitute for staff training and development.<sup>3</sup>

The distance between what staff know and what they can do under pressure is the completion gap. It is not closed by more content, but by a different kind of practice.

### The capability gap

Three things make this gap still harder to close:

1. Vulnerability rarely arrives as a single, tidy category. Needs intersect and compound, and one difficulty can deepen another, so employees cannot simply sort customers into boxes.<sup>3</sup>
2. Good outcomes then depend on personalising the response. This might mean a cap on billing, a different contact channel, or something else entirely. Knowing the menu of adaptations matters far less than the judgement to offer the right one to this person.
3. As firms add AI and digital journeys, the risk runs both ways. Automation can remove the human who would have noticed the unspoken need, and can build in new barriers for those who don't fit the model.

Inclusive design, and a capable person in the loop, matter more, not less. Each is a clear reason why completion is not capability.



## Why completion isn't capability

The reason completion and capability come apart is that they sit at opposite ends of a single 'knowledge spectrum'. This spectrum ranges from knowledge a person can state, to capability they can demonstrate in a real, variable situation. The dividing line is not screen versus room, or human versus machine. It is content versus practice: material you receive and complete, against a situation you have to act in and learn from.

### What content delivers

Instructional content is how staff acquire what they can state: the firm's vulnerability policy, the FCA's four drivers, the steps of a disclosure protocol. This is essential as a foundation, and it is exactly what completion can prove.

But it is also easy to mistake knowledge for readiness. Someone can hold all of it and still freeze when a customer hesitates, talks around a difficult subject, or discloses something the policy never named. Telling people about judgement does not give them judgement.

### What practice develops

The ability to notice the unspoken cue, respond to a disclosure as a person or adjust to reach a good outcome, forms only through doing.<sup>4</sup> Each pass through a realistic conversation builds judgement that completion can never certify, because judgement is demonstrated, not recalled.

This is why the form matters less than the function. A conversational AI can sit on either side of the line: used to explain, it is content; used to make someone navigate a hard conversation and learn from the attempt, it is practice.

### Declarative Knowledge

### Functioning Knowledge

	Pure Declarative Learning	Basic Comprehension	Application of Rules/ Formulas	Basic Analysis	Complex Problem-Solving	Creative Synthesis	Inter-disciplinary Integration	Ethical Reasoning and Decision Making
In a vulnerable customer conversation	Recalling the FCA's four drivers of vulnerability and the firm's policy	Explaining what each driver means and why disclosure matters	Following a disclosure protocol such as TEXAS when a customer states a need	Identifying a clearly-signalled vulnerability and the right support to offer	Reading an <i>undisclosed cue</i> in a live exchange and working out a response	Adapting away from the script to craft a response the procedure never anticipated	Holding intersecting, compounding needs together as a single picture	Exercising judgement in the hardest cases — capacity, economic abuse, bereavement
Effectiveness of learning content	High Content can teach and test this	High Can explain and check understanding	Medium Can teach protocol and quiz the steps	Medium Works for clear-cut, labelled cases	Low Describe cues, can't build live recognition	Minimal Improvisation can't be taught by telling	Minimal Can't replicate the live mess	Minimal Judgement isn't transmissible as content
Effectiveness of practice scenarios	Medium Scenario can enhance recall	Medium Applying it sharpens understanding	Medium Running it aloud under mild pressure	High Spotting the signal in a realistic case	High Built through repeated conversations with a human or an AI	High Rehearsed safely, including against a responsive AI partner	High Practised with realistically tangled scenarios	High Built before the real moment, with feedback on the calls made

### What learning content can deliver

### What only practice scenarios can develop



## The hidden curriculum of vulnerability

Some of the most important skills in a vulnerable customer conversation are the ones never written into a policy, and they are often the hardest skills to acquire.

### The illusion of completion

Vulnerability training tends to teach the part that can be written down: the policy, the drivers, the process. But a policy only becomes useful in the hands of someone who can read what is happening in front of them – the hesitation, the confusion, the detail mentioned in passing and quickly moved past.

