



**Literature Review on Consumer
Vulnerability**

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Executive Summary

- 1.1 Consumer Scotland is the statutory independent body for consumers in Scotland. Established by the Consumer Scotland Act 2020, the Act states that in exercising its functions Consumer Scotland must have regard to the interests of vulnerable consumers.¹
- 1.2 Vulnerability is a complex, sensitive and challenging subject. In recent years, many policymakers, regulators, and academics have considered how the issue of vulnerability should be addressed. A Literature Review was, therefore, undertaken of relevant academic literature and on the approach of regulators. The aim was to ensure that we learn from existing evidence and good practice and to start to identify gaps in the existing knowledge base that particularly impact on Scottish consumers. Since there is an extensive body of literature on consumer vulnerability from a range of disciplines, the intention was not to provide an exhaustive review but to focus on those areas particularly relevant to the role of Consumer Scotland.
- 1.3 The Review of the academic literature found that the approach to consumer vulnerability has evolved. It has shifted from a 'disadvantaged consumer' or 'class based' approach which focused on the personal characteristics of particular groups of consumers which may place them at risk of harm, to approaches which highlight how vulnerability can be universal and situation dependent. Contemporary approaches also consider how consumer vulnerability can be due to factors outside the control of individuals such as a failure of the market or of the state.
- 1.4 The broad conclusions to be drawn from the Literature Review are that:
 - Consumer vulnerability can be temporary, sporadic or permanent and the circumstances encountered in everyday life can result in any person experiencing vulnerability
 - Consumers can move in and out of states of vulnerability and they may be vulnerable in respect of some categories of transaction but not others. There is recognition that consumer vulnerability can be a spectrum, with 'transitory' at one end and 'persistent' at the other
 - Vulnerability can also be cumulative, and the concept of intersectionality has been used to articulate and analyse the lived reality of those who experience multiple and compounding inequalities
 - There has been a contemporary move away from problem-focused and 'deficit-based' approaches to one which focuses more on inclusivity and supporting empowerment and choice

¹ Section 7(4)

- 1.5 Vulnerability theory, as developed by Fineman (2012) has had a considerable influence on law and social justice scholars. Fineman argues that vulnerability must be central to theories about what constitutes a just and responsive state and that while it is universal and constant, vulnerability is manifested differently in individuals, often resulting in significant differences in position and circumstance.
- 1.6 Critics of the universal approach to vulnerability question whether such an approach dilutes perception of inequalities and in doing so may fail to take sufficient account of the significant disadvantage that particular groups face. In response, others argue that an approach to vulnerability that highlights its universality is an opportunity to focus on the consequences of vulnerability rather than vulnerability as a condition itself.
- 1.7 There is increasing recognition in academic literature that language matters and that that it is not helpful to label groups in this way and that 'vulnerability' can be stigmatising.
- 1.8 The Review highlights the relevance of a growing category of academic literature under the heading of 'Transformative Service Research.' This research argues for a greater focus on outcomes and service design which enhance the wellbeing of consumers in vulnerable circumstances in the private and public sectors.
- 1.9 The Literature Review also identifies a small selection of recent academic articles which have a specific focus on consumers in vulnerable circumstances in Scotland. The articles demonstrate the breadth of research taking place in this area and included research in relation to low income and other 'left behind' groups, the impact of rurality and the experiences of trans consumers in Scotland.
- 1.10 Chapter 3 is a descriptive review of how regulators in the UK and Scotland have approached the question of consumer vulnerability and highlights recent developments. Consumer Scotland is the statutory advocate for energy, post and water in Scotland, so particular consideration has been given to the literature produced or commissioned by the regulators in these three markets. This chapter also draws on the work of the Competition and Markets Authority, the UK Regulators Network and the Financial Conduct Authority.
- 1.11 A key finding from this descriptive review is that regulators' approaches to vulnerability have evolved over time and there is a significant body of work that has been carried out in relation to this topic including research, strategic documents and guidance. The initial focus of regulators was on identifying vulnerable groups, classes of consumers, or specific regulatory issues and encouraging 'reasonable adjustments' to a service when vulnerable consumers are identified. In common with the academic literature, the review describes how more recently, regulators have increasingly recognised the universality of vulnerability and the impact of market conditions.

Regulators have also noted the value of having a better understanding of the issues and risk factors that can result in people being more vulnerable to harm.

- 1.12 Current approaches promote the use of organisational vulnerability strategies and a focus on inclusive design so that all consumers have equitable access to services. Regulators are also increasingly aware of the sensitivities of labelling consumers/ customers as 'vulnerable'. Alternative terminology used includes 'consumer vulnerability' and 'consumers in vulnerable circumstances'.
- 1.13 Chapter 4 highlights four specific issues in the context of vulnerability. First, it starts with a discussion of the relationship between poverty and vulnerability, noting that poverty increases the risk of consumers experiencing vulnerability, and that a range of structural, household and individual-level factors play a role in determining whether or not a household is in poverty. These risk factors can result in people being more vulnerable to harm.
- 1.14 Second, it highlights an increasing focus on 'inclusive design' in relation to both organisations and markets. This universal approach means co-designing from the outset with the needs of all consumers front and centre rather than having to retrospectively adjust to different consumer needs. It requires a whole organisational approach including leadership and cultural change. Participation of consumers with lived experience of vulnerability is key and co-design has to be actively planned for and facilitated if it is to be effective.
- 1.15 Third, the Chapter highlights literature on secondary consumers - individuals who are not the primary target market for a particular product or service, but who are still influenced by, or are indirectly affected by, the product or service e.g. carers. Vulnerability amongst secondary consumers differs from the vulnerability experienced by the primary customer but is interrelated. An inclusive approach to services would mean that secondary consumers should be recognised as being an important recipient of the service being provided. In practice, organisations can view secondary customers as process outsiders.
- 1.16 Fourth, this chapter includes a brief discussion on the impact of the move to digital. It notes that digital technology can offer many consumers a wider range of opportunities and choice, but it can also aggravate existing vulnerabilities as well as creating new types of vulnerability. Digitally excluded consumers, for example, can pay more for essential services. Being digitally excluded can also lead to poorer health outcomes, lower life expectancy, increased loneliness, social isolation, and less access to employment, education and democratic processes.
- 1.17 Specific concerns in relation to the shift to digital delivery relate to communication issues, particularly in relation to not easily being able to speak with a person. It notes that the increasing emphasis on self-service technologies potentially conflicts with

research which shows that when people experience anxiety their perspectives on risk and decision-making shift, and they become advice-seeking.

- 1.18 The Literature Review concludes by setting out three key areas arising from that Review that appear relevant to Consumer Scotland to consider going forward. The first of these issues is that language matters - Consumer Scotland should consider the language it chooses to adopt in relation to consumers in vulnerable circumstances.
- 1.19 The second area highlighted relates to one of the initial aims of this project which was to identify key risk factors affecting consumer vulnerability in Scotland and to compare this to elsewhere in the UK. The Review highlights how this is not a straightforward task as identification depends on how consumer vulnerability is defined and understood. It also highlights how consumer vulnerability should not, therefore, solely be thought of in terms of common group characteristics as it is context specific, multi-faceted and definable by personal, situational and external factors. At the same time, the Review has also noted that there are there are risk factors which can increase the risk of people being more vulnerable to harm and identifying and understanding those is also necessary.
- 1.20 An initial assessment for this Review of some of the statistical and research information on vulnerability relating to the population of Scotland points to the conclusion that vulnerability and disadvantage does not differ significantly from the rest of the UK. There are geographical factors which relate to rural and remote areas in Scotland, and it is considered that differences related to devolution will increasingly have an impact on the nature and extent of consumer vulnerability. The review notes that there could, therefore, be merit in bringing together some of the statistical and research information on vulnerability which relates to the population of Scotland and keeping this regularly updated.
- 1.21 Finally, the Literature Review identified that there is little academic research relating specifically to consumer vulnerability in Scotland. While there is evidence about Scotland to be found in these wider UK studies, it is not always easy to extract and to translate the implications to the Scottish context.
- 1.22 The Review highlights several areas where gaps exist in the existing evidence base including the following:
- Whether there are uniquely Scottish factors relating to consumer vulnerability. This could relate to geographical differences in Scotland particular to the remote, rural and Island population. The different legislative and policy approaches in Scotland which have followed from devolution may also lead to different experiences for consumers
 - How different vulnerabilities intersect and whether the experiences of consumers who belong to multiple “vulnerable groups” may vary

- How consumer vulnerability is experienced across multiple markets
- The impact of digital technologies and how the 'right' communication channel may differ for different groups of consumers who experience vulnerability
- How secondary consumers experience vulnerability
- How 'solutions' proposed by regulators and implemented by suppliers are working in practice and whether there are 'implementation gaps'
- Whether there should be a greater focus on systemic issues and how they impact on consumer vulnerability
- How small businesses might experience vulnerability. The definition of consumer in the Consumer Scotland Act includes small businesses and there was little research identified on small businesses as vulnerable consumers
- Where are the regulatory gaps in relation to consumer vulnerability?
- How vulnerability manifests in hybrid markets such as housing or social care

1.23 The Review also notes Consumer Scotland's role in relation to promoting the sustainable consumption of natural resources, and other environmentally sustainable practices, in relation to the acquisition, use and disposal of goods by consumers in Scotland. Consumer vulnerability will be a priority consideration in this work and there will be a need for research to help inform this.

Chapter 1: Introduction

1.1 Rationale for this Literature Review

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act provides a definition of consumers which includes individual consumers and small businesses that purchase, use, or receive products or services.

Our purpose is to improve outcomes for current and future consumers and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support.

The 2020 Act states that in exercising its functions Consumer Scotland must have regard to the interests of vulnerable consumers (Section 7(4)).² It is our intention that Consumer Scotland's work, across all of our functions, will be underpinned by a detailed understanding of the characteristics, needs, aspirations and experiences of consumers in vulnerable circumstances. This forms a key component of our work in promoting more positive outcomes for consumers and in informing our ability to advocate for approaches which can reduce the risk of harm or detriment occurring. One of Consumer Scotland's first actions in year one was to convene a Short Life Working Group to help support the organisation in developing its approach to vulnerability. As a result of this work, in year two we are establishing an Advisory Committee to the Consumer Scotland Board to provide a valuable space for advice, reflection and learning as Consumer Scotland continues to embed a focus on the interests of consumers in vulnerable circumstances in the design and delivery of its work.

Vulnerability is a complex, sensitive and challenging subject. With an existing extensive body of practice and research literature, it is important that Consumer Scotland takes account of this evidence base and does not unnecessarily duplicate existing practice and research. We wanted to ensure that we learn from existing good practice and start to identify gaps in the existing knowledge base that particularly impact on Scottish consumers. It is clear that in recent years, many policymakers, regulators, and consumer bodies have considered how the issue of vulnerability should be addressed with varying degrees of success. There is also a considerable body of academic research on vulnerability.

² Section 25 defines vulnerable consumers as consumers who, by reason of their circumstances or characteristics—(a) may have significantly fewer or less favourable options as consumers than a typical consumer, or (b) Are otherwise at a significantly greater risk of: (i) harm being caused to their interests as consumers, or (ii) harm caused to those interests being more substantial, than would be the case for a typical consumer

In order to inform and support our work on vulnerability, therefore, a Literature Review was undertaken to provide an evidence base on which to develop Consumer Scotland's approach to vulnerability and to identify gaps in the current consumer landscape in Scotland relating to vulnerability. This Literature Review was carried out by Carolyn Hirst whilst employed by Consumer Scotland as a Research Manager on a fixed-term contract. Her full biography is included at the end of this report.

The aims of the Literature Review included:

- Identification of the key factors and criteria affecting vulnerability and disadvantage in Scotland and comparing this to elsewhere in the UK
- Identification and assessment of relevant academic research on vulnerability in the UK and internationally
- Identification and assessment of the main characteristics and effectiveness of organisational practice across sectors addressing vulnerability, how they deliver policy objectives and inform essential service design
- Identification and assessment of any gaps in the evidence base regarding vulnerability in Scotland
- Consideration of the criteria and processes Consumer Scotland should adopt in relation to vulnerability

It should be acknowledged at the outset that there is an extensive body of literature on consumer vulnerability from a range of disciplines. As a result, this is not an exhaustive review of the literature relating to consumer vulnerability, but a summary of what appears to be particularly relevant to the remit of Consumer Scotland.

1.2 Structure of the Literature Review

This Literature Review consists of five chapters. Chapter 2 critically reviews the relevant **academic literature** on consumer vulnerability tracing its evolution to the present day. It highlights some of the challenges over defining consumer vulnerability and the most recent academic thinking in relation to this including a section on transformative service research. It concludes with a short section reviewing recent academic literature with a specific focus on consumers in vulnerable circumstances in Scotland.

Chapter 3 focuses on the **approaches of some UK and one Scottish regulator** in relation to vulnerability including those relating to communications, energy, water, financial services as well as the work of the Competition and Markets Authority (CMA) and the UK Regulators Network (UKRN). For those particularly interested in policy and practice they may choose to go direct to [this chapter](#) which sets out their current approaches and can be read as a stand-alone chapter. This chapter is a descriptive review of how different regulators have approached the question of vulnerability in recent years.

