

# Consumer Duty Comms Test Hargreaves Lansdown

January 2025



# Introduction

## Why you've received this pack

The FCA's Consumer Duty came into full effect from July 2024, obliging financial services firms to adopt a customer-first approach

Consumer Understanding, a key Duty outcome, requires firms to ensure customer communications are clear and provably understood

As behavioural scientists, we at Dectech have developed a Consumer Duty-specific comms test with one of the UK's leading high street banks

We are sharing our test with interested financial services firms and have run it on one of your comms to showcase its capabilities

## What is in this pack

This pack details the results of the test we have run on one of your comms and includes the following:

- Page 3 provides some background to our comms test, including its practical application and key advantages
- Page 4 to 9 show the test results, including our key metrics of Understanding Words and Understanding Why, plus additional diagnostics
- Page 10 summarises the other outputs you would typically get from this test, and includes our contact details if you would like to hear more
- The appendix from page 11 provides additional information about Dectech, including our approach, expertise, and industry recognition



# We have developed a Consumer Duty comms testing tool in collaboration with a large UK high street bank that can be tailored to a client's requirements and resources

## Standalone Comms Testing

Test realistic facsimile of comms in an online test that assesses consumer understanding of the words used, and why they have been sent it

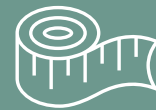
- ✓ **Standardised and scalable** – track scores and build processes around them
- ✓ **Fast and cost-effective** – costs from £2.5K and turned around in 48 hours if needed
- ✓ **Flexible and comprehensive** – can test any kind of written content, video, and audio
- ✓ **Objective and diagnostic** – identify specific issues with understanding and how to fix
- ✓ **Audience appropriate** – talk to your target audience including those with vulnerabilities

## Key Advantages



### Robust

Grounded in the latest science of how people understand and make decisions



### Bespoke

Tailored to your brands and industry to give you a competitive edge



### Proven

Developed over the last 2 years with more than 50,000 consumers



# Comms Test Summary

## Hargreaves Lansdown Email: Changes to cash interest rates

**HARGREAVES LANSDOWN**

**Changes to our cash interest rates**

Dear Mr Smith

On 1 August 2024, the Bank of England cut the base interest rate from 5.25% to 5%.

Following this change, from 19 September 2024 we're changing the interest we pay on uninvested cash. This excludes HL SIPP Drawdown accounts where the rate is not changing.

You can see the updated rates below:

Cash held in an HL ISA, Junior ISA or Lifetime ISA

Account balance	Tax-free % for this tier only	AER% for this tier only
£100,000 +	3.45	3.51
£50,000 - £99,999	3.15	3.20
£10,000 - £49,999	2.95	2.99
£0 - £9,999	2.75	2.78

Cash held in a Fund and Share Account or Bare Trust Account

Account balance	Tax-free % for this tier only	AER% for this tier only
£100,000 +	2.65	2.68
£50,000 - £99,999	2.45	2.48
£10,000 - £49,999	2.25	2.27
£0 - £9,999	2.00	2.02

Cash held in an HL SIPP or Junior SIPP

Account balance	Tax-free % for this tier only	AER% for this tier only
£100,000 +	3.95	4.02
£50,000 - £99,999	3.65	3.71
£10,000 - £49,999	3.40	3.45
£0 - £9,999	3.20	3.25

AER stands for Annual Equivalent Rate and shows what the interest rate would be if interest was paid and compounded once each year. Interest is calculated on the daily cleared balance and paid monthly, the interest period is from 10th to the 9th of each month and payment is normally credited within four working days of the end of this period.

Interest in all ISA and SIPP accounts is paid free from UK income tax. Interest in all other accounts is paid gross and you are responsible for paying any tax due on interest that exceeds your Personal Savings Allowance to HM Revenue & Customs. Tax rules can change. You can find out more by visiting our interest rate webpage below.

[CHANGES TO OUR INTEREST RATES →](#)

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## Consumer Understanding

Improve < 65    Review 65-75    Accept >75

### Understanding Words

How well do customers understand the language used?

67%

### Understanding Why

How well do customers understand the purpose of the communication?

67%

## Communicated purpose

Top three most representative responses

*"Changes to interest rates."*

*"Change in interest rates."*

*"The changes in interest rate"*



# Test Inputs

## Hargreaves Lansdown Email: Changes to cash interest rates

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### Understanding Words

Paragraph used for meaning test

AER stands for Annual Equivalent Rate and shows what the interest rate would be if interest was paid and compounded once each year. Interest is calculated on the daily cleared balance and paid monthly, the interest period is from 10th to the 9th of each month and payment is normally credited within four working days of the end of this period. Interest in all ISA and SIPP accounts is paid free from UK income tax. Interest in all other accounts is paid gross and you are responsible for paying any tax due on interest that exceeds your Personal Savings Allowance to HM Revenue & Customs. Tax rules can change.

