



Drawing up a Policy for Clients in Vulnerable Circumstances

In Association with



A PRACTICAL GUIDE FOR FINANCIAL ADVICE FIRMS

made available by My Care Consultant to supporters of the Financial Vulnerability Taskforce

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Who are My Care Consultant?

My Care Consultant (MCC) is an independent company that helps those in need of care, their loved ones and legal representatives navigate the complex social and health care system to get the care they need. As part of its services, MCC provides a referral service in respect of non-regulated care advice for clients of financial advisers, leaving the adviser to focus on the financial aspects of paying for care.

With a deep understanding of the intermediary market, MCC also works closely with financial advisers by providing independent technical and marketing support via its online service Care Box.



To find out more about My Care Consultant –

<https://mycareconsultant.co.uk/>



To find out more about Care Box -

<https://www.careboxonline.co.uk/>

Foreword



At the time of writing, we are immersed in the Covid-19 pandemic which in itself has significant implications for how financial advisers communicate, deal with, and look after clients in vulnerable circumstances.

That said, the FCA made it clear some time before the virus reared its ugly head, that the fair treatment of such customers was and remains a key concern. They understand that the way an adviser interacts with a client (alongside any financial advice given) can either improve their financial wellbeing or, conversely, worsen it.

It is not compulsory for any firm to work with a client in vulnerable circumstances (they may not have the expertise to deal with a particular aspect of vulnerability), but all firms have a fiduciary duty to treat customers fairly and act in their best interests. Specifically, draft FCA Guidance Consultation GC 19-03 published in July 2019 and GC 20-03 published in July 2020 both entitled 'Guidance for firms on the fair treatment of vulnerable customers' clarified many of the regulator's expectations, including the provision of a consistent client experience that is both fair and reasonable.

Ensuring such consistency of service is extremely difficult unless some form of company-wide policy or strategy is created and effectively implemented. This guide from My Care Consultant is designed to help you take practical steps towards creating a robust and effective policy that is appropriate to your business and reflects both regulatory positioning and good practice. Firms need to understand what constitutes an effective vulnerability policy, and how to make it a living, breathing mechanism. This will help to ensure that identifying clients in vulnerable circumstances, and working with them appropriately, becomes a matter of routine for all staff, not just those on the front line of customer interaction. First and foremost, this means embedding an awareness of and approach to vulnerability solidly within the culture of a firm.

We would suggest that firms use the FCA draft guidance as a primary reference point. Whilst this guidance is not mandatory for firms to follow, nor prescribed by law, it is designed to help firms comply with their obligations under the FCA's Principles and the outcomes firms should strive to achieve. Furthermore, non-compliance can still have serious implications. If the FCA takes enforcement action against a firm, it has made it clear that non-compliance with the guidance can be taken into account and used against the firm. If a case is referred to the Financial Ombudsman's Service, non-compliance with the guidance may be used to determine any outcome.

At the time of writing the FCA has signposted that final guidance is scheduled to be published during the Winter of 2020/2021. Following publication, when interacting with a

firm's senior managers, the FCA have stated they will ask about the actions the firm is taking to ensure they are treating vulnerable customers fairly and they will expect firms to be able to demonstrate the specific actions taken. This said, the FCA have also confirmed in GC 20/3 that many firms have made good progress in their treatment of consumers in vulnerable circumstances. We hope this guide helps underpins this good work as the profession seeks to continue to deliver good client outcomes for all.

Anthony Miles, MBA, DipPFS

Technical Director, My Care Consultant

Secretariat of the Financial Vulnerability Taskforce



A SAFE
PAIR OF HANDS

The Financial Vulnerability Taskforce is a newly created independent representative body covering the personal finance sector and associated professions.

Supported by the Personal Finance Society, its ultimate purpose is to promote greater understanding of vulnerability, encourage appropriate behaviours and establish good practice amongst personal finance and associated professionals in respect of consumers who find themselves in vulnerable circumstances.

The Taskforce recognises the importance of using appropriate language and in particular the significance of referring to those in vulnerable circumstances as opposed to labelling them as vulnerable consumers or clients. This distinction isn't simply a case of semantics: referring to those in vulnerable circumstances acknowledges the temporary or transient nature of much vulnerability and the fact that most of us will be more or less vulnerable at different times in our lives. It also helps avoid categorisation, labelling and collective and compliance driven approaches to vulnerability as opposed to embedding vulnerability into the culture and day to day processes of firms and treating everyone as individuals.

You can find out more about the Financial Vulnerability Taskforce here:

www.fvtaskforce.co.uk

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Notations:



This sign denotes sources of further information and support

This guide uses both the term ‘customer’ (favoured by the FCA) and ‘clients’ deeming them for the purpose of this guide as interchangeable.