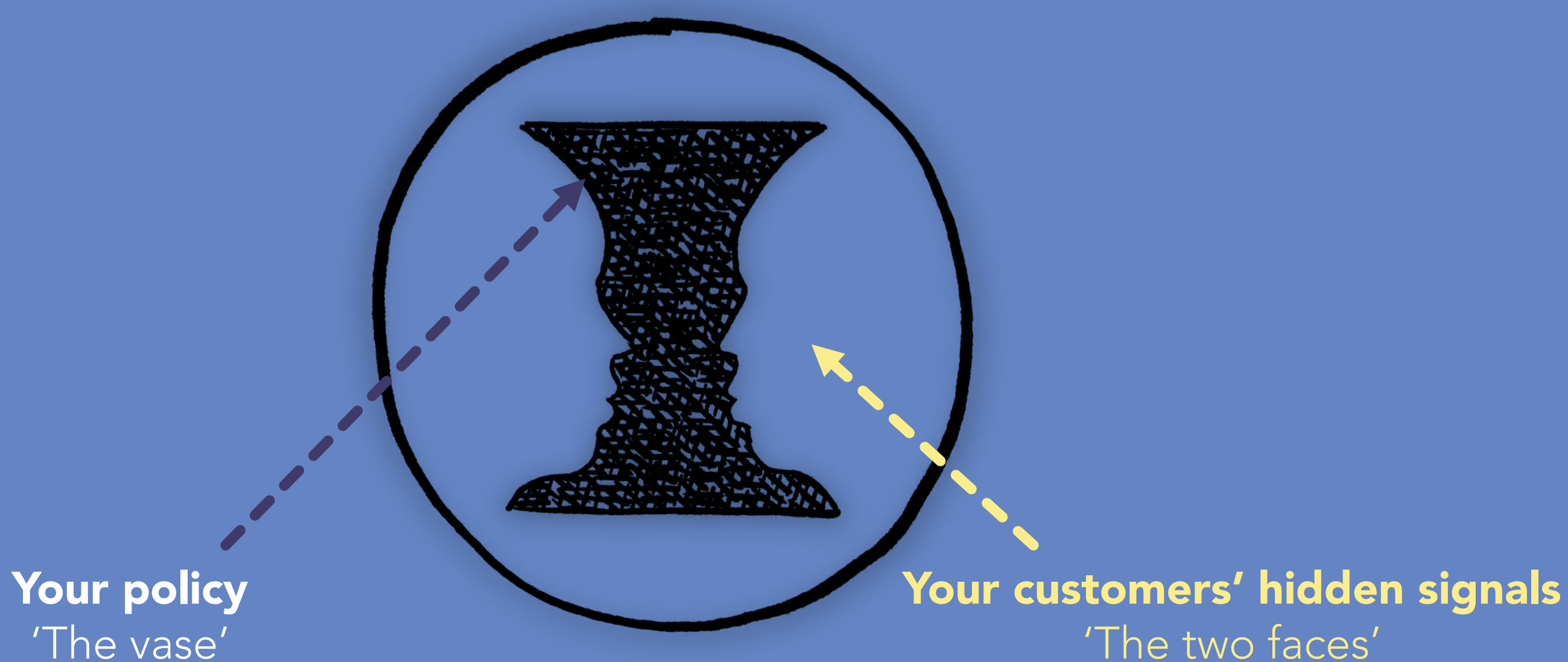
It works rather like the Rubin's vase illusion (below), the image that can be seen as either a vase or two faces. The policy is the vase; the unspoken human signals are the faces. Focus only on the technical content and you see half the picture.

This is the hidden curriculum of vulnerability: the tacit, subtle nuances that decide how a conversation actually goes. Learning content rarely names, let alone builds, these capabilities.

### Most vulnerability is invisible

This matters because disclosure is the exception, not the rule. The FCA found that only 42% of vulnerable customers told a firm about their circumstances.<sup>2</sup> Research by the Money and Mental Health Policy Institute is starker still: just 14% of people with a mental health problem had disclosed it to their financial services provider.<sup>5</sup>

PIMFA makes the same point from the firm's side, noting that it is the invisible or hidden vulnerabilities that are by far the hardest to identify.<sup>3</sup> The implication is unavoidable. If most vulnerability is never spoken, then training that only prepares staff for the cases where a customer says "I'm struggling" leaves them unprepared for the majority. Recognising what goes unsaid is not an advanced skill to layer on later, it is the core of the job.



**Your policy**  
'The vase'

**Your customers' hidden signals**  
'The two faces'



*"When someone chooses to share, it represents a huge moment of trust."*

**Helen Undy, Chief Executive  
Money and Mental Health Policy Institute**





## Four capabilities for effective support

No business can script its way to good outcomes because vulnerability arrives in endless forms. and the conversation is never quite the one the training anticipated. What frontline staff need are transferable capabilities they can bring to whatever situation arises.

### Recognising hidden cues with holistic problem-solving

Spotting undisclosed vulnerability means integrating scattered, partial signals into a single picture. That act of synthesis is holistic problem-solving: seeing the whole from fragments that, taken alone, mean little.

