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Beyond the credit file:
Detect vulnerability before it becomes harm.

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Why credit files aren't enough to detect vulnerability in time.

You likely use bureau data as part of your customer risk assessment. But the reality is, this data shows what's already happened, such as missed payments, defaults, and account closures, long after the financial strain has begun.

In fact, our analysis of more than 24 million high-cost credit applications shows how much can be missed during that delay. In the weeks before arrears, customers often display clear signs of pressure. They apply for multiple small-value loans. Borrowing moves towards covering essential bills. Working hours are reduced. Yet none of this is captured in a credit file until the situation is already harder to address.

According to the FCA's Financial Lives Survey, 26.4 million had characteristics of vulnerability in May 2024 (49% of all UK adults). That means without data that tracks live changes in income, expenditure, or life events, these customers remain invisible until they fall into arrears or disclose their situation under pressure. By that stage, recovery rates fall, costs rise, and the regulator's expectation for timely support has already been missed.

This guide looks at how to close that gap.

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What it covers

- The most reliable pre-arrears indicators of financial strain
- Where to find early signals beyond the credit file
- How to prioritise support based on live risk
- Case studies showing how other organisations are doing it
- Practical steps to embed proactive detection into BAU

Who this guide is for

Senior leaders in Risk, Compliance, Operations, Customer Strategy and Data who are:

- Bringing forward the point of vulnerability detection.
- Strengthening Consumer Duty outcome monitoring.
- Embedding real-time data into decision-making and MI.
- Reviewing the scope and quality of current vulnerability data sources.

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5 most reliable pre-arrears indicators of financial strain

Our analysis of more than 24 million high-cost credit applications shows the same warning signs coming through well before any change in repayment history. They appear across sectors, customer types, and risk profiles, even in accounts that look stable on paper. Built into detection models, these indicators can move the point of intervention forward by weeks.

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Indicator	Operational insight	Portfolio risk impact	Regulatory and evidencing considerations
Borrowing moves from discretionary to essential spend (e.g., utilities, rent, council tax)	Disposable income is redirected to fixed costs, often matched by lower discretionary card spend.	Strong short-term predictor of arrears within one or two payment cycles	Under Consumer Duty, repeated cases without action may indicate a failure to prevent foreseeable harm
Multiple small-value credit applications in compressed timeframes	Customers manage liquidity through fragmented borrowing, often across multiple lenders, bypassing single-affordability checks.	Raises overall exposure without triggering bureau alerts until after approvals.	Inaction can be seen as a gap in affordability monitoring.
Reduced or irregular working hours (including zero-hours or gig economy shifts)	Evident in self-declared income changes, payroll-linked data, or benefits claims.	Often leads to sporadic or partial repayments, even in accounts with no prior issues.	Shows the value of monitoring income stability beyond bureau data.
Change in household composition (e.g., separation, new dependents)	Alters income distribution and expenditure obligations overnight.	Can cause sudden affordability drops with no arrears history.	FCA-recognised vulnerability driver, firms must evidence how these cases are addressed.
High-cost credit applications for essential bills	Shows acute liquidity pressure and reliance on expensive credit for everyday needs.	Strong link to multi-problem debt within six months if unaddressed.	Requires an escalation process for high-cost credit red flags.

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These indicators often show up in accounts that, on a credit file, look completely fine. In reality, bureau reporting is built to log confirmed events. And it does so on a delay.

For operations teams, that means:

1. **Timing:** Bureau data tells you what's already happened. By the time a score moves, financial pressure may have been building for weeks, even months.

2. **Scope:** Changes in income, spending priorities, or household costs don't appear unless they've already caused a repayment problem.

3. **Context:** A bureau record shows the outcome, but not the behaviours or circumstances that led to it.

And crucially, these indicators can be picked up as they happen. They can be weighted for urgency and used to trigger action while customers are still engaged and options for support are still open. That's the difference between preventing arrears and managing them after the fact.