Chapter 4 highlights four specific issues in the context of vulnerability. It starts with a discussion of the relationship between **poverty and vulnerability**. It then moves on to

consider the importance of **design**. This is followed by a discussion on the literature on **secondary consumers** and the potential impact of the move to **digital** on consumers in vulnerable circumstances. It then concludes by highlighting some examples from **Europe and Australia** which may be of particular interest to Consumer Scotland.

Chapter 5 is the conclusion and, based on the Literature Review, sets out three key areas for Consumer Scotland to consider taking forward. These are: (1) language matters (2) developing a reference document on the key factors and criteria affecting consumer vulnerability, and (3) addressing, more broadly, gaps in the existing evidence base regarding vulnerability in Scotland.

Appendix 1 includes a summary of the definitions from relevant academic and regulatory literature on vulnerability.

Chapter 2: Review of the academic literature on consumer vulnerability

2.1 Evolution of consumer vulnerability research

Much of the academic consumer vulnerability research has focused on who is considered vulnerable and on how to define vulnerability. It should be noted that academic studies often say that defining vulnerability is difficult, while at the same time considering that developing a succinct definition is the foundation for identifying and assisting vulnerable consumers. Consumer researchers have also used vulnerability as a theoretical angle to explore the difficulties and challenges experienced by consumers in the marketplace. The following is an overview of consumer vulnerability research.

2.2 The 'disadvantaged consumer' approach

Vulnerability is a concept with meanings rooted in Western culture as far back as the ancient Greeks. It is complex because different disciplines have different ways of defining, measuring, and assessing it. 'Vulnerable groups' have historically been associated with 'weakness', 'dependency' and 'victimhood' (Wisner 2016). The concept of vulnerability has also been enshrined in law and regulation, which in turn has influenced and driven the approaches and behaviours of those who provide goods and services.

The academic literature is in general agreement that the foundational book on consumer vulnerability was 'The Disadvantaged Consumer' by Andreasen (1975), with other early approaches likewise focusing heavily on the personal characteristics and circumstances of particular groups of consumers. As recounted by Garrett and Toumanoff (2010) Andreason's book (authored in the USA) sets out the 'disadvantaged consumer hypothesis' as arguing that the problems of disadvantaged consumers are primarily attributable to their personal characteristics and he contends that disadvantaged consumers are not able to be effective consumers in the urban marketplace directly as a result of their age, poverty, education, etc.

Andreasen (1976) observed that what he described as 'ghetto' consumer problems were qualitatively, not just quantitatively, different from those of the white middle class and considered whether or not a consumer movement that was white and middle class benefitted those who were not white and not middle class.

By 1993 Andreasen (1993) was writing on how the causes of the consumer problems of the disadvantaged were multiple and interacting. This revisit to his 1975 research observed that the problems that disadvantaged consumers faced could be attributed to three sources, each of which had its own implications for needed interventions. These sources were: the characteristics of the consumers themselves (saying that the disadvantaged are often poor, undereducated, and unemployed); the characteristics of the marketplaces in which they shop; and the rapacious behaviours of the sellers they encounter.

In the UK, Burden (1998) is regarded as being a foundational work. As cited by Cartwright (2011), Burden argued that consumers may be vulnerable for two main reasons: first, because they may find it more difficult to obtain or to deal with information needed to make appropriate purchasing decisions, and second, because they may suffer greater loss than other consumers by making inappropriate purchasing decisions. On this basis he

identified seven vulnerable groups: the elderly, the young, the unemployed, those with a limiting longstanding illness, those in low-income households, members of ethnic minorities and those with no formal educational qualifications. Cartwright (2011) considered Burden's approach to be a useful starting point but noted that it could be argued that it ignores other elements that contribute towards consumer vulnerability.

2.3 The shift to more multi-dimensional conceptualisations of vulnerability

The work of Baker et al., (2005) is much cited and considered to be "one of the first and most comprehensive definitions and conceptualisations of consumers experiencing vulnerability which has been instrumental in moving the research agenda forward" (Riedel et al., 2021, p.113). It is worth referring in some detail to this 'seminal paper' as it articulates the view that consumer vulnerability has been a misunderstood or misused concept, equated mistakenly with demographic characteristics, stigmatization, consumer protection, unmet needs, discrimination, or disadvantage.

Baker et al., (2005) write that it is unhelpful to suggest that someone is automatically vulnerable as a consumer just because they are members of a defined 'class', such as being old or poor, as this implies that some classes of people are always vulnerable. They say that consumer vulnerability is a condition, not a status, and also that consumer vulnerability is contingent on self-perceptions (not the perceptions of others), arguing that individuals are truly vulnerable only when they, themselves, believe that they are vulnerable.

The Baker et al., (2005) consumer-driven definition of vulnerability conceptualises vulnerability as being a state of individual powerlessness as opposed to it being a status (see Appendix 1 for definitions). Their definition does not say who is vulnerable, because they consider that everyone has the potential to be. They also consider that while certain personal characteristics mean that some groups are at higher risk of finding themselves in a vulnerable position, it is the context rather than personal characteristics that determines vulnerability. This conceptualisation differs from the Andreasen (1975) class perspective in three ways: it shifts the focus away from a whole class of people to the individual; it introduces the idea of vulnerability in the face of 'marketing messages' (so includes consumers' information processing abilities) and introduces that vulnerability is situation dependent (for example, resulting from 'an imbalance in marketplace interactions') and that consumers are often vulnerable because of factors out with their control.

Baker et al., (2005) also makes the distinction between actual and perceived vulnerability. In their view, actual vulnerability can be rooted in an array of individual characteristics (e.g., cognitive capacity, age, physical disability), individual states (e.g., grief, transition, severe stress), and/or external conditions (e.g., natural disaster, structural inequalities), which might be experienced as either chronic or transient. In contrast, perceived vulnerability is defined as a public perception that a particular group of consumers is at risk.

So Baker et al., (2005) proposed a situational or 'state-based' view as opposed to a 'class-based' view of consumer vulnerability. They also consider that consumer vulnerability is multidimensional, context specific and does not have to be enduring. It is noted that their definition of consumer vulnerability focuses on the experience of vulnerability, and that

central to their consumer-driven definition of vulnerability is the question of control, with less control (over interactions, outcomes) being associated with higher vulnerability. It is noted that Baker and Mason (2012) extend the original (2005) model to illuminate that a trigger event (e.g. job loss, severing of a relationship), as well as subsequent aftershocks (e.g. discontinued bus route), may expose our vulnerabilities (e.g. powerlessness, dependence).

Commuri and Ekici (2008) enlarge on the work of Baker et al., (2005) by suggesting that conceptual and operational definitions of consumer vulnerability would benefit from an inclusion of both state and class-based perspectives. Their definition of consumer vulnerability is that it may be hypothesized as a sum of two components: a systemic class-based component and a transient state-based component (see Appendix 1). This recognises some classes of consumers as being more likely than others to be vulnerable at some point. And that there is danger that a state-based view, if taken literally, may reduce the role of a policy maker to a responsive agent rather than one who plans for consumer welfare and foresees and pre-empts threats to that welfare.

Shultz and Holbrook (2009) propose a model with a macro perspective that identifies powerlessness in an interaction as flowing from two sources: knowledge of how to solve a problem and access to the means of solving the problem. They have used this model to classify four different types of vulnerability experiences. In this typology, people who do not know how to solve their problem and who have no means to solve it are deemed doubly vulnerable. Shultz and Holbrook (2009) make the point that vulnerability is a relative term that exists along a continuum with grey areas and gradations in between its extremes. Their model assumes that people can enter and exit various states of security based upon their cultural and economic capital.

Writing in the context of financial services, Cartwright (2011) considered that consumers were a heterogenous rather than a homogenous group and proposed a 'taxonomy of vulnerability'- a set of elements to help to identify where vulnerability is liable to exist. The five elements are: information vulnerability, pressure vulnerability, supply vulnerability, redress vulnerability and impact vulnerability. He considered this could be used to examine how vulnerable consumers can best be protected. Cartwright (2011) also acknowledged that 'vulnerable' might not be the right label for the consumers in question, but it is a helpful shorthand to describe those consumers who are particularly susceptible to loss or harm.

Harrison and Chalmers (2013) reinforce the learning from Baker et al., (2005), saying that a more sophisticated, and human centred approach to consumer vulnerability needs to be considered and that an alternative approach might be to view vulnerability as a spectrum that is neither enduring nor binary. They consider that a spectrum approach to the concept of consumer vulnerability (and potential protections) could be helpful in representing that any individual might experience vulnerability at a point in time. Also that it might be useful in recognising that vulnerability does not have to be enduring and arises from an interaction of factors rather than a single individual characteristic.

Using disability as a setting, Pavia and Mason (2014) explore the existing vulnerability research in marketing and related fields, and conclude that the current models of

vulnerability do not adequately capture situations arising from physical, cognitive and behavioural impairment. Building on the work of Shultz and Holbrook (2009) they propose three dimensions that can be used to further organize vulnerability research. These are: whether the situation leading to vulnerability can be 'remediated' (e.g. a person's inability to read and write) or not (e.g. dementia); has a clear end point in the near future or not; and is static in its challenges (stability). They demonstrate how these three dimensions can be combined in four ways (Straightforward Resolvable, Complex Resolvable, Straightforward Unresolvable and Complex, Dynamic Unresolvable) to classify and consider situations leading to vulnerability, and consider less attention has been given to situations leading to vulnerability that cannot be remediated.

Saatcioglu and Corus (2015) apply the concept of intersectionality to the study of consumer vulnerability, saying that intersectionality is both a theoretical paradigm and a set of methodological tools that help examine societal inequalities. It also considers that intersectionality driven research can make visible the workings of underlying macro-level processes. They review the consumer vulnerability literature and distinguish between two distinct approaches: research with a temporary, state-based view (as in Baker et al., 2005) and the stream of research which focuses on the systemic, institutionalized, and collective nature of vulnerability and sees it more as being a status (Commuri and Ekici 2008; Shultz and Holbrook 2009).

Baker et al., writing in 2015, update their previous work and discusses three different approaches to vulnerability analysis, which can be summarised as population, environment and meanings - and give examples of articles relating to each. There is a comprehensive table (p. 22 - 23) summarising these three different approaches. They say that, in a practical sense, there is no one 'best' approach to vulnerability analysis as the conceptualisation and approach selected affects how interventions are designed, who or what is seen as the target of the intervention, and how and where resources are distributed. Interestingly this book chapter concludes by saying that the assumption that vulnerability is a negative state of being, all of the time, is flawed. If vulnerability is not experienced, then people may have a hard time experiencing hardship when it comes, that experiencing love and loss are a fundamental part of what it means to be human (and you can overprotect yourself) and vulnerability may be a catalyst, an opportunity, for individual and social transformation.

Canhoto and Dibb (2016) explore the role of the policy and practices of mainstream lenders and of the economic environment in generating financial exclusion and, therefore, consumer vulnerability. They say that the literature discussing access to credit tends to focus on an individual consumer's ability to demonstrate their creditworthiness. This narrow perspective leads to a focus on consumers' circumstances as the cause of vulnerability, contradicting the view that consumer vulnerability can be caused or exacerbated by the marketplace and the consumption experience taking place within it. They also note how, despite consumer characteristics being shown not to be determinants of financial exclusion, policy documents still tend to refer to "at-risk" groups.

2.4 Recent reviews of the academic literature on consumer vulnerability

A number of articles have helpfully drawn consumer vulnerability themes together. Brennan et al., (2017) focus on consumer redress and provide a useful summary of the more contemporary understandings of consumer vulnerability. This includes recognition that the interaction between a wide range of market and consumer characteristics can combine to place any individual at risk of vulnerability. Hamilton et al., (2017) define consumer vulnerability as an undesirable state catalysed by a number of human conditions and contexts, observing that the notion of vulnerability has been operationalised as a label for a particular group or demographic within society but that, like Baker et al., (2005), they view it as a circumstance which all people may experience at some point in their lives.

Brown et al., (2017) observe that how vulnerability is deployed in research depends to some extent on the historical, political and disciplinary context in which the concept is utilised and, as many scholars have pointed out, wider and narrower uses overlap or are used interchangeably. This article says that a clearer grasp of the many faces of vulnerability is crucial at a time where vulnerability, used variously as a vague notion, theorised concept and policy mechanism, increasingly plays a role in framing and re-working understandings of the connections between institutions, social practices, individuals and the state. Rosenbaum et al., (2017) comment that service and marketing research has broadened its investigation of consumers experiencing vulnerability into new and emerging market phenomena since Baker et al., (2005) proposed their definition and approach. And Graham (2018) affirms that the modern broad conceptions of vulnerability are that it is multi-factorial, multi-dimensional and has transitory elements.