### Handling disclosure with agility

When a customer opens up, a successful outcome hinges on adapting quickly and well – shifting register, responding to the person rather than the process. That is agility: the ability to navigate a complex, unscripted situation as it unfolds.

### Adapting under pressure with innovation

Stepping away from the standard flow when circumstances demand it is not a failure of process. The ability to generate an original, workable response the script never contained requires innovation.

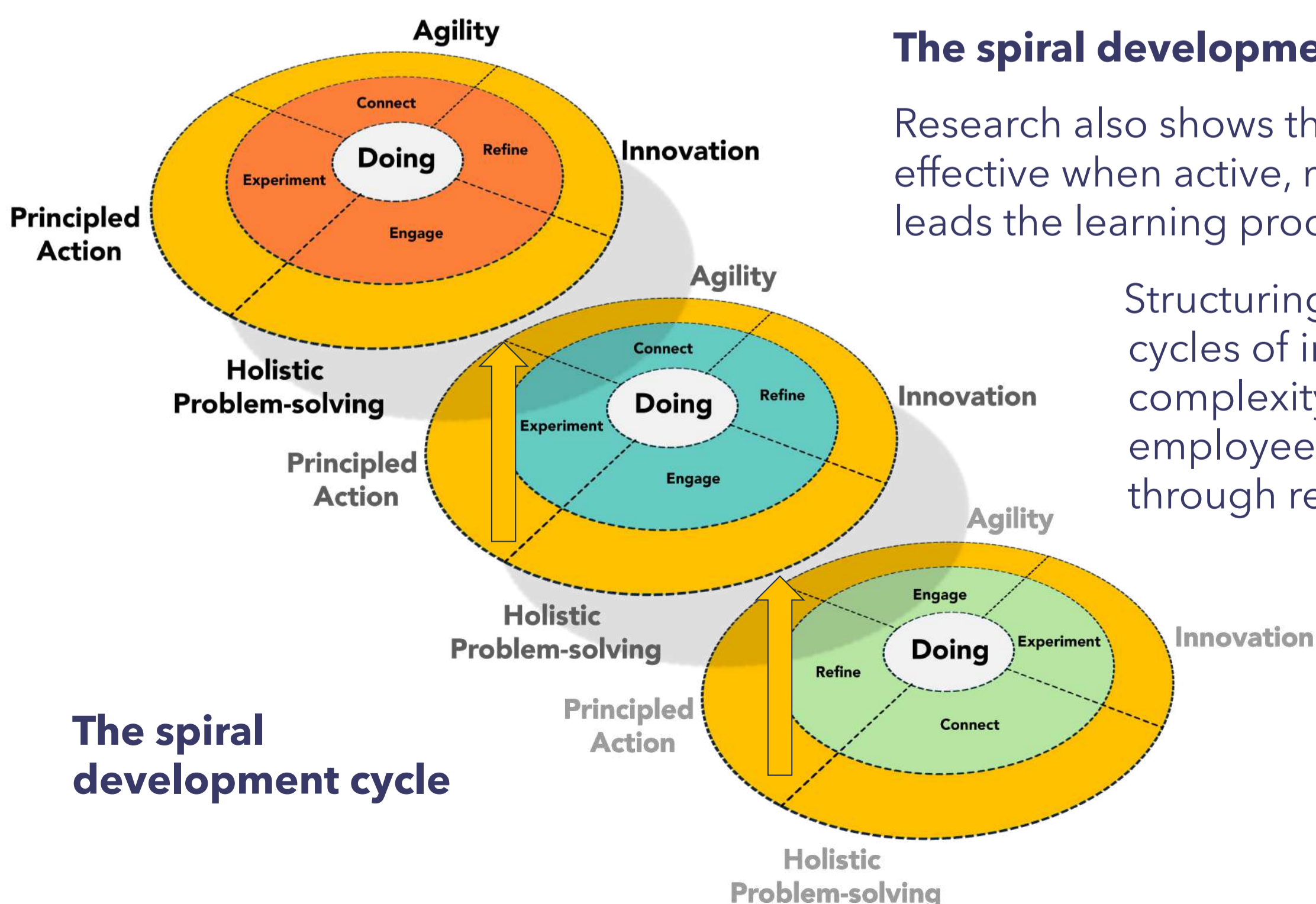
### High-stakes situations with principled action

The hardest cases, such as those involving capacity, economic abuse or bereavement, call for principled action. This is doing the right thing, with care and judgement, in situations no procedure fully anticipates.

### The spiral development cycle

Research also shows that learning is more effective when active, repeated application leads the learning process.

Structuring application in cycles of increasing complexity develops employees' capability through repeated practice.