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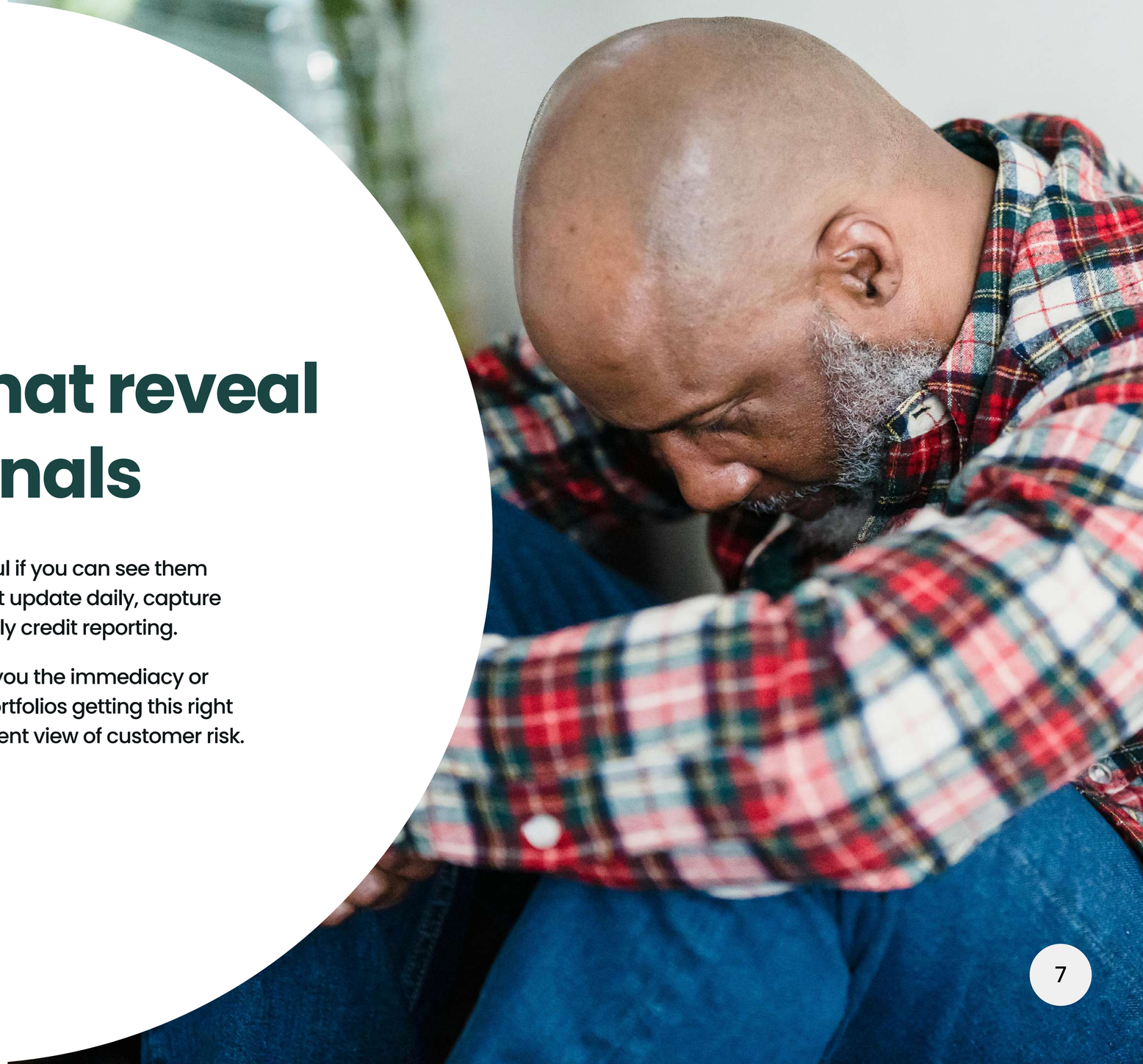
Data sources that reveal early stress signals

The indicators in the previous section are only useful if you can see them in time to act. That means pulling in data feeds that update daily, capture behavioural change, and fill the gaps left by monthly credit reporting.