The article by Hill and Sharma (2020) is an extensive literature review of the conceptual foundations relating to consumers experiencing vulnerability. They observe that while consumer vulnerability affects billions of consumers worldwide, there is no consensus about what constitutes this state. Also that there is widespread acknowledgement that vulnerability is a complex and fluid concept, and that far from vulnerable consumers being the exception, that during their lives, in certain contexts, at different times and in different ways, all consumers can experience vulnerability. Hill and Sharma (2020) articulate a need for consumer vulnerability to be better conceptually and theoretically anchored and have developed a conceptual framework which identifies the antecedents, contexts and consequences. They point out that it is not so much belonging to a group of particular consumers that marks these individuals as vulnerable, but it is the circumstances that consumers face that determine their vulnerability.

The focus of Helberger et al., (2021) is on consumer vulnerability for the digital economy. It contains useful and comprehensive sections on vulnerability in consumer law and on theoretical considerations relating to vulnerability. These include the contribution of recent theoretical advances in vulnerability theory, and the recognition that vulnerability is not a state of exception, reserved for particular groups of consumers, but a universal condition, reflecting that this is particularly true of digital markets. It considers that consumer law, with its current focus on economic decision-making, is little prepared to deal with the broader societal implications of consumer vulnerability in other aspects of social life.

The stated purpose of Riedel et al., (2021, p.110) is, "to provide a state-of-the-art review of research on consumers experiencing vulnerability to describe the current situation of the

consumers experiencing vulnerability literature and develop an up-to-date synthesised definition of consumers experiencing vulnerability". This is a helpful reference source as it summarises many earlier papers (identifying 310 articles on consumers experiencing vulnerability which were published in English between 2010 and 2019). Their research uses text mining analysis to synthesise the definitions and to derive a definition of consumer vulnerability. They found that the majority of research had been conducted in developed countries (81.03%) and that most research was conducted for consumers considered vulnerable as a result of biophysical factors (70.3%) and psychosocial factors (15.2%).

Riedel et al., (2021) found that the consumer segments most researched were vulnerability due to economic factors (12.6%), older age (12.6%), youth (12.3%) and medical conditions (11.9%). Those least researched were classified as vulnerable due to their gender (0.6%) and geographic remoteness (0.6%). Little research had been conducted on consumers considered vulnerable due to external conditions (3.5%), individual states (4.5%) or across multiple classifications (6.5%). There was a skew (84%) in favour of studies focussed on ongoing vulnerability, and they found that research had largely been focussed on the health and marketing disciplines, with little research conducted across disciplines.

In terms of defining vulnerability, Riedel et al., (2021) reflect that scholars have developed new definitions of consumer vulnerability by either creating their own unique definition or combining them with elements of those from other authors, so as to adequately reflect the consumer segment they are investigating. They consider that their proposed definition differs from the most used definition of Baker et al., (2005) in that it is more concise, applicable to multidisciplinary research and that it has increased utility. Based on their review and synthesising the key elements of previous definitions, they define consumers experiencing vulnerability as, "unique and subjective experiences where characteristics such as states, conditions and/or external factors lead to a consumer experiencing a sense of powerlessness in consumption settings" (p. 120-1). They also say that it extends the more contemporary work in consumer vulnerability, including that by Hill and Sharma (2020), but focuses on the point in time of consumers experiencing vulnerability rather than the entire customer journey. Their definition also acknowledges that the experience is subjective and unique to the individual.

Leino et al., (2021) define vulnerability by the factors causing it, by its durability and by the sphere of influence. Universal human vulnerability or ordinary vulnerability refers to the paradigm that considers all human life as characterised by vulnerability, based on human embodiment, sociality and dependency on others. Contextual vulnerability refers to a relative and context-specific condition that may be faced by anyone in any situation. These definitions imply that everyone can experience vulnerability, and therefore suggests that issues such as service exclusion or service failing to meet essential needs can generate feelings of vulnerability. However, there are also specific factors that can exacerbate the experiences of vulnerability of some individuals or trigger experiences of extraordinary vulnerability. This kind of vulnerability experience often results from the presence of an underlying condition, such as health-related or a capability-related challenge.

Raciti et al., (2022) respond to the call in Hill and Sharma (2020) for a new definition of customer vulnerability. They acknowledge an important shift in terminology from

‘vulnerable consumers’ to ‘consumers experiencing vulnerability’ and argue that most of the seminal definitions perpetuate a deficit view of consumers experiencing vulnerability (focusing on the attributes a person lacks). Their view is that the deficit approach to vulnerability is ingrained in prior research on vulnerability in the marketing literature. Using five themes, Raciti et al., (2022) offer a new definition of customer vulnerability (see Appendix 1) that is strengths-based rather than deficit-based, human-centred rather than consumption-centred, process-oriented rather than static, solution-focused rather than source-focused and holistic rather than reductionist. They say that a strengths-based approach does not ignore ‘at-risk’ customers or the very real danger that may be present. Rather the approach frames the ‘problem as the problem’ rather than the ‘problem being the person’.

Bakker (2021) is a challenging and wide-ranging article which rethinks vulnerability in the context of social work and social policy. It refers to Fineman’s work around vulnerability as a responsive state which sees the experience of being vulnerable as a universal rather than a differential category (Fineman, 2012; Fineman, 2010). It describes, how Fineman concentrates a focus back onto the institutions and structures which are tasked to manage our “common vulnerabilities” thus reframing it as a failure of the initial state project to protect all citizens, rather than the failure of a “responsibilised person” (Bakker, 2021, p.8). Here, it is argued that vulnerability can be used to leverage government and policy action, underscoring a rationale for greater support and more responsive systems.

This paper emphasises the important consideration of whether a construction of vulnerability is universal or specific to a particular person or group. When vulnerability was constructed as universal, the literature highlights its opportunity for leveraging a more responsive state to more equitably manage vulnerability. Where vulnerability was constructed as differential, the reviewed literature theorises its normative and stigmatising function, resulting in a dominant discourse of vulnerable people as fundamentally different and abnormal.

Writing in relation to the regulation of legal services, it is noted that Mayson (2022) concludes (from analysing the different ways of categorising consumers) that far from vulnerability being exceptional or in need of special attention, it is universal – in other words that, at different times and in different ways, we shall all experience it. They endorse the view that in markets where the quality of services is hard to ascertain and communicate to consumers, such as legal services, many will be vulnerable, despite not being disadvantaged by their personal characteristics.

Mayson (2022) goes on to say that it is therefore important that we do not regard vulnerability as synonymous with weakness. With reference to the work of Fineman, they argue that instead of seeing it narrowly as merely openness to physical or emotional harm, vulnerability should be recognised as the primal human condition. They also consider that regulatory policy for legal services needs to invert many of its foundational assumptions and propositions. And that rather than focusing on an absence or avoidance of harm, the structure and focus of regulation should promote the presence of legal wellbeing. Mayson (2022) also observes that academics, regulators and organisations have generally moved from using the term ‘vulnerable consumer’ to using the terms ‘consumer vulnerability’ and

'the circumstances of vulnerability' which are considered to recognise and have more of a focus on the importance of context.

Finally, Mayson (2022 p. 40), summarises succinctly that, "manifest or nascent vulnerability might not be the principal consideration, so much as the consequences or implications of that vulnerability for the individuals concerned in the particular circumstances in which they find themselves". He concludes that, "In short, vulnerability is universal, contextual, conditional and causative. What we need to focus on is not the condition of vulnerability but the consequences of it".

Key learnings: Defining vulnerability

The broad conclusions to be drawn are that:

- Consumer vulnerability can be temporary, sporadic or permanent and the circumstances encountered in everyday life can result in any person experiencing vulnerability
- Consumers can move in and out of states of vulnerability and they may be vulnerable in respect of some categories of transaction but not others
- There is a more recent view of consumer vulnerability being a spectrum, with 'transitory' at one end and 'persistent' at the other
- Vulnerability can be cumulative and the concept of intersectionality has been used to articulate and analyse the lived reality of those who experience multiple and compounding inequalities
- There is also more of a realisation that vulnerability can be situation dependent with consumers often experiencing vulnerability because of factors out with their control.
- Vulnerability therefore can be universal and a state that all of us can experience and a failure of the market or state rather than the individual
- There has been a contemporary move away from problem-focused and 'deficit-based' approaches to consumer vulnerability to one which focuses being more on inclusivity and on supporting empowerment and choice

2.5 Vulnerability theory

This section has been included in the academic Literature Review as vulnerability theory, developed by Martha Fineman, has had a considerable influence on law and social justice scholars over the past decade and has impacted significantly on theories and approaches to vulnerability, being often referred to in academic articles.

Fineman has written extensively on this subject. She considers that the abstract legal subject of liberal Western democracies fails to reflect the fundamental reality of the human condition, which is vulnerability. In Fineman (2012) she writes that vulnerability must be central to theories about what constitutes a just and responsive state and that while it is universal and constant, vulnerability is manifested differently in individuals, often resulting in significant differences in position and circumstance. She has written (Fineman 2010) that the state has an obligation not to tolerate a system that unduly privileges any group of

citizens over others. It has a responsibility to structure conditions in which individuals can aspire to meaningfully realize their individual capabilities as fully as possible.

Mackenzie et al., (2014) helpfully distinguish different sources and states of vulnerability and explain the sense in which vulnerability is both universal and context specific, both inherent to the human condition yet always already shaped by social and political relationships and institutions. They propose a taxonomy of three different *sources* of vulnerability: inherent, situational and pathogenic and two different *states* of vulnerability: dispositional and occurrent. Inherent vulnerability refers to sources of vulnerability that are intrinsic to the human condition. Situational vulnerability is context specific and may be caused or exacerbated by the personal, social, political, economic, or environmental situations of individuals or social groups. Both inherent and situational vulnerability may be dispositional or occurrent. Dispositional vulnerability refers to the risk of harm due to potential vulnerability which may or may not occur. Occurrent vulnerability is actual vulnerability that is taking place. Pathogenic vulnerabilities may be generated by a variety of sources, including morally dysfunctional or abusive interpersonal and social relationships and socio-political oppression or injustice. They argue that, “a key feature of pathogenic vulnerability is the way that it undermines autonomy or exacerbates the sense of powerlessness engendered by vulnerability in general” (p. 10).

Not all authors agree with Fineman's approach. For example, Cole (2016) expresses concern that ‘resignifying’ vulnerability by emphasising its universality and amplifying its generative capacity might dilute perceptions of inequality and muddle important distinctions among specific vulnerabilities, as well as differences between those who are injurable and those who are already injured.

Davis and Aldieri (2021) critique Fineman's vulnerability theory, also explaining how it presents a different paradigm for thinking about the nature of the state and its social institutions and relationships, as well as a basis for defining state or collective responsibility. It is an alternative to a rights-based or social contract paradigm for thinking about foundation concepts of state responsibility. They say that a fundamental premise of the theory is that the individuals and groups currently described as “vulnerable populations” should not be labelled vulnerable or sequestered in discrete categories for the purposes of law and policy. This is not to deny that discrimination, harm, and relative disadvantage arising from all sorts of circumstances and situations exist, nor is it to suggest that particular instances of harm should not be addressed by appropriate state action. Rather, it is an argument that “vulnerability” is the wrong concept to use to define and isolate these groups, or any other specific group, from the whole of humanity.

It is noted that De Lomba and Verneylen (2022) used vulnerability theory to investigate Scotland’s response to asylum seekers’ vulnerability during the COVID-19 pandemic

2.6 Transformative service research

It is noted that there is a growing category of academic literature under the heading of transformative service research (TSR). It is suggested that this is of direct relevance to Consumer Scotland as it conceptualises and presents an agenda for this emerging area of

research. Anderson et al., (2013) is a much referenced article on TSR. TSR is described as lying at the intersection of service research and transformative consumer research and focuses on wellbeing outcomes related to service and services. It highlights how services dominate the lives of consumers today, but notes that to a large extent, transformative consumer research has not addressed the role of services in affecting consumer wellbeing. Further, traditional service research rarely considers outcomes related to consumer wellbeing (Anderson et al. 2013).

Anderson et al., (2013) say that an integrative research framework focused on service and consumer wellbeing must also recognise the impact of the macroenvironment. Although all aspects of the macroenvironment are pertinent, the most important aspects for TSR are likely to be public policy, cultural, technological, and economic environments because of their potential influence on service and consumer entities. This article focuses on financial services, health care, and social services to highlight the key aspects of the framework and to develop focused research questions to pursue in these areas. It finds disparities in the level of wellbeing across these service sectors and that these disparities are most pronounced among lower income consumers and ethnic minorities.

Davis et al., (2016) discuss the emergence, growth, and future of the related transformative consumer research movement (TCR), saying that the notion of a social movement is used to conceptualise the organising activities of research performed with the goal of enhancing consumer wellbeing. They consider that TCR has promise with its commitment to measurably improve personal and societal wellbeing as well as its commitment to consumer theory development.

Rosenbaum et al., (2017) references Anderson and notes how from around 2010 researchers began to delve deeper into the customer perspective, to engage in service design via customer journey mapping and, resultantly, to recognise that not all consumers obtain value equally in service contexts. This realisation led to service researchers having a new investigatory focus, namely, the transformative service research paradigm. They articulate that enhancing the wellbeing of consumers in vulnerable circumstances through service design, provision and outcomes should be a core focus for TSR.