### Understanding Why

Intended purpose of the communication

- The key features of a product or service X
- The benefits of a product or service ✓
- The costs or fees of a product or service X
- The risks of a product or service X
- A change to a product or service ✓
- The customer's current financial position X
- That a decision or action needs to be made X
- That there are consequences of inaction X
- That there is a deadline to take action X
- That there are methods to gain extra info ✓
- That the comm is available in other formats ✓



# Understanding the Words that were Communicated

## Understanding Words

How well do customers understand the language used?

67%

Vulnerable customers **55%**

Improve < 65

Review 65-75

Accept >75

Paragraph used for meaning test

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## What was hardest to understand?

Heatmap shows most selected regions of the communication

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[CHANGES TO OUR INTEREST RATES →](#)

Please review all result files, including all pages of heatmap



# Detailed feedback is given of where and how to improve comms

### Group 3

*"I do not understand the acronyms"*

*"Understanding the % of the email"*

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### Group 1

*"Unsure what tier means in this circumstance"*

*"Why is it showing to list and different levels. Why not just show the changes being made to the individuals account. It is very confusing."*

### Group 2

*"What is bare trust account"*

*"Very unclear what the rashes would actually be. Appears to be deliberately confusing"*

### Group 4

*"Your explanation of AER seems to bear little relationship to how you actually calculate the interest. It may be a legal requirement but makes it impossible to gauge what I will get."*



# Understanding Why It Was Communicated

## Understanding Why:

How well do customers understand the purpose of the communication?

75%

Vulnerable customers 77%

Improve < 65

Review 65-75

Accept >75

The key features of a product or service	-
The benefits of a product or service	49%
The costs or fees of a product or service	-
The risks of a product or service	-
A change to a product or service	93%
The customer's current financial position	-
That a decision or action needs to be made	-
That there are consequences of inaction	-
That there is a deadline to take action	-
That there are methods to gain extra info	89%
That the comm is available in other formats	68%

Please review customer verbatim responses for full details

## Communicated purpose

Top five most representative responses

*"Changes to interest rates."*

*"Change in interest rates."*

*"The changes in interest rate"*

*"A change to interest rates."*

*"This email explains the changes to interest rates"*





# Additional Diagnostics

## What do customers think of the communication?

### Visually Appealing

Is the communication well laid-out and attractive?

77%

### Useful

Is the communication informative and helpful?

78%

### Supportive

Is the communication reassuring and supportive?

62%

## Is it the right amount of information?

Far / Slightly too little

Just about right

Far / Slightly too much

13%

71%

16%

## How much of the communication would be read?

Read it fully

Read most of it

Skim read it

Not read it

56%

24%

18%

1%



# We hope you found these results helpful! See below for how to find out more

This pack has provided a summary of the key outputs from our comms test, but there are a number of others included in practice (see right)

We are happy to have a call to run through this pack to provide more context to the results and to address any questions you may have

To have a call, or for any enquiries about our Consumer Duty services, please contact us at **[consumerduty@dectech.co.uk](mailto:consumerduty@dectech.co.uk)**

More information about us can be seen in the appendix, by visiting [Dectech.co.uk](https://dectech.co.uk), or by following us on LinkedIn [@dectech-behavioural-experiments](https://www.linkedin.com/company/dectech-behavioural-experiments)

## Additional Test Outputs

A standard test includes the following outputs to aid comms writers in instances where changes need to be made to the comms:

- Full communication heatmap, highlighting aspects across the whole comm that are hard to understand
- All verbatims associated with the heatmap clusters, explaining why they are hard to understand in consumers' own words
- All verbatims associated with the Understanding Why scores, providing the consumer's perspective of the comm's purpose



# Appendix



Dectech uses behavioural research to understand consumer decisions and make commercial forecasts

## Our Approach



## Example Financial Services Clients





**One of the world's longest-established behavioural science consultancies, we specialise in helping businesses understand and manage consumer decision-making**



### Experienced

Founded in 2002, we are entirely owned by our 25 staff and are based in Central London

### Commercial

Founders Dr. Henry Stott and Prof. Nick Chater have strategy consulting and business school backgrounds

### Expert

Our highly qualified team combines technical expertise with extensive project management experience

### Impactful

Core products are Behaviourlab (our testing tool), building financial forecasts and modelling client data

### Investments

Investors in various start-ups across related businesses including Fintech Lender, Adtech, Sports Marketing, etc.