Credit bureau data still has value, but it won't give you the immediacy or context needed for pre-arrears intervention. The portfolios getting this right use a combination of sources, each adding a different view of customer risk.



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Data source	What it captures	Operational value
High-cost credit application data	Live view of new credit requests, purpose, and amount.	Flags sudden borrowing surges or use of credit for essentials within days. Supports affordability monitoring across lenders and sectors.
Self-declared income and expenditure (I&E)	Changes in income, fixed commitments, and spending patterns from customer disclosure.	Adds affordability context, especially when verified against transaction or payroll data.
Employment and payroll-linked data	Job changes, contract type, hours worked, benefits claims.	Detects income instability before it impacts repayment. Enables proactive engagement with customers in high-risk job sectors.
Life event data	Separation, dependents, relocation, bereavement, caring responsibilities.	Identifies FCA-recognised vulnerability triggers. Supports segmentation for tailored intervention pathways.
Transactional bank data	Spend patterns, bill payments, essential outgoings, missed or partial payments.	Highlights budget pressure and shifting spend priorities in near real time. Can detect early “bill skipping” behaviour.
Benefits and welfare data	Claims, awards, and benefit payment cycles.	Indicates sudden changes in income sources or dependency on state support. Useful for forecasting cash flow volatility.
Utility and telecom arrears data	Missed or late utility, telecom, or council tax payments.	Detects financial pressure before credit arrears occur, often earlier than bureau records.

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Data source	What it captures	Operational value
CRA early warning alerts	Lender-reported stress events before formal arrears (e.g., payment arrangement requests).	Useful as a pre-trigger in detection models, especially when cross-referenced with other sources.
Subscription and recurring payment data	Cancellations, downgrades, or skipped renewals for discretionary services.	Early signal of budget tightening before essentials are affected.
Gambling transaction data	Increased frequency or spend on gambling, especially near paydays.	Strong correlation with financial stress and income volatility
Tenancy and rent payment data	Missed or partial rent payments, changes in rental agreements.	Often precedes both utility and credit arrears.
Forbearance and payment plan requests	Customer-initiated requests for flexibility before arrears.	Useful as a pre-trigger for vulnerability team engagement.
Cross-source matching events	Detection of the same customer across multiple datasets (e.g., loan applications + benefits claims + utility arrears).	Enables severity scoring and triage based on combined risk factors.
Utility and telecom arrears data	Missed or late utility, telecom, or council tax payments.	Detects financial pressure before credit arrears occur, often earlier than bureau records.

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Breadth over single-source dependency

Each feed gives part of the picture. Loan application data can highlight acute cashflow issues, but without employment data you miss the driver. Transactional data can show reduced discretionary spending, but without life event data you may not see the cause. The operational advantage comes from layering these sources into one view, refreshing it frequently, and embedding it into triage and case management workflows.

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What life events and borrowing behaviour can tell you

The FCA's four key drivers of vulnerability include life events and financial resilience. In data terms, the most reliable early warnings come when changes in these areas overlap.

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Here's how those overlaps look when you map them to real customers. The examples are based on anonymised, aggregated data patterns. Each one shows how multiple sources combine into a stronger, earlier signal than any single feed could provide.

Maria (Retail Supervisor)

Employment change + essential credit use

- **Data sources:** Payroll-linked data, high-cost credit applications, transactional bank data.
- **Trigger:** Payroll feed shows a drop from full-time to zero-hours contract following a company restructure.
- **Behavioural change:** Within 10 days, Maria takes two small high-cost loans to cover utility bills.
- **Operational view:** Income volatility confirmed by borrowing for essentials: high-priority pre-arrears case for immediate outreach.