It is noted that Boenigk et al., (2021) investigates the systems and processes needed for service organizations to implement transformative service initiatives (TSI) on behalf of people experiencing vulnerability. It defines TSIs “as activities of organisations (public, private, nonprofit) or volunteers that serve people experiencing vulnerabilities and improve their wellbeing”. It looks at two examples that illustrate TSIs in practice: one of which is in Scotland where the Scottish Refugee Council partners with the British Red Cross to provide holistic integration services which involve housing and health care support.

2.7 Academic literature with a Scottish focus

Due to the limited time available, the Literature Review found only a few recent academic articles which had a specific focus on consumers in vulnerable circumstances in Scotland. It is noted that there is likely to be further academic resources available. The articles identified

demonstrated the breadth of related research taking place on this area and a selection of these are set out below.

Biosca et al., (2020) used financial diaries to explore the day-to-day monetary transactions of forty-five low-to-moderate income individuals with restricted access to mainstream lending in Glasgow over a six-month period. They comment that Glasgow was considered ideal to undertake this study as it has traditionally been one of the most socioeconomically deprived cities in the UK; home to the ten most deprived neighbourhoods in Britain with extreme health inequalities between the richest and poorest being well documented. Glasgow also has more varied and complex financial products and services for low-income groups when compared to other UK cities.

Morrison (2022) draws on interviews with people from a range of disadvantaged groups in Scotland to explore how communities that have often been left out of the 'national conversation' about the 'left behind'. It demonstrates the degree of marginalisation and stigma felt by many interviewees. It is considered significant that the experiences relayed were all ones individuals had in Scotland, under procedures administered by Scottish-based officials – even if the policies on which many of them were based (notably those relating to social security and asylum) had been enacted under reserved powers held by the UK Government.

There is an interesting article by Duncan-Shepherd and Hamilton (2022) who explore how trans consumers experience symbolic violence. Findings come from 16 interviews, with seven of the participants based in Scotland, and demonstrate that symbolic violence functions at sociocultural, interpersonal, and individual levels for trans consumers. Related to this study, McKeage et al., (2017) consider that policymakers tend to focus on the equal rights and fair treatment of LGBTQ+ people as a group, assuming that they are a homogeneous group of consumers. The findings presented in this article indicate that trans consumers have experiences that are particular to their gender identity that are not necessarily experienced similarly by all in the LGBTQ+ community.

Satsangi and Wilson (2020) examine evidence for whether housing costs are more likely to be associated with poverty in rural than in urban Scotland. They focus on Scotland as a highly urbanised country yet one where approximately one person in five is resident in the countryside. Principal findings are that over the 1999–2008 period, a household's housing costs do not appear to have a different association with its propensity to experience poverty in rural as opposed to urban Scotland. The supposition that rural areas have more expensive housing is therefore not borne out in actual housing costs. This is due principally to higher rates of outright home ownership in rural areas, reducing explicit housing costs to zero. At the same time, some rural households – particularly those in low-paid work – face high housing costs relative to their incomes. The multivariate analysis shows, however, that with all socio-demographic factors considered, there is no significant urban–rural distinction. While persistent poverty is lower in rural Scotland than in the rest of the country, fuel poverty and in-work poverty rates are higher.

Glass et al., (2020) reviewed the evidence relating to children and young people, rural poverty and social exclusion. They report that rural poverty accounts for 16% of all poverty

in Scotland and that it is often less visible than in urban areas and harder to measure. Also that children and young people are vulnerable to the risk of poverty in rural areas because their needs tend to be invisible behind the 'rural idyll' and that there is a lack of research that focuses exclusively on child poverty in rural areas in Scotland. They say that it is now recognised that rural poverty and disadvantage need to be measured and represented differently and there is an argument for developing indicators of deprivation to be tailored to rural specificities.

Key Learnings

- Vulnerability theory, as developed by Fineman (2012) has had a considerable influence on law and social justice scholars. Fineman (2012) argues that vulnerability must be central to theories about what constitutes a just and responsive state and that while it is universal and constant, vulnerability is manifested differently in individuals, often resulting in significant differences in position and circumstance
- 'Transformative Service Research' also highlights how services dominate the lives of consumers and that not all consumers obtain value equally in service contexts due to the macroenvironment. This research argues for a focus on wellbeing and service design in both the public and private sector
- A small selection of recent academic articles which had a specific focus on consumers in vulnerable circumstances in Scotland. The articles identified demonstrated the breadth of research taking place on this area and included research in relation to low income and other, 'left behind' groups, the impact of rurality and the experiences of trans consumers in Scotland

Chapter 3: Regulatory approaches to vulnerability

3.1 Introduction

This section of the Literature Review is a descriptive review of how different regulators in the UK and Scotland have approached the question of vulnerability in recent years highlighting current developments. It focuses on the action taken by regulators in relation to vulnerability, highlighting areas of commonality and divergence along with examples of good practice. In light of Consumer Scotland's statutory advocacy role relating to energy, post and water, particular consideration has been given in this review to the literature produced or commissioned by the regulators in these three markets. This chapter also draws on the work of the Competition and Markets Authority (CMA), the UK Regulator's Network (UKRN) and the Financial Conduct Authority (FCA). While the focus is the literature from the regulators it also highlights relevant academic research where appropriate.

Overall, it can be seen from review of the regulators' literature below that their approach to consumer vulnerability has evolved over time, and this can broadly be summarised as:

- Regulators initially focusing on identifying vulnerable groups or classes of consumers in particular markets or having a focus on specific regulatory issues and encouraging 'reasonable adjustments' to a service when vulnerable consumers are identified
- Regulators increasingly recognising the value of having a better understanding of the issues and factors contributing to consumer vulnerability
- Regulators promoting the use of organisational vulnerability strategies
- And, more recently, regulators promoting inclusive design, so that all consumers have equitable access to services

George et al., (2015) looked at how four regulators of essential services in the UK: Ofgem (GB only), Ofcom, Ofwat (England and Wales only) and the FCA, were addressing consumer vulnerability. Their report noted that the statutory frameworks for three of the regulators – Ofcom, Ofgem, and Ofwat – list certain 'categories' of consumers for whom they must have regard. Their report also sets out how companies, regulators and governments must take responsibility and leadership in treating all consumers fairly, especially those in vulnerable circumstances. In an earlier paper relating to the energy market, George et al., (2011) observed that policies and practices in the energy sector need to be informed by an understanding of the nature and extent of the factors that cause and contribute to consumer vulnerability, including the barriers that arise because of organisational behaviour.

A 2017 National Audit Office (NAO) report on [Vulnerable Consumers in Regulated Industries](#) found that the responsibilities of regulators and government were not sufficiently clear; in particular, regulators' duties to protect vulnerable consumers can sometimes conflict with measures designed to promote competition, and regulatory interventions alone can be insufficient to protect all vulnerable consumers.

3.2 Communications

[Ofcom](#) is the UK's communications regulator, regulating the TV, radio and video on demand sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate. As a regulator, Ofcom must have regard to the needs of disabled consumers, or who are elderly, or on low incomes.

Following a consultation, Ofcom issued [Treating vulnerable customers fairly: A guide for phone, broadband and pay TV providers](#) in July 2020. Ofcom refers to people whose circumstances have led them to becoming vulnerable as 'vulnerable customers'. The guide does not define a vulnerable customer but says that, "Anybody can face circumstances that lead to them becoming vulnerable - temporarily or permanently. This might include physical or mental health problems, specific characteristics such as age or literacy skills, or changes in personal circumstances such as bereavement, job loss or changes in household income" (p. 1).

An Ofcom commissioned research report [Contacting phone, broadband and pay-TV companies: vulnerable customers' experiences](#) was published in July 2021. Based on 22 in-depth interviews it explored the experiences of customers in vulnerable circumstances who have recently been in contact with their communication providers. In particular, the report looked at whether these customers experienced a service in line with the measures in the 'Treating vulnerable customers fairly' (2020) guide. An [updated version](#) of the guide was issued in September 2022 with additional good practice measures to ensure customers in debt or struggling to pay are treated fairly during the Covid-19 pandemic (Ofcom 2022a).

Ofcom's role also includes ensuring that there is a universal postal service and they publish [annual monitoring updates](#) on the postal market. Ofcom's [Review of postal users' needs: 2020 report](#) contains an assessment of whether the minimum requirements of the universal postal service reflect the reasonable needs of users of postal services (Ofcom 2020b).

Findings include:

- Users value the simplicity of a universal service with the same service levels and prices across the UK
- Sixty-seven percent of residential users and 69% of SMEs agreed with the universal service provider charging the same price to all, regardless of where the letter or parcel is sent to within the UK
- Affordability is the most important feature for residential users; delivery to the door for letters and parcels was highly valued (with the large majority objecting to alternatives such as delivery to centrally located secure lockers)

Their [2021 Consultation: Review of postal regulation](#) noted that in response to concerns regarding the affordability of redirection services, Royal Mail were making a number of changes to the current scheme to ensure it was more affordable for financially vulnerable consumers (Ofcom 2021b). They are also consulting on new requirements for parcel couriers to put in place policies that better meet the needs of disabled people.

Ofcom has a [Communications Consumer Panel](#) which meets monthly, carries out consultations and commissions research. The Panel commissioned the 2021 report [Delivering satisfaction? Meeting service users' needs for parcel services in the pandemic](#) which involved 40 in-depth interviews with parcel service users across the UK (including six from Scotland) that focused mostly on people who had particular needs from the service, whether access requirements due to age, a health condition, impairment or disability, or living in a rural or deep rural area, or running a microbusiness (Ofcom Communications Consumer Panel 2021). Key insights included that users have a variety of needs from the parcel service, including certainty, reliability, simplicity as well as options for urgency, tracking and proof of sending. It also found that some needs, including reliable delivery, affordability and personal safety, have become more important during the pandemic.

The Panel has published other useful research and reports on communications issues and how they affect consumers, citizens and small businesses. Recent publications include: [Exploring the experiences of postal users in Northern Ireland](#) (2022), a [Think-piece on making communications services inclusive and accessible to all consumers](#) (2021), [Are the communications needs of residents in care homes being met?](#) (2021)- and [Contacting your provider during the pandemic - what can we do when we can't get through?](#) (2021).

It is noted that Citizens Advice Scotland published [Delivering for All: How vulnerable groups access post in Scotland](#) in May 2021. And that in [Post - the state of the sector in 2022](#) Citizens Advice reviews the state of the postal sector at the start of 2022, looking at trends across Great Britain over the last three years.

3.3 Energy

[Ofgem](#) (The Office of Gas & Electricity Markets) is Great Britain's independent energy regulator. Ofgem's principal objective is to protect the interests of existing and future gas and electricity consumers. Ofgem has a statutory duty to take into account the needs of particular groups of consumers: those of pensionable age; that have a disability; that are chronically sick; on low incomes; or living in rural areas. Ofgem is also able to take into account the needs of other groups of consumers. Ofgem is also required to meet the general and specific duties placed on public sector bodies in the Equality Act 2010.

Ofgem was the first regulator in the UK to create a [Consumer Vulnerability Strategy](#), publishing this in July 2013. It is apparent that the issue of vulnerability became higher profile in the regulated sectors following the launch of this vulnerability strategy, triggering policy development from other regulators (there is a good summary of this in Maker et al., 2021). The 2013 Strategy included the Ofgem definition of consumer vulnerability (see Appendix 1) which has not changed since that date.

The Strategy set out Ofgem's approach to identifying and tackling consumer vulnerability in the energy market, with the role of the Strategy being to guide Ofgem's work on vulnerability, as well as to guide its expectations of energy companies. It includes that Ofgem recognises that vulnerability is about the situations which consumers are in, rather than about the individual per se, that risk factors stem from personal circumstances as well as from the energy market itself, and that vulnerability can be transitory as people's

circumstances change. The Strategy also commits Ofgem to identify which consumers are more at risk in the energy market, in which situations they are at risk and, importantly, understand why. It states that, “By better identifying the reasons why consumers are vulnerable in a particular situation – rather than simply labelling them as ‘elderly’ or ‘disabled’ – we aim to better target our interventions”.

After a period of consultation Ofgem published an updated [Consumer Vulnerability Strategy 2025](#) in October 2019. This sets out Ofgem’s priorities in protecting gas and electricity consumers in vulnerable situations until 2025. It again recognised that whether a customer is vulnerable in the energy market, and the likelihood of them suffering detriment, depends not only on personal characteristics such as age, or disability, but also the situation or scenario they are in, and how the market responds to their needs.

Ofgem notes in their ‘Consumer Vulnerability Strategy 2025’ that it is mindful of the sensitivities of labelling consumers as vulnerable and therefore mainly refers to vulnerability in relation to the circumstances of the individual. Ofgem set out that “Our expectations of all energy companies is to focus on vulnerability flags, insensitive labelling of consumers as vulnerable is not in the spirit or the expectations of the strategy”.

The Ofgem [Energy data and research](#) webpage contains links to [Data Portal](#) resources, [Energy data publications](#) and to [Ofgem Consumer research](#). This includes qualitative research with their Great Britain-wide [Consumer First Panel](#), with the most recent publication [Affordability and Supplier Support](#) exploring the range of support offered by suppliers to customers that are struggling financially.