## Our Services



### Proposition & Pricing

- ✓ New Product Development
- ✓ Pricing & Promotion Strategy
- ✓ Proposition Optimisation



### Trade & Commercial

- ✓ Customer Journey Design
- ✓ Churn Management
- ✓ Competitor Wargaming



### Brand & Marketing

- ✓ Brand Management
- ✓ Ad Testing
- ✓ Campaign Tracking



### Data & Analytics

- ✓ Sales Forecasting
- ✓ Performance Analysis
- ✓ Business Case Modelling



# The quality of our work has been recognised by industry bodies that reward excellence and innovation

- ✔ Won the 2020 MCA Award for Strategy for our work with BT Group
- ✔ Won the 2019 MCA Award for Customer Engagement and Marketing with Schroders
- ✔ Finalists for client-led AURA Awards in the Commercial Acumen category 2019 and 2020
- ✔ Won the 2016 and 2020 MRS Awards for Financial Services Research
- ✔ Won the 2020 MRS Award for Insight Management
- ✔ Recognised by FT as one of UK's leading Management Consultants for past 4 years

## Recent Recognition



Customer  
Engagement  
and Marketing



**AWARDS 2019**  
Finalist *Commercial Acumen*





## Our Address

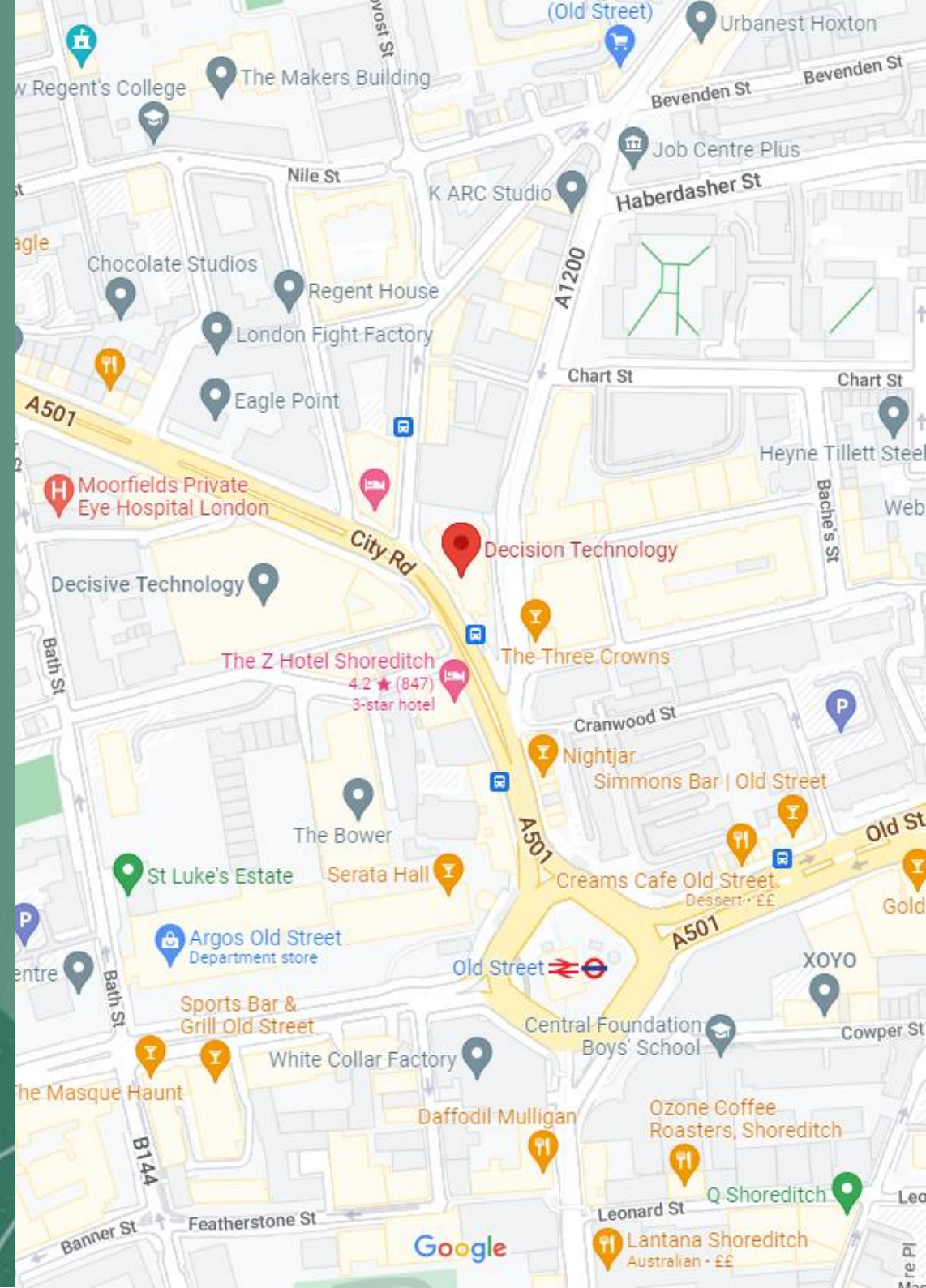
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