James (Project Engineer)

Household change + gambling spike

- **Data sources:** Life event data, gambling transaction data, subscription payment data.
- **Trigger:** Life event feed records separation; subscription cancellations follow within a month.
- **Behavioural change:** Gambling spend triples in the two weeks after household change.
- **Operational view:** Reduced household income combined with high-risk discretionary spend: immediate affordability review recommended.

Priya (Customer Service Advisor)

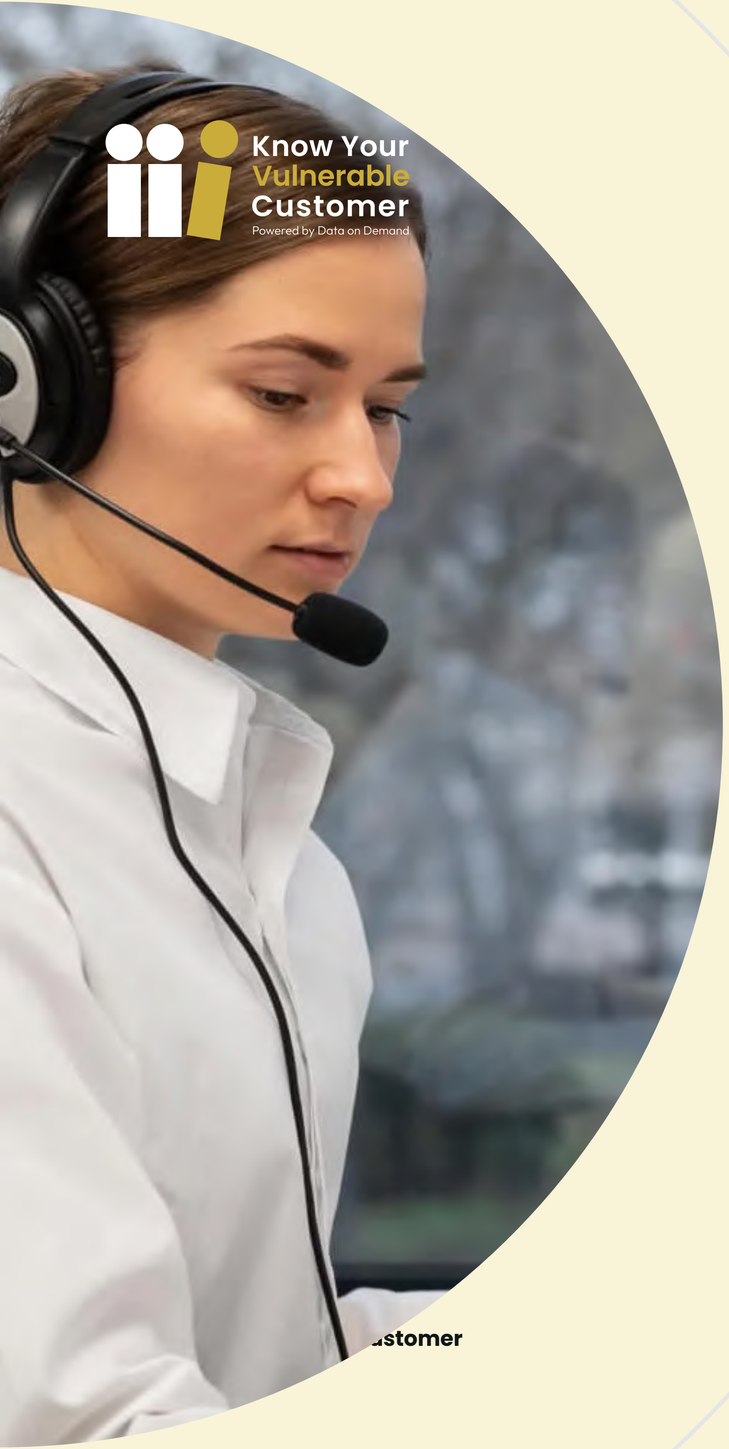
Bereavement + rent payment disruption

- **Data sources:** Life event data, tenancy and rent payment data, transactional bank data.
- **Trigger:** Bereavement recorded; first partial rent payment logged in the same month.
- **Behavioural change:** Reduced discretionary spend, missed one telecom bill payment.
- **Operational view:** Multiple stress signals from unrelated feeds point to short-term instability: early engagement could prevent escalation.

