



Customer Understanding

fairerfinance.com



Improving your customer communications



Rewriting and redesigning your communications

We analyse hundreds of Ts&Cs, policy documents, and online customer purchase journeys, every six months – as part of the research that underpins our unique customer experience ratings.

With objective and defined criteria, our Clear and Simple Mark has become the industry standard for good communications. It is hard to achieve the Clear and Simple Mark - and doing so is good evidence of well-designed communications under the Consumer Duty.

Language

Understandability, readability, jargon, tone of voice, etc.

Structure

Headings, inter-referencing, contents page, etc.

Design

Colour, white space, visual imagery, etc.



**APPROVED
DOCUMENT**

**Clear design
Simple language**

For more detail, see: <https://www.abi.org.uk/globalassets/files/subject/public/consumer-group/fairer-finance-clearer-communication.pdf>

Our checklist

Language	Sentence length	No sentences longer than 29 words, including bullet points that are punctuated as long sentences
	Reading grade	8.0 or below using the ARI, with the exclusion of headings, subheadings and lists
	Jargon	Score of 'Excellent' on Fairer Finance jargon checking software
Structure	Contents page	A clear, logically ordered contents with adequate detail in all documents longer than 2,000 words
	Inter-referencing	All references to other sections are labelled clearly and easily navigable, ideally with page no.s or hyperlinks
Design	Colour	At least three colours are used consistently (including page colour and main text colour – i.e. black and white)
	Colour contrast	All text has a colour contrast ratio of at least 4.5:1 with its background
	Font size	All text is always at least 10pt or 16px, excluding regulatory information
	Line spacing	The space between each line of text is at least 1.25pt
	Words per page	An average of no more than 400 words per page

Calculating reading grades

- The National Literacy Trust reports that 1 in 6 adults in England have the reading age expected of an 11-year-old.¹
- Readability formulas, like the Automated Readability Index (ARI), can tell you the ‘reading grade’ of a document – this tells you the level of education you would need to understand it.
- Readability formulas are useful indicators of the readability of your document – but should be taken with a pinch of salt. We say this because different formulas can produce different results. For consistency, we recommend using multiple readability tests and taking an average score.

According to research from the OECD, **16.4%** of adults in England score at the lowest levels in literacy.²

(1) <https://literacytrust.org.uk/parents-and-families/adult-literacy/what-do-adult-literacy-levels-mean/>

(2) <https://gpseducation.oecd.org/CountryProfile?plotter=h5&primaryCountry=ENG&treshold=5&topic=AS>

Embedding behavioural science in customer journeys



With behavioural science, more harm is foreseeable

The Consumer Duty would be almost unthinkable without advances in behavioural science.

Prudent firms have been proactive in assessing their own compliance with the duty, trying to see their business through the regulator's eyes.

Without the behavioural science lens, these assessments are largely futile.

The FCA uses behavioural science to assess the design of customer communications, the suitability of distribution, the fairness of pricing, and the effectiveness of customer support.

Evidence that you have similarly used behavioural science is evidence that you have embedded the Consumer Duty.

Are there deceptive patterns ('dark patterns') in the application/purchase journey?

Is there sludge?

Is the choice architecture exploiting consumer emotions?

Are consumers able to make informed decisions?

Do the product usage journeys contain the right level of friction?

Is the product design exploiting consumer biases?

Source: <https://www.ftadviser.com/regulation/2024/01/11/behavioural-science-could-improve-your-consumer-duty-outcomes/>

Making good decisions easier, and bad decisions harder

How does the communication help consumers...

engage in the
market?

(attend the market?)

access information
easily?

assess information
correctly?

act on the
information?

Facilitate good customer outcomes and competitive markets by using behavioural science to achieve the 'Four A's'. Consumer behaviour is affected by the social expectations, beliefs and expectations, emotional responses and biases, and time constraints. It is also affected by the choice architecture and levels of friction.

Sources: Fairer Finance, FCA and CMA (2018), ['Helping people get a better deal: Learning lessons about consumer facing remedies'](#), Fletcher, A. (2018), ['Disclosure and Other Tools for Enhancing Consumer Engagement and Competition'](#), Centre for Competition Policy working paper 18-13.

Getting the right level of friction

	Low friction	High friction
Good consumer outcome	Nudge Making good decisions easy e.g. pension autoenrollment*	Nudge Making bad decisions hard e.g. testing intentions before costly borrowing
Bad consumer outcome	Sludge / deceptive pattern Making bad decisions easy e.g. intentions not tested before high-risk investments	Sludge / deceptive pattern Making good decisions hard e.g. delayed product exits / repayments

Sources: Fairer Finance, Sunstein, C. (2019), 'Sludge audits', Harvard Public Law Working Paper No. 19-21. For more, see: Brignull, H. (2023), 'Deceptive patterns: exposing the tricks tech companies use to control you'. *For recent evidence on the impact of pensions autoenrolment, see: Beshears, J., Blakstad, M., Choi, J. J., Firth, C., Gathergood, J., Laibson, D. I., Notley, R., Sheth, J., Sandbrook, W., and Stewart, N. (2024), 'Does Pension Automatic Enrollment Increase Debt? Evidence from a Large-Scale Natural Experiment', NBER Working Paper No. w32100.