**The spiral development cycle**



## Why scenario-based design works

If capability is built by doing, the question for any business is a fair one: does designing training around practice actually produce better results than teaching the content? The evidence is clear that it does.

### Practice before answers

The most effective way to build judgement is to have people grapple with a realistic problem before they are taught the principles, not after. This is the basis of Kolb's experiential cycle, where understanding forms through doing, reflecting and trying again rather than through instruction alone.<sup>4</sup>

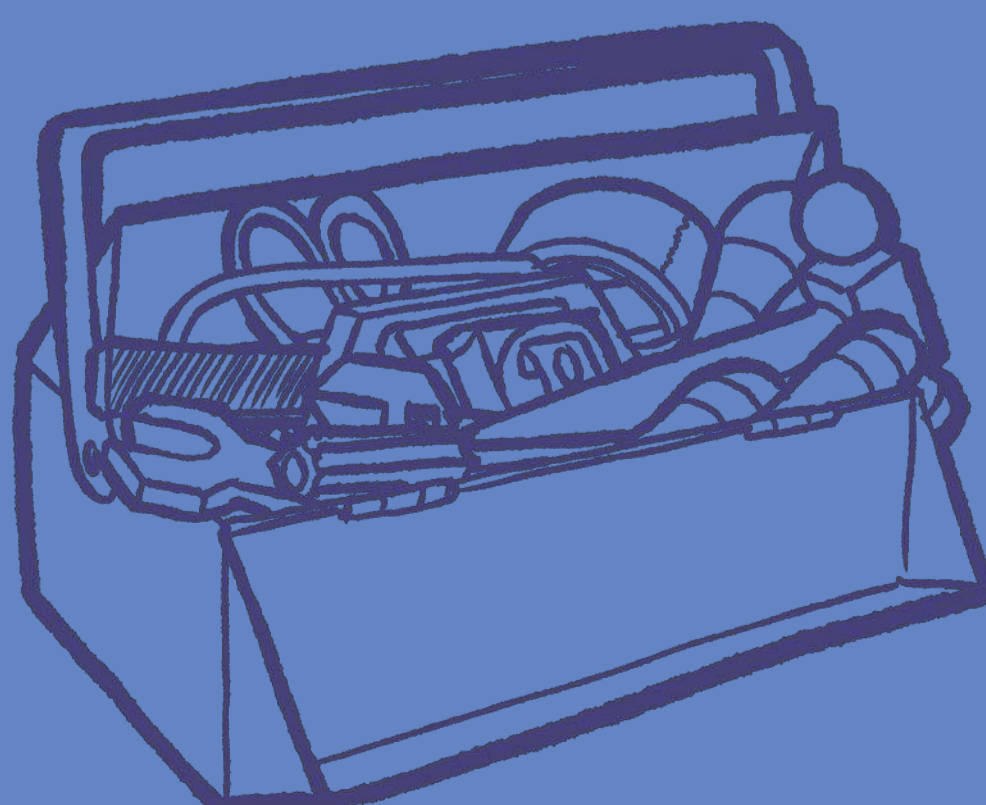
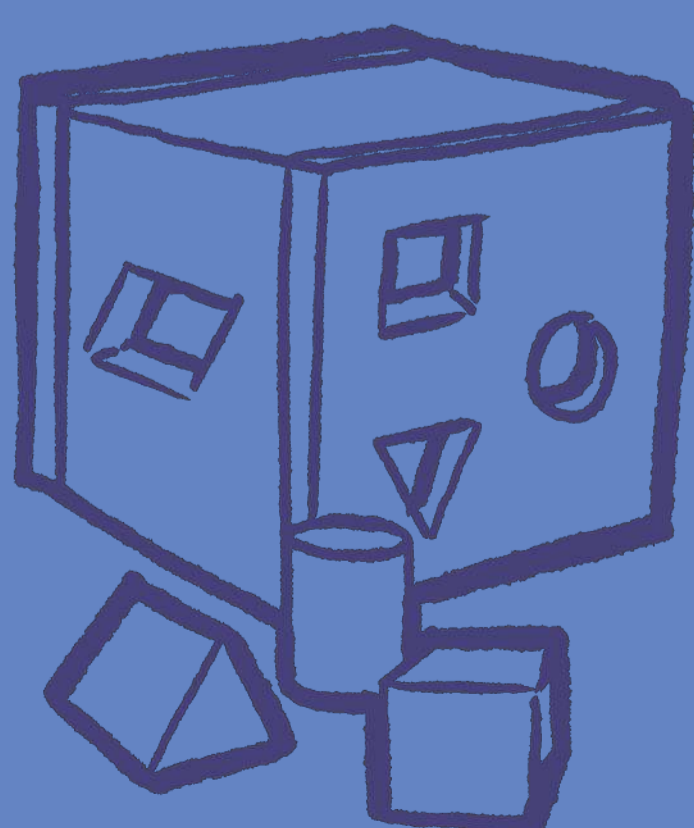
It is also one of the better-evidenced findings in modern learning research. A meta-analysis by Sinha and Kapur of more than 160 comparisons found that having learners attempt a problem before instruction produced significantly better conceptual understanding and transfer, with the effect growing stronger the more faithfully the approach was designed.<sup>6</sup> Their plain summary is striking: practice before content can be close to twice as efficient as instruction alone.