Daniel (Warehouse Manager)

Health event + cash flow gap borrowing

- **Data sources:** Benefits data, utility arrears data, high-cost credit applications.
- **Trigger:** Benefits feed records statutory sick pay claim.
- **Behavioural change:** Two new short-term loans within a fortnight; missed council tax payment.
- **Operational view:** Predictable income gap with essential bill arrears emerging: candidate for a time-limited forbearance plan aligned to recovery timeline.

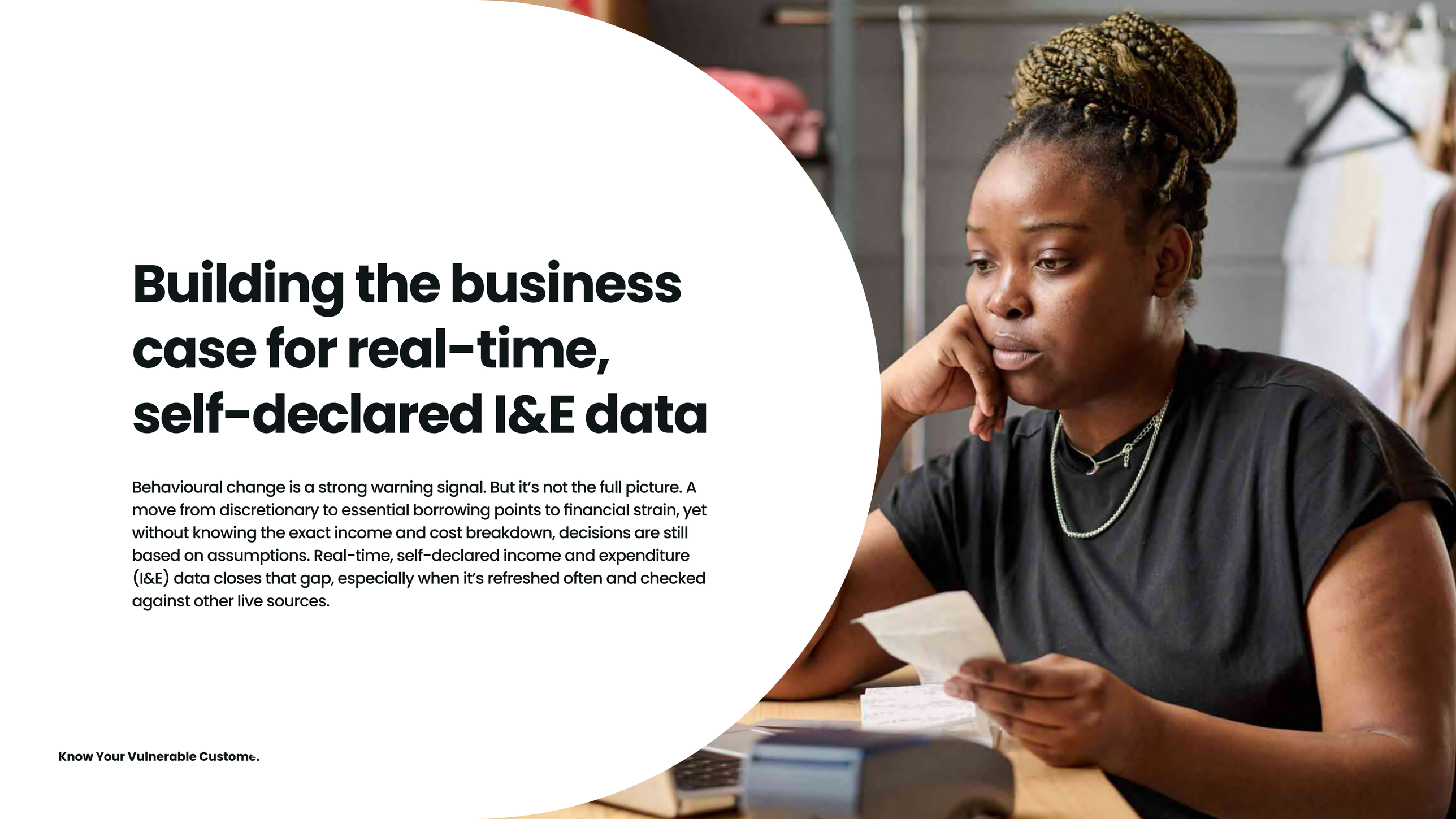


Individually, these cases may seem like anomalies. At portfolio level, they become patterns. Early intervention strategies work best when you can surface multiple, concurrent signals across different data sources and apply consistent triage rules.

- **Earlier timing:** Cases are prioritised before the first missed payment, when engagement is highest.
- **Proportionality:** Interventions match the type and severity of risk, avoiding over-servicing low-risk accounts.
- **Regulatory defensibility:** Firms can evidence that foreseeable harm was acted on in time, supported by clear data trails.

Building the business case for real-time, self-declared I&E data

Behavioural change is a strong warning signal. But it's not the full picture. A move from discretionary to essential borrowing points to financial strain, yet without knowing the exact income and cost breakdown, decisions are still based on assumptions. Real-time, self-declared income and expenditure (I&E) data closes that gap, especially when it's refreshed often and checked against other live sources.



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If you're needing to build the case for better data, here's what's worth noting:

Why static I&E isn't enough

In most firms, I&E is collected at the point of application or after a problem has surfaced. By then, options are narrower and the conversation is reactive.

When I&E is updated in near real time and integrated with application data, transactional data, and life event records, it becomes:

- **A filter for false positives:** Confirms whether behavioural changes are linked to income drops, cost increases, or both.
- **A weighting factor in prioritisation:** Shows the true affordability gap so teams focus effort where it's most needed.
- **A trigger for pre-arrears contact:** Enables intervention before the customer misses a payment.