In April 2022, Ofgem announced a series of [Market Compliance Reviews](#) to look at energy supplier performance (Ofgem 2022). The aim of the reviews is to improve standards in areas such as customer service or support for vulnerable customers (see for example [Market Compliance Review: Remote mode switching and pre-payment meter warrant installations](#) (Ofgem 2023)).

There is extensive academic literature relating to energy consumers too. For example, Jacques-Aviñó et al., (2022) highlight the importance of considering intersectionality theories in the design and performance of interventions to mitigate energy poverty and its effects on health and wellbeing. This theoretical framework is useful to understand how multiple social identities at the level of individual experience (such as gender, migratory status and social class) interact, demonstrating that the macro-structural systems of privilege and oppression are the true causes of health inequalities (unfair, unjust, avoidable, and unnecessary). They conclude that a more holistic approach, taking into account the importance of the structural determinants and social inequalities is key to provide a deeper understanding of the problem, as well as the design of equitable policies to reduce the negative impacts of energy poverty.

Słupik et al., (2021) aimed to identify the main socioeconomic factors specific to the distinct behavioural segments of the energy consumer. Identified factors were used to characterise a typical representative of the created segments. By analysing and comparing the existing research, it was noticed that the image of energy consumers is constantly changing. This is

related not only to changing fashion or culture but also to changing socioeconomic and environmental conditions. The results indicated that 10 out of 12 examined factors were significantly correlated with the behavioural type. These are (in order of significance): attitude towards saving energy; age; employment status; home country; the ownership status of the premises; the number of people in a household; average monthly income per person in a household; education; gender and place of residence.

A relevant and comprehensive source of information on vulnerable energy consumers can be found in the Creutzfeldt et al., (2021) book [Access to Justice for Vulnerable and Energy-Poor Consumers: Just Energy?](#) which "uses energy poverty as a site of vulnerability and examine[s] the barriers to justice facing this excluded group".

3.4 Water

[WICS](#) (the Water Industry Commission for Scotland) is the economic regulator of Scottish Water. It does not have a specific remit relating to vulnerability. However, it does take into account affordability of charges, as part of the Water Industry (Scotland) Act 2002, under which it is required to have due regard to Ministers policies in relation to charging consumers. These Ministerial policies are agreed in consultation with various parties including Consumer Scotland.

In Scotland, public drinking water and sewerage services are provided by [Scottish Water](#), a public company accountable to Scottish Ministers and Scottish Parliament. Private water supplies - located mostly in rural or remote areas and relied on by approximately 3.6% of the population (see [Sustainable Support](#) 2020) are the responsibility of owners and users, and are regulated by local authorities. Where a home is connected to the public water supply and does not have a meter, water and sewerage charges are paid along with council tax and the local authority passes the charge on to Scottish Water.

[Section 49 of The Water Industry \(Scotland\) Act 2002](#) says that Scottish Water must especially regard the interests of persons who a) are likely, by reason of a persistent disability or medical condition or of family circumstances, to require to have a much greater supply of water, or to make much greater use of facilities for the disposal of sewage, than might ordinarily have been expected, or b) are ordinarily resident in a rural or remote part of Scotland."

Past reports from Citizens Advice Scotland relating to water include [Sink or Swim: Consumer experiences of water and sewerage debt](#) (2015) which provided insights into the impact that water and sewerage debt has on the lives of vulnerable consumers and [Bailed Out](#) (2016) on issues affecting flooded consumers and ability to access affordable insurance. A March 2023 Consumer Scotland blog on [Action required to protect low income water consumers from debt](#) recommended changes to the system for notification of water and sewerage charges and the collection of debt in relation to these charges.

[Ofwat](#) (The Water Services Regulation Authority) is the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales. Their [Vulnerability](#) webpage includes a [Vulnerability focus report](#) commissioned from London

Economics and Risk Solutions in 2016. The purpose of this report was to broaden the understanding of customer vulnerability in the water sector in England and Wales, and to stimulate interest and debate around the issue. The report includes a literature review on vulnerability. The Ofwat definition of a vulnerable consumer resulted from this report and can be found in Appendix 1.

Ofwat states in this report (Section 1.4) that based on the research and other evidence gathered from the sector, they identified three principles of good service that water companies should consider when developing their approach to customer vulnerability: aspire to provide excellent services to all customers, make effective use of data to understand customers and identify those in situations of vulnerability, and that partnership working with other utilities and other third party organisations is effective in identifying and assisting customers whose circumstances make them vulnerable. Ofwat created a [Vulnerability report practitioners pack](#) to accompany the report.

The Ofwat [Paying Fair Guidelines](#) include principles and minimum service expectations for companies to support residential customers in England and Wales pay their bill, access help and repay debts. These include [Guidelines to support customers in vulnerable circumstances](#). Ofwat published a [Cost of Living - Wave 1](#) report in May 2022 and a [Cost of Living: wave two - Water customers' experiences](#) report in December 2022 which showed that more customers were struggling with household bills and they expect their situation to worsen (Ofwat 2022a,b).

The Consumer Council for Water (CCW) is the independent voice for water consumers in England and Wales. Their website page on [research undertaken](#) includes reports relating to affordability and vulnerability.

3.5 The Competition and Markets Authority (CMA)

The CMA is the principal competition and consumer protection authority, responsible for strengthening business competition and preventing and reducing anti-competitive activities. The CMA does not have a statutory duty in relation to vulnerability but making markets work well for vulnerable consumers has been a key strategic priority for it. The CMA definition of vulnerability is in Appendix 1.

The CMA established a programme of work on vulnerable consumers in 2018 and has a [Vulnerable Consumers webpage](#) where documents and links involving this work can be found. These include the summary of a 2018 Symposium '[Markets that work for all - helping vulnerable consumers](#)' which focused on the challenges facing vulnerable consumers and the potential solutions to these challenges and the summary of a roundtable discussion on the same subject '[Vulnerable consumers: challenges and solutions \(Edinburgh\)](#)' which considered the experience in Scotland.

In 2019 the CMA published [Consumer vulnerability: challenges and potential solutions](#) which sets out its key findings from its programme of work on vulnerable consumers (see also Literature Summaries). In this paper the CMA use the term consumer vulnerability in a

broad sense, to refer to any situation in which an individual may be unable to engage effectively in a market and as a result, is at a particularly high risk of getting a poor deal. It helpfully distinguishes between two broad categories of consumer vulnerability: ‘market-specific vulnerability’, which derives from the specific context of particular markets, and can affect a broad range of consumers within those markets; and ‘vulnerability associated with personal characteristics’ such as physical disability, poor mental health or low incomes, which may result in individuals with those characteristics facing particularly severe, persistent problems across markets. This document focuses on four characteristics associated with consumer vulnerability: mental health problems; physical disabilities; age; and low income - chosen by the CMA on the basis that their own experience and previous research suggests that consumers with these characteristics may face additional, specific challenges in engaging across a range of markets.

The CMA website also contains a wealth of information relating to its [cases](#), such as the 2018 [Funeral Markets study](#) into the supply of services by funeral directors at the point of need and the supply of crematoria services and on market outcomes like the subsequent [Funerals Market: Review of market outcomes](#) (2023). This is the first annual review of market outcomes in the funerals sector which analysed information provided by funeral directors and crematorium operators to the CMA (for the period from 1 Sept 2021 to 31 Aug 2022).

It is noted that in 2017 the CMA published its extensive UK-wide [Care Homes market study final report](#) which looked at how well the residential and nursing care homes market for older people was working, for both self-funders who purchase care services themselves, as well as for those whose care is funded by the state. Although it was published in 2017 this provides a very helpful overview of the issues. The suite of [accompanying documents](#) includes a [Short Summary for Scotland](#), which recognises that many of the issues identified elsewhere in the UK have already been recognised and are being addressed.

It is also noted that on 28 February 2023 the CMA launched a three-month [rented housing sector consumer protection project](#) to identify key issues for landlords and their tenants in the rented market across the UK.

3.6 UKRN

The UKRN is a member organisation established in 2014 which brings together 13 of the regulators from the UK’s utility, financial, transport and housing sectors. In 2020 UKRN published [The challenge of identifying vulnerable consumers: a literature review](#) summarising research conducted by Britain Thinks (who are now [Thinks Insight & Strategy](#)). This review covers three main areas: the key issues that companies, regulators or government should consider when designing or reviewing their approach to identifying consumers who may be vulnerable; the evidence on the benefits and risks to different approaches; and common findings on self-identification and flags or triggers for vulnerability. There is an accompanying [Tips for identifying consumers in vulnerable circumstances](#) User Guide based on insights drawn from the literature review. Improving outcomes for consumers in vulnerable circumstances or with additional needs is one of three strategic objectives of the UKRN.

3.7 Financial Services

This Literature Review has also considered the outputs relating to financial services, as these are considered to be both vital in their own right and a crucial gateway to other services ([George et al., 2015](#)). The FCA regulates the financial services industry in the UK. It does not have a statutory duty relating to vulnerability but has an operational objective to secure an appropriate degree of protection for consumers of regulated financial services. As a regulator it has published extensively on matters relating to consumer vulnerability and it is considered that much of this output is relevant to markets other than financial. The FCA research publications can be found [here](#) and there are relevant resources on their [Treating vulnerable customers fairly](#) webpage. The FCA definition of vulnerability is in Appendix 1.

The FCA definition refers to a vulnerable consumer as someone who is especially susceptible to harm and considers that vulnerability is never solely about the characteristics or situation of the individual, it is also about the actions of firms, agencies or organisations. The FCA never explicitly defines what 'harm' is but makes it clear that firms need to identify what detriment, harms or problems consumers are vulnerable to - and that these can fluctuate and change over time.

Key publications by the FCA include [Occasional Paper 8: Consumer Vulnerability](#) (FCA 2015) which aimed to broaden understanding and stimulate interest and debate around vulnerability. It includes the findings from a commissioned research report ([Vulnerability exposed - ESRO \(2014\)](#)) which combined a review of available evidence and literature, engagement with consumer and advice groups, and analysis of information provided by firms), case studies and a Practitioners' Pack of examples of good practice in identifying and interacting with vulnerable customers.

[Our Future Mission](#) (FCA 2016) marked the beginning of consultation on a set of principles that would inform the FCA's strategy and day-to-day work. This helpfully defines the different forms that harm from financial services can take. It is noted that Graham (2018) examined the new approach to vulnerability developed by the FCA (and also by Ofgem) to see whether it has been implemented at company level and had an impact on the relevant energy ombudsman. The main lesson from case studies is that establishing a broad concept of vulnerability, as has been argued for in the academic literature, is just a first step. Operationalising the concept presents major challenges especially in the context of systems dealing with large numbers of consumers.

The FCA [Financial Lives: The experiences of vulnerable customers](#) 2020 report was jointly authored with IFF Research. Based on 21 face-to-face in-depth interviews with consumers who have one or more drivers of vulnerability, this report looks at vulnerable customers' experiences in dealing with retail financial services firms. The four themes identified are: recognising vulnerability and understanding customers' needs; the value of sympathy; the importance of empowered and knowledgeable staff; and meeting communication needs. For consumers highlighted in the case studies, it showed the importance of firms recognising their vulnerability and responding accordingly. The case studies were published alongside this report: [Financial Lives: The experiences of vulnerable consumers - Case Studies](#).

In February 2021 the FCA issued [Guidance for firms on the fair treatment of vulnerable customers](#). This comprehensive guidance sets out the actions firms should take to understand the needs of vulnerable customers and make sure they are treated fairly. It articulated that to achieve good outcomes for vulnerable customers, firms should take action to: understand the needs of their target market/customer base, make sure staff have the right skills and capability to recognise and respond to the needs of vulnerable customers, respond to customer needs throughout product design, develop flexible customer service provision and communications and monitor and assess whether they are meeting and responding to the needs of customers with characteristics of vulnerability, and make improvements where this is not happening.

Following the publication of this guidance, PricewaterhouseCoopers (PWC) issued a 2021 report [Vulnerable customers Industry research: from final guidance to action](#), with the outcomes of a survey structured around the four key areas in which they believed firms need to take action: understanding customer needs, empowering staff, technology and culture - as explored in their October 2020 report [Vulnerable customer: Translating expectations into action](#). They found that firms would appreciate additional guidance and clarification on product and service design and on monitoring and evaluation, as well as more good and poor practice examples that are relevant to all sectors.

The FCA published its 'Consumer Duty' on 27 July 2022: [Finalised Guidance: FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty](#). This reflects a clear shift in the FCA's regulatory approach from rules-based compliance to an outcomes-focussed approach. The Consumer Duty sets the standard of care that firms should give to customers in retail financial markets. It has three components: a Consumer Principle, the cross-cutting rules, and four outcomes. It is noted that the Duty makes explicit reference to firms paying attention to the needs of customers with characteristics of vulnerability. The implementation period for new and existing products was extended to 31 July 2023, with the rules coming into force for closed products or services on 31 July 2024.