### Proven across domains

Scenario and simulation-based learning is not a niche technique. A meta-analysis by Chernikova and colleagues, drawing on 145 studies, found simulation-based learning had a large positive effect on the complex skills professionals actually need including problem-solving, situation management, communication. The finding held across fields as different as medicine, teaching and management.<sup>7</sup>

### Why it has to be a simulation

For vulnerability, there is a further, unavoidable point. You cannot ethically let staff practise a first real disclosure on a distressed customer because it places the cost of their learning on the person least able to bear it. A safe yet authentic scenario is the only responsible place to build the skill before the moment arrives.





## Case study: listening within the rules

The core capability employees require is the ability to listen for what a customer signals indirectly, then exercising judgement in the moment - all within strict regulatory limits. This challenge is not unique to vulnerability. We built exactly that capability for E.ON's smart meter engineers, in a different but closely related context.

### The challenge

E.ON's smart meter engineers visit customers in their homes. Under the Smart Metering Installation Code of Practice (SMICOP), they are strictly prohibited from holding sales conversations. At the same time, E.ON wanted them to be able to recognise genuine customer interest in net-zero products - such as electric vehicles and solar panels - to open an appropriate, compliant conversation when a customer signalled it.

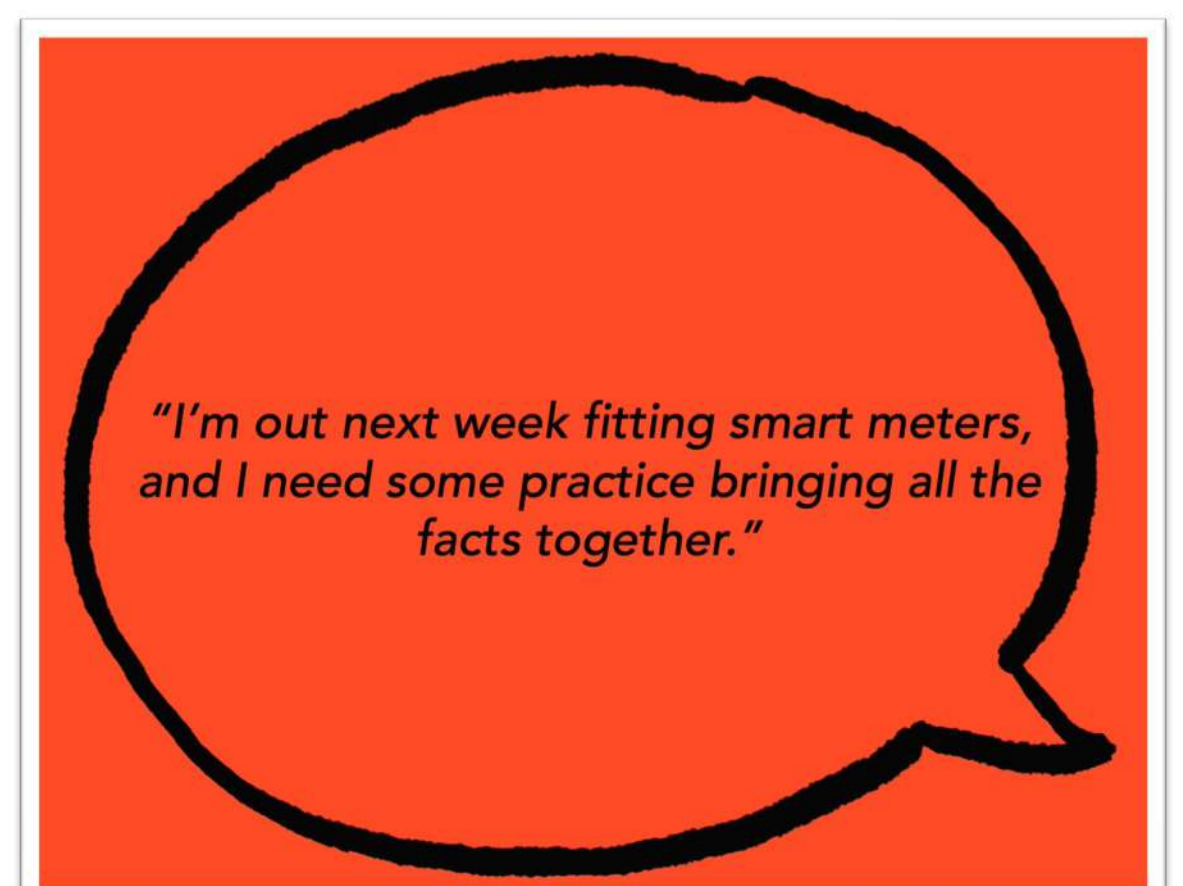
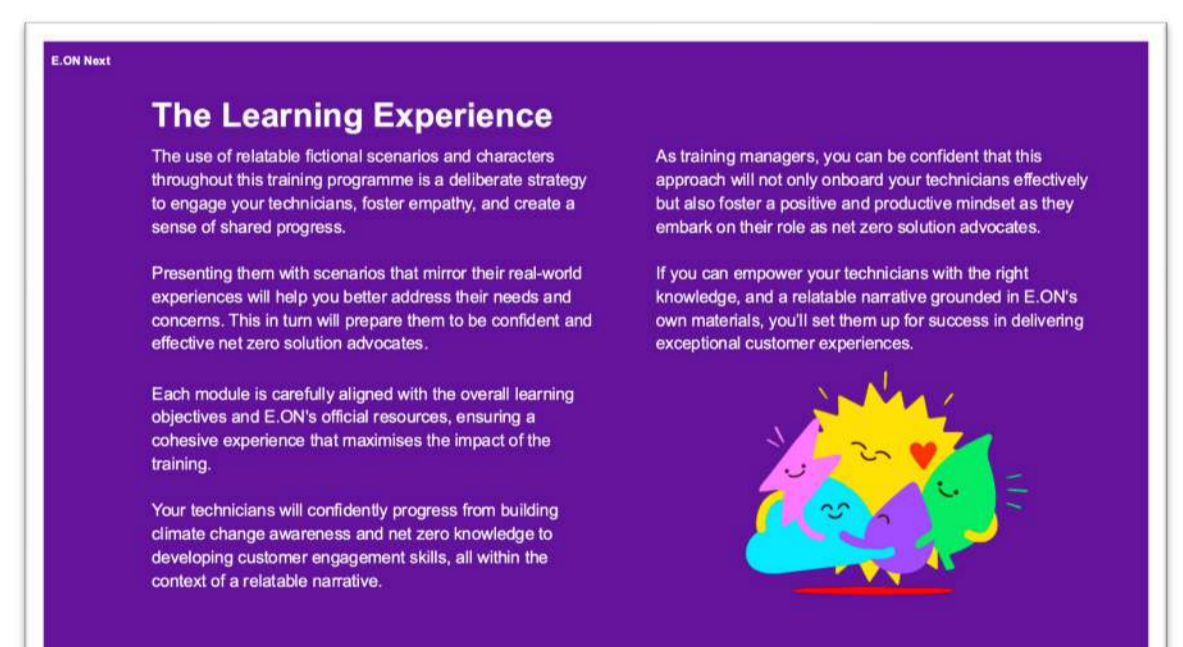
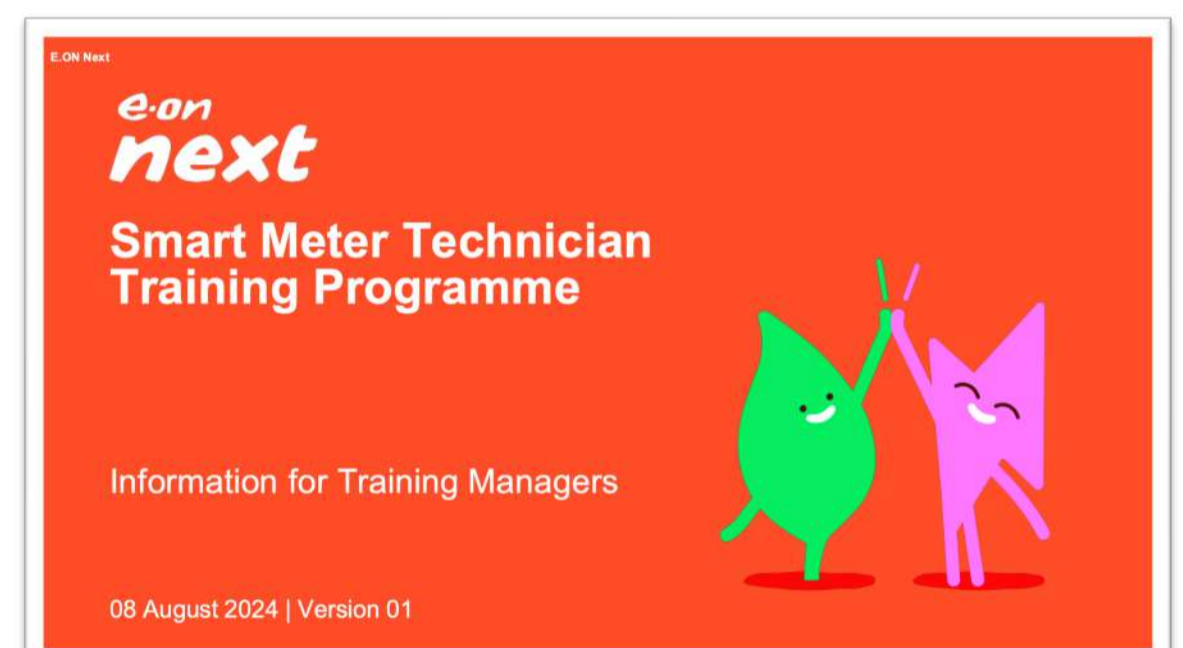
This was a judgement problem, not a knowledge one. An engineer can be told exactly where the regulatory line sits and still be unable to tell, in a live doorstep conversation, the difference between a customer cue worth responding to and a line they must not cross. That distinction is made in the moment, under pressure, and it cannot be built from a rules briefing alone.