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Reducing reliance on proxies

Without fresh I&E data, most affordability modelling depends on proxies like spending patterns, credit use, or employment changes. While valuable, these can over- or understate the customer's real position. Cross-referencing declared figures with transaction feeds, payroll data, or benefits records removes that uncertainty and strengthens the evidence base for regulatory purposes.

Practical uses

- **Pre-arrears monitoring:** Continuous I&E feeds can slot directly into vulnerability scoring models, triggering review when affordability changes.
- **Tailored intervention:** Distinguishes between temporary and permanent income loss, helping teams choose the right type of support.
- **Regulatory defence:** Demonstrates that intervention decisions were based on verified affordability data, rather than estimates.

Introducing the solution: Know Your Vulnerable Customer (KYVC)

Earlier detection, accurate prioritisation, and targeted support all depend on one thing: having the right data in time to act.

KYVC is the go-to vulnerability data source for doing exactly that.

It combines multiple high-frequency datasets in a single live environment, enabling firms to spot risk before it reaches the credit file, prioritise based on verified indicators, and evidence timely, proportionate interventions to the regulator.

Here's how it works...

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Case studies: Detecting and acting before harm

These anonymised KYVC examples show how organisations have embedded live vulnerability data into everyday workflows and the results they achieved.

Case study 1: Utility arrears prevention

- **Portfolio:** National energy supplier, 4m+ accounts.
- **Execution:** Built a pre-arrears prioritisation model using KYVC data, producing a single severity score for direct routing to outbound contact teams.
- **Outcome:** 61% of high-priority customers were contacted before the first missed payment. Write-offs fell by £3.2m in year one.

Case study 2: Post-redundancy intervention

- **Portfolio:** Retail bank, unsecured lending division.
- **Execution:** Combined KYVC employment data and live I&E with existing case management workflows, triggering specialist team action within 48 hours of confirmed job loss.
- **Outcome:** 74% of identified customers agreed to repayment plans. 58% avoided arrears entirely during the support period.