The FCA has carried out large-scale, tracking surveys of consumers' behaviour and experiences when engaging with financial services firms and buying financial products since 2017. The first [Key Findings](#) published in 2018 included that half (50%) of the UK adult population showed characteristics of potential vulnerability, such as: limited financial resilience, low financial capability, suffering a recent life event such as redundancy or divorce, or a health-related problem that significantly affects day-to-day life (54% in Scotland compared to 49% in England). [Key Findings](#) from a second large-scale survey and an October 2020 Covid-19 panel survey was published in February 2021. [Interactive maps](#) based on the second survey can be accessed on the FCA website. The FCA has also published a [snapshot of emerging findings from the latest edition](#) of its landmark Financial Lives survey, which was carried out between February and June 2022, with full publication expected in Summer 2023.

3.8 Finance-related publications

The University of Bristol [Personal Finance Research Centre](#) is an interdisciplinary research centre exploring the financial issues that affect individuals and households. Core research

themes include [Consumers in vulnerable situations](#). More recent publications in this theme have focused on gambling and gambling harms. Older publications include [Vulnerability, mental health and the energy sector](#) (2017) which was funded by the Money Advice Trust and aims to better identify, understand, and support consumers who are in vulnerable situations and [Vulnerability: a guide for debt collection](#) (see also as Fitch et al (2017) in the Literature Summaries).

It is noted that Fitch et al., (2017), when observing that the FCA does not provide an absolute definition of 'particularly vulnerable', suggested that the simplest way is to think about the different levels of vulnerability as being like a set of traffic lights: green - potentially vulnerable; amber - vulnerable; and red - particularly vulnerable.

There is a useful publication from [fair4allfinance](#) on the [Banking response to Covid-19](#) - published in January 2023. Research was conducted with Lloyds Banking Group, NatWest Group and Yorkshire Building Society. It includes that at the start of 2020, 11.5m people in the UK had less than £100 in savings to fall back on. During the Covid-19 pandemic, the number of people with low financial resilience in the UK increased by 30% to 14.2m, which equates to one in four adults. It makes the point that the pandemic didn't affect people evenly – while many people on middle and higher incomes were able to save more, lots of families saw their savings eroded and 11m people built up some £25bn of debt.

[Stepchange](#) provides a comprehensive debt advice service to consumers in the UK, including debt help and advice available in [Scotland](#). Their website is a useful [source of research and statistics](#).

The [Money Advice Trust](#) has many useful and relevant documents on their website relating to vulnerable consumers. They consider that vulnerability can have both financial and non-financial causes and [write](#) that customer problems could have at least seven main causes: customer health conditions, customer financial difficulties/resilience, customer life events and changes, customer financial capability/skills, firm/firms (the way it/they work), the wider market (and how it works) and the wider economic/social context. It notes that while firms only have control over the way they work, they can take other causes into account in their actions. It is worth noting that their vulnerability resources include practical and readable guidance relating to [Vulnerability, GDPR and disclosure](#). Their Technical Guide 1 about fundamentals explains what vulnerability means in practice and how firms can both comply with data protection law and meet regulator guidance on vulnerability.

Helpfully, the Money Advice Trust [Overview Guide](#) states that while regulators often provide the definitions and diagrams that explain what vulnerability is, and what the causes of vulnerability are, one question that is frequently left unanswered - what are vulnerable customers actually vulnerable to? The Money Advice Trust advocates that firms should separate cause from effect and that firms should concern themselves with finding out what is making it harder for customers to fairly choose, purchase, access, use, talk with, complain about, pay for, or benefit from a product or service - and respond accordingly.

3.9 Summary of regulatory approaches

This Review demonstrates the significant amount of work regulators have devoted to identifying the need for organisations to identify vulnerable groups or classes of consumers. The more recent approaches by regulators have focused on understanding the risk factors that can result in people being more vulnerable to harm, loss or detriment. There has also been a shift towards more universal thinking about vulnerability. Essentially all consumers can be vulnerable and that there is a need for both universal preventative approaches and for more specifically targeted interventions. While it is the case that having broad definitions of consumer vulnerability allows a more inclusive approach and more accurately reflects the complex reality of consumers' experience, at the same time this does present a challenge. For example, it is noted that the FCA considered in their Occasional Paper No. 8: Consumer Vulnerability that the number of people in potentially vulnerable circumstances is large and rising, and that, "prioritisation is vital to achieve a realistic approach". (2015, p. 19)

A 2018 report for the Scottish Government on [Debt Advice provision](#) notes that while regulators have improved their understanding of vulnerability and have worked with their industries to improve the support available that, "some of the biggest challenges for vulnerable consumers relate to access, affordability and debt, which regulators alone have limited powers to solve.". They go on to argue that "Regulatory interventions often have limited impact, and the lack of clarity between the responsibilities of regulators and government can mean that systemic issues are not addressed (EKOS, 2018, p.30).

Maker et al., (2021) have also observed that UK regulators have acknowledged the difficulty of operationalising a broad and encompassing definition of consumer vulnerability to inform their regulatory activities. They note the expressed need to identify 'priority areas' in order to make the best use of limited resources. This essentially involves adopting a broad headline definition of vulnerability for strategic purposes and then narrowing in on issues, circumstances or groups as relevant to a particular process or problem.

Key learnings: Regulators' approaches to vulnerability

- Regulators' approaches to vulnerability have evolved over time and there is a significant body of work that has been carried out in relation to this topic including research, strategic documents and guidance
- The initial focus of regulators was on identifying vulnerable groups or classes of consumers or specific regulatory issues and encouraging "reasonable adjustments" to a service when vulnerable consumers are identified
- Recently, regulators have recognised the universality of vulnerability and the impact market conditions have on vulnerability
- They have also noted the value of having a better understanding of the issues and risk factors that can result in people being more vulnerable to harm
- Current approaches include promoting the use of organisational vulnerability strategies and adopting an inclusive design approach so that all consumers have equitable access to services

- Regulators are also increasingly aware of the sensitivities of labelling consumers/ customers as vulnerable and a variety of terminology is used including consumer vulnerability and consumers in vulnerable circumstances

Chapter 4: Current issues relating to vulnerability

This chapter highlights four specific issues in the context of vulnerability. It starts with a discussion of the relationship between poverty and vulnerability. It then moves on to consider the importance of inclusive or universal design and then looks at the literature on secondary consumers. This is followed by a discussion on the impact of the move to digital. The chapter concludes by highlighting some examples from Europe and Australia which may be of particular interest to Consumer Scotland.

4.1 Poverty and vulnerability

While academics and regulators have increasingly adopted an approach that recognises that vulnerability is multi-dimensional, much of the literature also notes that poverty is an additional factor which increases the risk of experiencing vulnerability (e.g. Cartwright 2015, CMA 2019). This is a complex area but the research also points to the fact that a wide range of structural, household and individual-level factors can play a role in determining whether or not a household is in poverty ([Scottish Government 2021](#)) and will in turn therefore impact on the risk of consumer vulnerability.

Poverty rates are, therefore, a central measure of disadvantage in the UK. Poverty is usually defined as an individual living in a household with a net household income below 60% of the median in that year (Health Foundation 2022a). One fifth (20.3%) of the UK population live in poverty which is equivalent to 13.6 million people (Health Foundation 2022a). This overall figure has changed little since the mid-2000s. Adult poverty rates have been broadly flat in the last decade, while child and pensioner poverty rates have risen.

In its economic forecasts for Scotland published in December 2022, the [Scottish Fiscal Commission](#) forecast that due to high inflation over 2022-23 and 2023-24 Scottish households will, “see the biggest real-terms fall in their disposable income since Scottish records began in 1998”. (Scottish Fiscal Commission 2023, p. 6). The prevalence of ‘problem debt’ is much higher amongst low-income households than amongst typical households (Health Foundation 2022b). The cost-of-living crisis is clearly affecting low-income households proportionately more than high-income households (Scottish Fiscal Commission 2023; Institute of Fiscal Studies 2023). This reflects the greater share of poorer households’ spending on energy and food, the items which are seeing the largest price rises (Scottish Fiscal Commission 2023), combined with poorer households more limited access to savings, and more limited ability to absorb the effects of price rises by substituting onto cheaper product lines (Institute of Fiscal Studies 2023).

In [Falling Faster Amidst a Cost-of-Living Crisis: Poverty, Inequality and Ethnicity in the UK Briefing](#), the Runnymede Trust (2022) evidence that despite only making up around 15% of the population in the UK, more than a quarter (26%) of those in ‘deep poverty’ (i.e. more than 50% below the poverty line) are from a minority ethnic background and make up a growing share of those on the lowest incomes. As a result, Black and minority ethnic people are currently 2.2 times more likely to be in deep poverty than white people, with Bangladeshi people more than three times more likely. Compared to white people, the likelihood of Black and minority ethnic people being in relative poverty is much higher in

Wales (x 3.5), Scotland (x 3.0) and Northern Ireland (x 2.9) suggesting a heightened ethnicity penalty in the devolved nations. In certain cases, these differences are explained by a slightly lower prevalence of poverty amongst white communities compared to the UK as a whole (e.g. Scotland and Northern Ireland).

The [Joseph Rowntree Foundation](#) (JRF) is an independent social change organisation working to solve UK poverty. Their website contains many informative publications including [UK Poverty 2023: The essential guide to understanding poverty in the UK](#) published in January 2023, which headlines that one in five of the UK population (20%) were in poverty in 2020/21 -this equates to 13.4 million people. Of these, 7.9 million were working-age adults, 3.9 million were children and 1.7 million were pensioners. Around four in ten children in lone-parent families were in poverty, compared with one in four of those in couple families. This report considers that divergence in policy across the UK nations will probably drive greater disparity in poverty rates across the country.

In their [Poverty in Scotland 2022](#) report the JRF found that nearly one in five families in Scotland on low incomes have gone both hungry and cold. 18% of low-income households have skipped or reduced the size of meals and not heated their home due to the cost-of-living crisis. Over one in four (27%) of households that do not have savings have done the same, and even at a population level, more than one in ten (13%) of all households are in this position. However, when looking at the geography of poverty in the UK populations (Joseph Rowntree 2023), it can be seen that Northern Ireland (17%) and Scotland (18%) have lower poverty rates than England (22%) and Wales (24%). There is also a 2021 briefing on [Ethnicity, poverty and the data in Scotland](#) which has highlighted the lack of robust data on ethnicity and poverty in Scotland.

It is worth noting that in 2015 the JRF commissioned four reviews which considered poverty from different perspectives: [psychological perspectives on poverty](#), a [philosophical review of poverty](#), [economic theories of poverty](#) and [sociological perspectives on poverty](#).

The JRF have also co-funded the Talking about Housing project. This project emphasises the need for everyone to have access to a decent and affordable home in order to build a better, more equal society in which everyone can thrive. The project aims to shift the dominant understanding from housing as a source of wealth to one where homes are seen as essential to a decent life.

Other useful sources relating to poverty are the Scottish [Poverty and Inequality Commission](#) (such as their [Key Facts](#) web resource) and the [Institute of Fiscal Studies](#) (such as their 2022 report [Living standards, poverty and inequality in the UK](#)). It is noted that in August 2021, the Poverty and Inequality Commission established [a Panel of Experts by Experience](#) to shape and support their work in developing and providing advice, scrutiny and advocacy on poverty and inequality in Scotland. They also commissioned a rapid evidence review of [Co-production with 'experts of lived experience of poverty'](#) in policy and service development in Scotland (McKendrick et al., 2021).

Shucksmith et al., (2020) contains a comprehensive review of the literature relating to financial hardship and social exclusion in rural Britain. It also has a helpful section defining

some key terms, including deprivation, social exclusion, financial hardship and financial vulnerability. Their research findings have now been published as a book [Rural poverty today: experiences of social exclusion in rural Britain](#) (2023).

There is extensive literature on poverty relating to finance. One example is Cartwright (2015), who considers that poverty is perhaps the most significant factor when considering vulnerability. Cartwright observes that a principal barrier to consumer choice is money, and although he was writing about vulnerable consumers in relation to financial services, there is evidence for this being the situation more widely.

In relation to academic resources, Knecht (2012) describes poverty as scarcity or underdevelopment of capabilities in an examination of resource-orientated social work approaches and how empowerment aims to help people find ways to promote their own interests. Blocker et al., (2022) say it is ironic that topics of consumer poverty and consumer resource scarcity have rarely been studied together. They see distinct approaches for exploring various forms of scarcity, while noting that scarcity and poverty research do differ on dimensions other than resource deprivation.

4.2 Design

In the more recent moves towards having an inclusive approach to vulnerability there is now much greater awareness in the literature, and promotion in the outputs, of regulators and others, of concepts such as 'inclusive design', 'universal design' and 'design for all'. Regulators are increasingly focusing on these issues, with the importance of product and service design recognised, for example, in publications from the [Financial Conduct Authority](#) and [Ofgem](#).

Inclusive design concepts are not new. Indeed in [Access for All](#) (2011) Citizens Advice advocate for a proactive and anticipatory approach, in which equality and inclusivity are integral to the design of service provision; where systems are in place to identify vulnerable users; and where follow-up procedures are robustly applied to give the best service to the individual.