### What we designed

We built a scenario-based course that placed engineers inside realistic customer conversations. Instead of being told what they could and couldn't say, they practised hearing the indirect cues that signal real interest. This developed their judgement in distinguishing a permitted, customer-led conversation from a prohibited pitch.

### The result

Engineers came away better able to recognise and respond to genuine customer cues while remaining fully within SMICOP. The training helped them become more confident in the moment, and with a stronger sense of judgement.





## Differentiating with scenario-based learning

Closing the completion gap is a design choice, not a content one. The same methodology we apply across sectors adapts directly to vulnerable customer training, and it turns the four capabilities from aspirations into something a firm can deliberately build. It runs through six stages.

### **Stage 1: Define the capability, not the knowledge**

Start by naming what staff must be able to do in a live conversation, rather than only what they must know. The capability to recognise an unspoken cue, respond to a disclosure, or hold the line in a high-stakes case, becomes the objective - not simply knowledge of the policy.

### **Stage 2: Reveal what usually stays hidden**

Surface the tacit signals and judgement calls that formal training leaves unspoken: the cues a customer never names, the moment a script stops serving them. Naming the hidden curriculum is the first step to teaching it.

### **Stage 3: Lead with doing**

Have staff attempt a realistic conversation before being taught the principles. Grappling with the problem first, and even getting it wrong safely, makes the subsequent guidance land.<sup>6</sup>

### **Stage 4: Build a spiral, not a single hit**

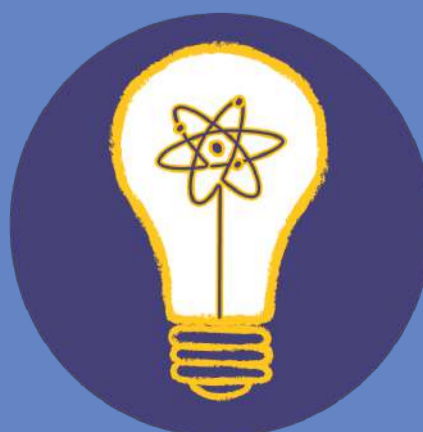
Revisit the four capabilities at rising levels of difficulty rather than covering vulnerability once. Judgement deepens through repeated, increasingly complex practice, not through a one-off module.

### **Stage 5: Make the scenarios real**

Place staff in fictional yet authentic conversations that carry the messiness of real practice. Where possible, derive the scenarios from actual customer conversations to illustrate incomplete information, emotion and ambiguity. This is where capability is actually rehearsed.

### **Stage 6: Assess judgement, not completion**

Measure what staff do in a realistic situation, not whether they finished a module. Observing behaviour in a scenario makes judgement visible – and assessable – in a way a completion record never can.





## Conclusion

The bar for supporting vulnerable customers has risen, and the FCA's own findings show where firms now fall short. The gap is rarely one of knowledge. Staff know the policy; what they cannot always do is recognise vulnerability that goes unnamed, respond well when a customer opens up, and hold their judgement in the hardest cases. Completion was always the floor, never the ceiling.