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Case study 3: Housing association arrears reduction

- **Portfolio:** UK-wide housing association.
- **Execution:** Enhanced arrears prediction with KYVC benefits, council tax, and payment behaviour data, feeding directly into field officer scheduling.
- **Outcome:** Predictive accuracy improved by 38%. Over half of high-risk households avoided escalation after proactive contact.

Case study 4: Telecoms customer retention

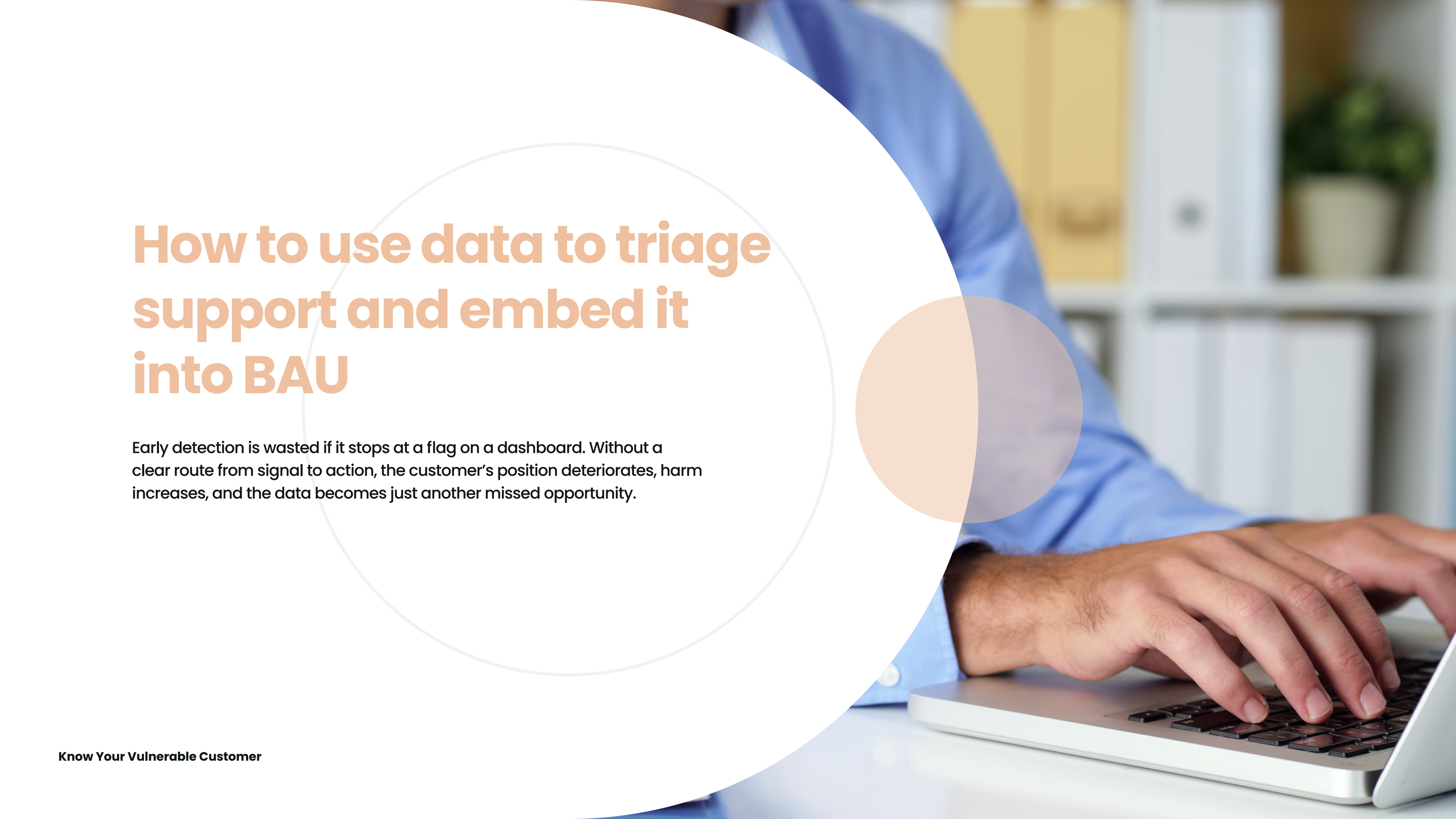
- **Portfolio:** National telecoms provider.
- **Execution:** Used KYVC health event data and account usage patterns to trigger same-day escalation to specialist retention teams.
- **Outcome:** Engagement with flagged customers rose by 45%. Disconnections in this group dropped by 29%.