The organisation Fair By Design has a policy and advocacy campaign which includes an inclusive design programme in partnership with the Money Advice Trust. This programme explores inclusive design in the energy, credit, insurance, and other essential services markets. [Fair by Design's](#) website states that, "Inclusive design is the practice of designing products and services to ensure they are accessible to, and usable by, as many people as possible". In 2021 they published two guides to inclusive design: [Inclusive Design in Essential Services: A guide for regulators](#) which explores how inclusive design will help regulators achieve their objectives and [Inclusive Design in Essential Services: A practical guide for firms and suppliers](#) which provides practical steps and examples to support firms from the point of starting out in the design process through to launching the end product.

Both publications consider that inclusive design is more than just a methodology to apply to specific projects or interventions – it is about a whole organisation approach, leadership and culture which puts inclusive design and mindsets at the heart of an organisation and indeed

a market. The guide for regulators comments on how regulatory models start from the premise of a largely mythical 'average consumer' and then seek to adjust backwards based on different vulnerabilities or characteristics - this can make it extremely challenging to understand the diversity of consumer needs and experiences and develop regulatory solutions that work effectively. By instead starting with models based on more vulnerable, non-standard consumers, all consumers will benefit, without many different types of consumers falling through the cracks.

The Fair by Design model for inclusive design is based on the Design Council's [Double Diamond design methodology](#) of discover, design, develop and deliver. This model also underpins the 2019 [Scottish Approach to Service Design](#) promoted by the Scottish Government, which has a vision of the people of Scotland being supported and empowered to actively participate in the definition, design and delivery of their public services.

From the academic literature, Raman and French (2022) is an article on participatory design in sensitive contexts from the Innovation School at the Glasgow School of Arts. Acknowledging that there has been an increasing focus on participatory design and design research involving 'vulnerable groups' and sensitive topics in recent years, it proposes a contextual framework based on the key principles of: valuing lived experience as expertise; committing to and sustaining a rights-based ethos; embodying asset-based design; and attuning participation with a focus on relationships, dynamics of engagement and wellbeing. Many other articles in this space take a public services focus.

Dietrich et al., (2017) looks at co-designing services with vulnerable consumers. It is a useful starting point reference as it contains a helpful overview of co-design and provides guidelines on how co-design activities with vulnerable consumers can be effectively resourced, planned, recruited, sensitised, facilitated and evaluated.

It is also noted that the British Standard Institute (2022) recently updated their international standard: [ISO 22458 Consumer vulnerability. Requirements and guidelines for the design and delivery of inclusive service](#). This specifies requirements and gives guidance to organisations on how to provide an inclusive service at all stages of service delivery, helping them identify and support consumers in vulnerable situations. Also, the Scottish Public Services Ombudsman (SPSO), in their internal [Guidance on Complainants with vulnerabilities](#), use the principle of 'universal design' to ensure their services are accessible in a number of ways to suit different people and situations. The SPSO states that: "Services that are 'universally designed' are designed from the start to meet the needs of the most disadvantaged user. Universally designed services recognise that users will have diverse needs and offer multiple and flexible routes of access to ensure that these can be met" (p.4, undated).

4.3 Secondary consumers

This Literature Review has also identified the need to recognise secondary consumers in considerations about vulnerability. Secondary consumers are individuals who are not the primary target market for a particular product or service, but who are still influenced by, or are indirectly affected by, the product or service. It is known that the influence potential of

services can extend considerably beyond the primary customer, most often to family members. For example, when the primary customer experiences vulnerability, family members who take on caregiver roles can experience secondary vulnerability which may not be addressed (Pavia and Mason, 2014). This secondary vulnerability differs from the vulnerability experienced by the primary customer but is directly related. Consequently, based on their potential experience of secondary vulnerability, family members can be regarded as secondary customers of services (Leino, 2017).

Leino et al., (2021) write about how primary and secondary customers' needs are interrelated in four ways: they are separate, congruent, intertwined or discrepant and the vulnerability experiences fluctuate in intensity and over time, individually reflecting on these need dimensions. Leino (2017) observed that business definitions view secondary customers as process outsiders, but that secondary customers should be seen as an integral part of the service process. Leino et al., (2021) acknowledges the customer status of the family members, underscoring their needs as service recipients and advocating for service inclusion and wellbeing generation for all members of a customer entity.

Related to secondary consumers, it is noted that the [Carers Trust in Scotland](#) website says there are an estimated 800,000 unpaid carers in Scotland; this includes 30,000 young carers under the age of 18. It also notes that three out of five of us will become carers at some stage in our lives. The [State of Caring 2022 report](#) estimates that 10.58m people in the UK are unpaid carers and that 20% of the general public aged 18 and over in Scotland are currently caring - which equates to an estimated 887,815 carers.

4.4 Digital

The rise of the digital economy has raised new consumer issues and opportunities. The availability of e-commerce and other digital transactions now offer consumers a wider range of choices in potentially global markets. At the same time, a lack of digital skills or access can result in sub-optimal outcomes for consumers. Digital technology can be the source of new power imbalances between consumers and traders, with Helberger et al., (2021) arguing that in digital markets most, if not all, consumers are potentially vulnerable.

In their most recent review of digital exclusion, [Ofcom](#) (2022) found that the number of households in the UK without home internet access is 6%. A further 5% of households rely solely on mobile internet access to connect to the internet. Ofcom (2022, p.8) found that certain demographics are more likely to be digitally excluded including, "older people, those who are not working, the most financially vulnerable, and those who live with a condition that limits or impairs their use of communication services", and when someone has more than one of these characteristics, the likelihood of being digitally excluded increases further. The [Good Things Foundation, 2021](#) points out that digitally excluded consumers pay more for essential services and can also be democratically excluded from government and other services which are increasingly moving online. The report also finds that being digitally excluded leads to poorer health outcomes, lower life expectancy, increased loneliness, social isolation and less access to jobs and education ([Good Things Foundation, 2021](#)).

In terms of digital design, there are two useful CMA publications relating to this: [Online Choice Architecture: How digital design can harm competition and consumers](#) (2022) which is a discussion paper, and its companion paper: Evidence review of Online Choice Architecture and consumer and competition harm (2022) which provides the underpinning evidence and is intended to be used as a reference document. The CMA has observed that while digital markets can create opportunities for helping consumers overcome vulnerability, business practices in digital markets can also exacerbate existing vulnerabilities and create new forms of vulnerability.

The Behavioural Insights Team published a discussion paper (2019): [The behavioural science of online harm and manipulation, and what to do about it](#). This explores the behavioural science of online harm and manipulation, the rapidly evolving landscape of how people behave and interact online and how businesses respond. It also considers the emerging problems, helpfully references extensively and concludes with recommendations.

The Motor Ombudsman has an excellent thought leadership paper on [Identifying and managing consumer vulnerability effectively in the age of social media](#) (2021). The paper explores how potential vulnerability can be identified and refers to the Motor Ombudsman's existing evaluation framework to ensure a consistent approach when determining customer vulnerability, and outlines signposting considerations, plus the importance of safeguarding staff wellbeing.

The move to online and digital - and the associated closure of high street outlets including banks - has resulted in concerns about people accessing services, in particular, not easily being able to speak with a person. Shell and Buell (2022) sets out how research in social psychology has shown that when people experience anxiety, a negative emotion related to uncertainty about future outcomes, their perspectives on risk and decisions shift and they become advice-seeking. Nonetheless, companies are increasingly introducing self-service technologies which oblige customers to serve themselves without service employees who could support their decision making even in high-anxiety settings, where uncertainty, high-stakes and information asymmetries are inherent to the service.

Chapter 5: Conclusions

It was evident from this Review that there is an extensive body of literature relating to consumer vulnerability, which has evolved over time. In light of this, it has not been possible within the confines of this Review, to review all of the literature available. Some gaps will inevitably occur. For example, further work is required to establish the evidence gaps in consumer redress and dispute resolution, and to consider issues around vulnerability in other subject areas which are important to consumers such as housing and transport. Bearing in mind this limitation, this Review concludes, however, by setting out three key areas arising from that Review that appear particularly relevant to Consumer Scotland to consider going forward.

5.1 Language matters

The first of these issues is that language matters. Language is not neutral. The way in which language is used is critical to how a message is heard and understood. Words can shape mindsets, which in turn can affect how we think and behave.

Consumer Scotland, when exercising its functions, must have regard to the interests of vulnerable consumers (Section 7(4)). Vulnerable consumers are defined in section 25 of the Consumer Scotland Act as the following:

"Vulnerable consumers" means consumers who, by reason of their circumstances or characteristics—

(a) may have significantly fewer or less favourable options as consumers than a typical consumer, or

(b) are otherwise at a significantly greater risk of—

(i) harm being caused to their interests as consumers, or

(ii) harm caused to those interests being more substantial,

than would be the case for a typical consumer.

Despite Consumer Scotland's statutory requirement to consider vulnerability when exercising its functions, it is apparent from the Literature Review that the term 'vulnerable consumers' is often employed as a shorthand and can be problematic. Concerns include that it implies that detriment results from the personal characteristics or circumstances of an individual rather than recognising the universality of vulnerability and the impact of market features which impact on equitable access to services. Academics have also criticised the approach of identifying particular groups of vulnerable users as being unnecessarily stigmatising, patronising, and disconnected from social reality (see for example Cole 2016).

Maker et al., (2021) finds that policy organisations, researchers and advocacy groups have challenged the use of the label 'vulnerable' on the basis that it can be inaccurate, misleading, and unhelpful. They state that:

- It is inaccurate because it erroneously implies that there is a definable, static group of people who are vulnerable. This can result in both ‘over-inclusion’ and ‘under-inclusion’ by, on the one hand, incorrectly assuming a person is vulnerable because of their group membership (over-inclusion) or, on the other hand, failing to identify circumstances of vulnerability affecting people who do not fit traditional categories (under-inclusion)
- It is misleading because it implies that some people are different, dependent, and in need of protection by virtue of their individual characteristics. Responses to such individual ‘deficits’ tend to focus on protecting or relieving consumers from harm, rather than supporting them to exercise their rights and access essential services on the same basis as others in the community. Consequently, the role of structural forces in creating or contributing to vulnerability, such as markets, business behaviour, economic conditions, and social factors, is not identified or addressed
- It is unhelpful, because most consumers who might be classified as “vulnerable” (and organisations that represent their interests) do not like or identify with the term, and hence may not respond to calls for information or engagement in these terms

It can be seen from the definitions and documents referenced in this Review that many organisations have moved away from referring to “vulnerable consumers” - some now talk about “consumer vulnerability” instead. It may also be more appropriate to use the language of “customers in vulnerable circumstances” rather than “vulnerable customers”, to avoid fixing people with labels that are essentialist and do not reflect the changing conditions of their lives ([Consumer Policy Research Centre 2019](#)).

Consumer Scotland should give consideration to the language it chooses to adopt in relation to consumers in vulnerable circumstances. While this Review has focused on language relating to vulnerability, it is noted that there are other words commonly used in this context which can be problematic such as ‘marginalised’, ‘disadvantaged’ and ‘at risk’, and so Consumer Scotland may also wish to take a view on this.

5.2 Risk factors affecting consumer vulnerability in Scotland

One of the aims of this project was to identify any key risk factors affecting consumer vulnerability in Scotland and to compare this to elsewhere in the UK. This is not a straightforward task as identification depends, to a significant extent, on how consumer vulnerability is defined and understood. It is evident from the Literature Review that anyone in in Scotland could be a consumer who experiences or is at risk of vulnerability. Consumer vulnerability should not, therefore solely be thought of in terms of common group characteristics but instead is context specific, multi-faceted and definable by personal, situational and external factors. There are some markets, such as legal services, where most, if not all, consumers are potentially vulnerable (Mayson 2022, Community Research 2022). However, there is also additional risk factors which can increase the risk of consumers experiencing vulnerability.

An initial review of some of the statistical and research information on vulnerability for this report which relates to the population of Scotland points to the conclusion that vulnerability and disadvantage does not differ significantly from the rest of the UK. There are geographical factors which relate to rural and remote areas in Scotland, and it is considered that differences related to devolution will increasingly have an impact on the nature and extent of consumer vulnerability.

There could, therefore, be merit in bringing together some of the statistical and research information on vulnerability which relates to the population of Scotland and keeping this regularly updated. This document, or something similar, could help address this gap in the evidence base, by helping to identify the extent to which different risk factors relating to vulnerability exist in Scotland, and how this varies over time.

5.3 Other gaps in the evidence base

One conclusion to be drawn from the Literature Review is that much is already known about the causes and consequences of consumer vulnerability. In addition to the academic literature there are many informative publications on this from policy, advocacy and advice bodies. What appears to be less well known, however, relates to the actions that are needed to reduce and prevent consumer vulnerability and evidence about what works in practice.

The Literature Review identified that there is limited academic research relating specifically to consumer vulnerability in Scotland and that the publications of regulators and the CMA generally take a UK-wide view. Whilst there is evidence about Scotland to be found in these wider UK studies, it is not always easy to extract and to translate the implications to the Scottish context.

Therefore, there are several areas where gaps exist in the existing evidence base, and so Consumer Scotland may wish to consider what actions it could take to strengthen this. Some potential areas of focus are outlined below.