Closing that gap is a design choice. Building the four capabilities through realistic, scenario-based practice is how businesses turn what staff know into what they can do in the moment: protecting customers and supporting the people who serve them through difficult conversations.

## References

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7. Chernikova, O., Heitzmann, N., Stadler, M., Holzberger, D., Seidel, T. and Fischer, F. (2020) [Simulation-Based Learning in Higher Education: A Meta-Analysis](#), *Review of Educational Research*, 90(4), pp. 499-541.





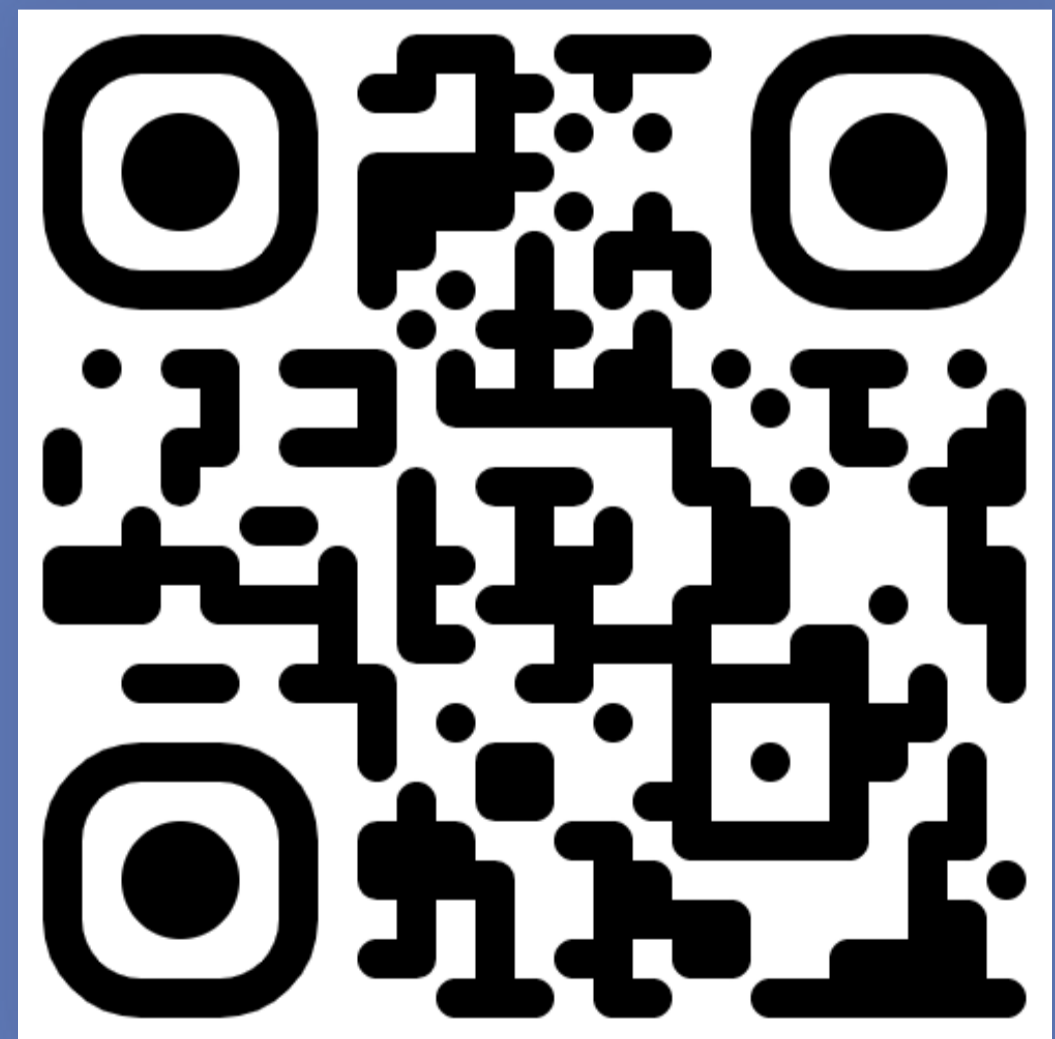
## About Ding Learning

Ding Learning partners with organisations to create impactful learning experiences that transform lives.

We specialise in scenario-based learning design to help organisations develop workplace capabilities, competencies and skills.

Our collaborative approach helps clients develop learning solutions that prepare employees for the complex challenges of today's rapidly evolving workplace.

Visit [ding.global](https://ding.global) to talk with us.



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