Identifying deceptive patterns

Choice structure

Default options

Pre-selected options lead to poor consumer outcomes

Distorted UX

Visual interface traps or misleads consumers

More than intended

Consumers are pushed to do or give away more than they intended

Maze

The path to take good decisions is unnecessarily long or complex

Choice information

Misleading language

Language is not clear and simple

Missing information

Insufficient information is disclosed to make an informed decision

Choice pressure

Pressure

Emotional, social, time or other triggers pressure a (quick) decision

Sources: Fairer Finance, Competition and Markets Authority (2022), 'Online Choice Architecture - How digital design can harm competition and consumers - discussion paper', Potel-Saville, M. and M. Francois (2023), 'From Dark Patterns to Fair Patterns? Usable Taxonomy to Contribute Solving the Issue with Countermeasures', conference paper.

Appendix: About Fairer Finance



About Fairer Finance

Creating a fairer financial services market for consumers and the businesses that serve them.

Founded in 2014, Fairer Finance is a research and ratings agency, consultancy, and consumer group with a mission to create a fairer financial services market.

We do this by publishing our unique ratings – and by working with companies who want our help and expertise to do better.

We support insurers, banks, lenders, and asset managers in delivering good outcomes for their customers.



We have advised providers across all FCA-regulated markets, and non-regulated firms ahead of forthcoming regulation.

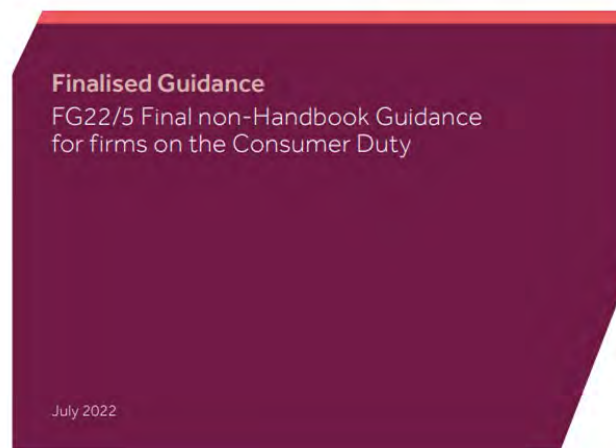
Familiar with how the regulator thinks and supervises firms, firms ask us the tricky issues that require the combination of our skills.

Our multi-disciplinary team includes experts in behavioural science, data science, economics, linguistics, and regulatory compliance.

Recognised by regulators

Our voice is respected and credible in the regulatory community. For example, our work on enabling consumer understanding is cited by the FCA in its Finalised Guidance on the Consumer Duty:

8.35 This is consistent with guidance by the Government Digital Service which instructs individuals to write on GOV.UK web pages for a nine-year-old reading age. Firms may wish to consider external support and guidance available on how this can be achieved, such as Fairer Finance's work on readability. We acknowledge it can sometimes be challenging to simplify communications about financial products and services in this way, but we expect firms to acknowledge the characteristics of their customers and take reasonable steps to support their understanding.



<https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

Trusted by trade bodies

Trade bodies, including the Building Societies Association, the Association of British Insurers, and the Equity Release Council, have asked us to develop practical guides for their members on writing good customer communications.



Fairer Finance's report is a valuable additional tool to help firms further improve their relationship with customers. We've been encouraging our members to incorporate the recommendations into all aspects of their communications. James and the team really understand the insurance context. It's good to see the guide has already been downloaded over 6,000 times!

Hannah Gurga, Director General, Association of British Insurers



<https://www.abi.org.uk/globalassets/files/subject/public/consumer-group/fairer-finance-clearer-communication.pdf>

Our clients include...



Our work with businesses

Creating a fairer financial services market for consumers and the businesses that serve them

Ratings

Firms licence our product star ratings, customer experience endorsements, and the Clear & Simple Mark.

Insight

Providers and policymakers subscribe to our Insight Portal, gaining access to our unique datasets and analysis.

Consultancy

The UK's largest providers ask us to help them improve their customer outcomes and evidence compliance with the Duty.

Policy

Providers and policymakers commission us to undertake independent economic research, shaping policy.

Find out more

Fairer Finance in the news

We're making a noise

<https://www.fairerfinance.com/in-the-news>

Fairer Finance blog

All the latest insight and commentary from the team

<https://www.fairerfinance.com/insights/blog>

Fairer Finance events

Our regular webinars and panel events

<https://www.fairerfinance.com/insights/events>

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