There is a fundamental need for research which explores whether there are uniquely Scottish factors relating to consumer vulnerability. It is suggested that two potential areas of research here could:

- Relate to geographical differences in Scotland (from the rest of the UK) and in particular to the occurrence of consumer vulnerability in the remote and rural population
- Relate to the different legislative and policy approaches in Scotland which have resulted from devolution and whether/how these have impacted on consumer vulnerability

It is known from the Literature Review that vulnerability can be multi-faceted in that vulnerable consumers can have a number of social identities, such as: low-income, female, single parents, older, Black and minority ethnic and disabled people. It is also known that different forms of inequality or disadvantage can compound themselves. However, as Riedel

et al., (2021) identified, there has been little research focusing on consumer intersectionality. There may be a need for research in the Scottish context to examine the experiences of individuals who belong to multiple “vulnerable groups” and to explore whether their experiences differ from those defined as belonging to a single vulnerable group.

Understandably, the research outputs of regulators and policy and advocacy organisations focuses on their area of responsibility or interest. So, there is a gap in the evidence base relating to the consumer vulnerability across multiple markets. Consumer Scotland could combine existing research on individual markets to draw out common experiences and provide insights with a view to improving consumer outcomes. A useful example of this approach is a 2020 Australian [Consumer Policy Research Centre report](#) which consolidates the experiences of older people across essential and important consumer markets.

Another example could relate to how much of the consumer vulnerability literature tends to focus on broadly 'consumer debt'. However, a report for the Scottish Government on debt advice provision found only nine out of the 30 different types of debt could be designated as consumer debt ([EKOS 2018](#)). Consumer Scotland may want to explore this further to highlight the impact that central government and local authority debts can have on vulnerable consumers. For example, how being unable to afford to pay a public sector debt can lead to cutting back on other expenditures, and therefore debt accrual.

With the evolving and increasing use of digital technologies in everyday life, there may be a need for research that explores the ways in which vulnerable consumers may be at greater risk of harm. The COVID-19 pandemic resulted in much consumer activity moving into online spaces and onto digital platforms. It is known that digital technology can be the source of new power imbalances between consumers and traders, with Helberger et al., (2021) arguing that in digital markets most, if not all, consumers are potentially vulnerable.

It is also known that the ‘right’ communication channel can potentially differ significantly for different groups of consumers who experience vulnerability (CMA 2019). Related to this, the move to online has also resulted in the closure of local outlets in Scotland and an increasing reliance on web-based contact. The [2022 report](#) by the Australian Consumer Policy Research Centre quotes consumers expressing frustration at the difficulties they had contacting businesses, with challenges including lengthy waits to speak with a provider, needing to speak to multiple agents to resolve an issue, and with getting the right information/finding the right details to contact a provider in the first place. It is suggested that a similar consideration of the impact on vulnerable consumers would be a timely research consideration for Consumer Scotland.

The Literature Review also identified the need to recognise secondary consumers in considerations about vulnerability. It is suggested that Consumer Scotland could focus on consumer vulnerability in the 'family unit' which would include secondary consumers, e.g., unpaid carers, and children.

Challenges around operationalising the requirements of regulators have been identified in the Literature Review (see Graham, 2018). Consumer Scotland could consider this

'implementation gap' in Scotland, in particular where consumer vulnerabilities and impacts are known, to better understand why service delivery organisations are not putting policy into practice.

There appears to have been insufficient evaluation of the impact of the “solutions” which have been proposed by regulators and implemented by suppliers. It is probably fair to say that organisations providing services are likely to know more about the functional limitations that consumers have, such as a disability, than they do about the barriers that exist in a person’s environment, or society in general, which affect them as consumers. It would also be informative to consider what, if any, are changes for the better from the perspective of the consumer.

Although not related directly to the research agenda, there is a need to translate the evidence from academic research into practice. This also applies to the findings of regulators, ombuds and inquiries, as it is observed that one response to identifying harms can be to issue more guidance. This ‘translation’ is about providing and encouraging insight and it could be tailored into supporting approaches and designs which are better suited to the Scottish context.

It is noted from the Literature Review that there has generally been more focus on presenting the determinants of consumer vulnerability and on approaches which could be taken to ameliorate these impacts. It is suggested that Consumer Scotland might want to have more of a focus on the 'upstream' determinants of consumer vulnerability - these being the structural, market and political factors and barriers which have resulted in the inequalities and inequities, and which in turn have resulted in harm. In general, organisational responses to harms are often about fixing the immediate prevailing causes, rather than standing back and looking at the bigger picture and considering how the systemic issues have led to that impact.

In the Consumer Scotland Act 2020, ‘consumer’ refers to an individual or a business (no larger than a small business) “who purchases, uses or receives, in Scotland, goods or services which are supplied in the course of a business carried on by the person supplying them”. There appears to be a gap in the vulnerability literature relating to businesses being vulnerable consumers.

Consumer Scotland has the general function (as set out in Section 2(1)(d) of the Consumer Scotland Act 2020) of providing consumer advocacy and advice with a view to promoting the sustainable consumption of natural resources, and other environmentally sustainable practices, in relation to the acquisition, use and disposal of goods by consumers in Scotland. It is considered that consumer vulnerability would be a priority consideration in this work.

The lives of many consumers are complex and do not always fit neatly within institutional remits and boundaries. It is suggested that Consumer Scotland may want to explore/map out what the gaps are in Scotland relating to the work of regulators and bodies such as ombuds and inspectorates. Where are the “unregulated” gaps and/or where do providers have the option of opting into, or are not covered at all? In addition, what are the implications of this for consumer vulnerability in Scotland?

Consumer Scotland may find it beneficial to consider which markets in Scotland have the greatest impact on consumers. This could include considering hybrid markets such as housing, where consumers are differently impacted depending on their status and funding. For example, [StepChange \(2019\)](#) found that renters were more likely than home owners to have had a significant life event and to have problem debt.

Another hybrid market of considerable significance is social care where, by implication, consumers who are provided with these services will have vulnerabilities. The CMA (2017) [Care Homes Market Study report](#) is noted, and while not included in the Literature Review, there are a significant number of academic publications relating to the provision of care services in England. For example, [Henwood et al., \(2022\)](#) has a focus on self-funders and observes that the adult social care system continues to operate as two polarised publicly and privately funded models. This results in a fragile and unpredictable market, ensures that people using it experience limited choice, that they have partial information and that they often make major decisions in situations of powerlessness. Consideration of this hybrid market would also be timely considering the current intention of the Scottish Government to establish a [National Care Service](#).

5.4 Closing reflection

As this Literature Review has demonstrated consumer vulnerability is a complex, sensitive and challenging subject. There is already an extensive body of academic, organisational and practice literature and there is much that can be learnt from this and existing good practice. While it has not been possible to review all relevant literature on vulnerability, this Review has highlighted aspects with a particular relevance to the work of Consumer Scotland. In doing so, the Review aims to provide a solid foundation to ensure that the work of Consumer Scotland is underpinned and informed by an in-depth understanding of the characteristics, needs, aspirations and experiences of consumers in vulnerable circumstances. As society's understanding of vulnerability continues to evolve, and where gaps exist in the evidence base, Consumer Scotland may wish to consider what actions it can take to address this.

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Carolyn Hirst is a researcher, mediator and conflict consultant. Her expertise includes dispute prevention, management and resolution. Recent work includes the mediation of individual and team disputes, research relating to the impact of being complained about, independent workplace and governing body investigations, governance reviews, complaint reviews, and the delivery of workshops on communication, conflict and complaints. Carolyn is a Scottish Mediation Registered Mediator and an experienced Non-Executive Director. Following 20 years working in social housing, she served as a Deputy Scottish Public Service Ombudsman and an Ordinary Member of the First Tier Tribunal (Housing and Property Chamber). Carolyn also worked for nine months as the Interim Principal Ombudsman at Ombudsman Services and as a part-time Lecturer in Ombudsman and Complaint Handling Practice at Queen Margaret University. She has recently stepped down from a number of board roles including chairing the Midlothian Integration Joint Board and as a Non-Executive Director of NHS Lothian, and board member of the Parliament and Health Service Ombudsman. She is also a former English and Scottish Housing Association Board Member. [\(26\) Carolyn Hirst | LinkedIn](#)

Appendix 1 - Definitions of Vulnerability

From the Academic Literature

	Definition	Where found
1990	Those at a disadvantage in exchange relationships where that disadvantage is attributable to characteristics that are largely not controllable by them (p. 13)	Andreasen, A.R. and Manning, J. (1990), 'The dissatisfaction and complaining behavior of vulnerable consumers', <i>Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior</i> , Vol. 3 No. 1, pp. 12-20
2005	Consumer vulnerability is a state of powerlessness that arises from an imbalance in marketplace interactions or from the consumption of marketing messages and products. It occurs when control is not in an individual's hands, creating a dependence on external factors (e.g., marketers) to create fairness in the marketplace. The actual vulnerability arises from the interaction of personal states, personal characteristics, and external conditions within a context where consumption goals may be hindered, and the experience affects personal and social perceptions of self (p.134)	Baker, S.M., Gentry, J.W. and Rittenburg, T.L. (2005), 'Building understanding of the domain of consumer vulnerability', <i>Journal of Macromarketing</i> , Vol. 25 No. 2, pp. 128-139.
2008	Consumer vulnerability may be hypothesized as a sum of two components: a systemic class-based component and a transient state-based component (p. 184)	Commuri, S. and Ekici, A. (2008), 'An enlargement of the notion of consumer vulnerability', <i>Journal of Macromarketing</i> , Vol. 28 No. 2, pp. 183-186.
2014	Vulnerability is a state of human existence characterized by powerlessness and lack of control (p.7)	Mason, M. and Pavia, T. (2014), 'Health and consumer vulnerability: identity dissolution and resiliency behaviors', <i>ACR North American Advances</i>
2020	A state in which consumers are subject to harm because their access to and control over resources are restricted in ways that significantly inhibit their ability to function in the marketplace (p. 551)	Hill, R.P. and Sharma, E. (2020), 'Consumer vulnerability', <i>Journal of Consumer Psychology</i> , 30(3)

2021	Unique and subjective experiences where characteristics such as states, conditions and/or external factors lead to a consumer experiencing a sense of powerlessness in consumption settings (p. 120-1).	Riedel, A., Messenger, D., Fleischman, D., & Mulcahy, R. (2021). 'Consumers experiencing vulnerability: A state of play in the literature'. <i>Journal of Services Marketing</i> , 36(2), 110–128.
2022	Experiences of vulnerability are subjective perceptions of susceptibility, which are part of the human condition that may come to pass with the passage of time, prompt introspection and give rise to greater strength and resilience (p. 1165)	Raciti, M.M., Russell-Bennett, R. and Letheren, K., 2022. 'A strengths-based approach to eliciting deep insights from social marketing customers experiencing vulnerability'. <i>Journal of Marketing Management</i> , 38(11-12), pp.1137-1177.

Regulator Definitions

Regulator	Definition	Where found
CMA	Consumer vulnerability is defined as any situation in which an individual may be unable to engage effectively in a market and, as a result, is at a particularly high risk of getting a poor deal (p. 4)	Competition and Markets Authority (2019) Consumer Vulnerability: Challenges and Potential Solutions
FCA	A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care (p. 3)	Financial Conduct Authority. 2021. Finalised Guidance FG21/1: Guidance for firms on the fair treatment of vulnerable customers
Ofcom	Anybody can face circumstances that lead to them becoming vulnerable - temporarily or permanently. This might include physical or mental health problems, specific characteristics such as age or literacy skills, or changes in personal circumstances such as bereavement, job loss or changes in household income. The Covid-19 pandemic and the steps taken to protect public health in response have increased the potential for customers’ circumstances to change suddenly, making them more vulnerable (p. 1)	Treating vulnerable customers fairly: A guide for phone, broadband and pay TV providers Ofcom 2022
Ofgem	When a consumer’s personal circumstances and characteristics combine with aspects of the market to create situations where he or she is: <ul style="list-style-type: none"> • significantly less able than a typical domestic consumer to protect or represent his or her interests; and/or • significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial (p. 7) 	Ofgem Consumer Vulnerability Strategy 2025 October 2019
Ofwat	A customer who due to personal characteristics, their overall life situation or due to broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive service which may have a detrimental impact on their health, wellbeing or finances (p.20)	Ofwat Vulnerability focus report February 2016

Consumer Affairs Victoria	<p>A vulnerable consumer is a person who is capable of readily or quickly suffering detriment in the process of consumption. A susceptibility to detriment may arise from either the characteristics of the market for a particular product, the product's qualities or the nature of the transaction; or the individual's attributes or circumstances which adversely affect consumption decision-making or the pursuit of redress for any detriment suffered; or a combination of these (p. 3)</p>	<p>Discussion paper: what do we mean by 'vulnerable' and 'disadvantaged' consumers (2004)</p>
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Other Definitions

2016	<p>A vulnerable consumer can be defined as a consumer, who, as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment:</p> <ul style="list-style-type: none"> • Is at higher risk of experiencing negative outcomes in the market • Has limited ability to maximise his/her well-being • Has difficulty in obtaining or assimilating information • Is less able to buy, choose or access suitable products; or • Is more susceptible to certain marketing practices. (p. xx) 	<p>European Commission (2016) consumers-approved-report_en.pdf (europa.eu)</p>
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