Each case shows the same principle:

1. **Prioritisation built into live operations.**
2. **Interventions matched to risk type and severity.**
4. **Outcomes that protect both the customer and the bottom line.**

How to use data to triage support and embed it into BAU

Early detection is wasted if it stops at a flag on a dashboard. Without a clear route from signal to action, the customer's position deteriorates, harm increases, and the data becomes just another missed opportunity.



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Step 1:

Turn alerts into action

Rank risk by severity, urgency, and cause. And then act while options are still open. High-impact triggers like verified income loss should rise to the top immediately. Lower-level signs, like multiple small credit applications or essential bill arrears, should combine to push a case higher. Some combinations should bypass the queue entirely because the risk is too high to wait.

KYVC brings together multiple high-frequency datasets, including employment status changes, benefits data, council tax arrears, transactional patterns, and self-declared income/expenditure, in a single live environment, so prioritisation reflects what's happening now, not what was recorded weeks ago.

Step 2:

Match support to the cause

Two customers in the same risk tier might need completely different interventions. A short-term health issue might need breathing space and regular check-ins. A long-term income drop might require restructuring and specialist debt advice. Triage without cause data leads to wasted effort... or worse, the wrong support.

Step 3:

Keep the rules tight

A triage framework that isn't applied the same way every time will collapse at scale. That means fixed criteria for each tier, agreed routing for every category, and clear approval levels for high-impact actions. Review it regularly. Tighten it when the market shifts. And make sure every team works from the same playbook.

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Step 4:

Turn alerts into action

The process only works if it's visible and actionable where people make decisions:

- Scores and context in case management systems, decision engines, or frontline portals.
- Automatic routing for urgent cases to cut out manual delays.
- Clear "if/then" actions for every risk category.
- Outcome tracking fed back into the model to improve accuracy.

Step 5:

Match support to the cause

Plenty of pilots deliver results, then lose momentum at rollout. Common reasons include slower data refreshes, rules applied inconsistently, and losing case context between teams. KYVC's single-environment approach standardises rule application, maintains refresh frequency, and keeps the full data picture with the case from start to finish.

Step 6:

Keep the rules tight

Track metrics that show customer and business impact:

- Scores and context in case management systems, decision engines, or frontline portals.
- Automatic routing for urgent cases to cut out manual delays.
- Clear "if/then" actions for every risk category.
- Outcome tracking fed back into the model to improve accuracy.

If the data's accurate and the triage is tight, these numbers will speak for themselves.

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Fill the gaps your core data can’t cover on its own

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Credit bureau data remains a vital part of vulnerability detection. But some of the earliest signs, like benefit claims, essential bill arrears, health events, don't always appear there in time to act. When these signals are combined with bureau data, the view becomes far more complete.

KYVC does exactly that. It brings verified, high-frequency indicators together with your existing datasets in one live environment, so you can:

- **Spot risk earlier, with greater confidence.**
- **Route priority cases to the right teams without delay.**
- **Evidence timely, proportionate action to the FCA.**

You've seen the indicators to watch, how to act on them, and what results look like in practice.

Now see what your own data could reveal when it works alongside KYVC.

You don't need to take our word for it. Test KYVC using your own records, with no commitment.

Book a free KYVC Proof of Value