Background and regulatory context

In recent years, vulnerability has been placed centre stage by regulators across many industries. Much consumer protection in the past has focussed upon the 'average' consumer, but there has been growing recognition over time that such an approach may fail to protect those deemed more vulnerable in terms of either detriment or access to advice. This has resulted in the identification and treatment of consumers in vulnerable circumstances being viewed as a growing priority.

In 2015, the FCA published its Occasional Paper No 8, in which they set out the definition of vulnerability and sought to raise awareness of it as an issue. In their 2018 Financial Lives publication they concluded that at least 50% of UK adults display one or more indicators of vulnerability based on four indicators: physical and mental health; life events; financial capability and financial resilience. By this measure, half of all UK consumers may be at increased risk of harm, from making poor decisions or being mis-sold or excluded from products or services. The advent of Covid-19 can only have increased such a percentage.

It's not surprising therefore, that since 2018 a significant theme running through the FCA's subsequent Mission Statements and Business Plans has been its commitment to understanding the financial needs of those in vulnerable circumstances and ensuring that firms deliver outcomes that are at least as good as for those deemed less vulnerable. The FCA's stated ambition is clear....

'Ultimately, we want to see firms doing the right thing for vulnerable consumers and embedding this in their culture'.

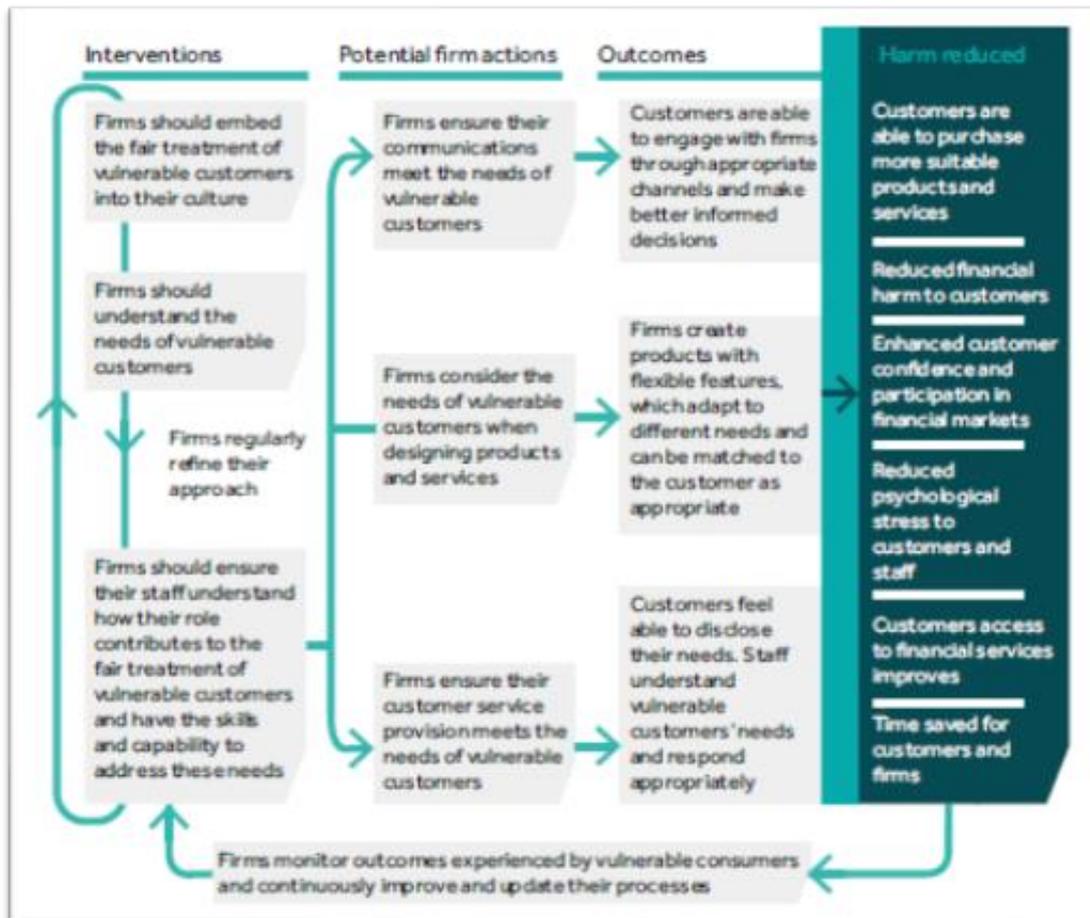
(source: <https://www.fca.org.uk/news/speeches/our-approach-ensuring-firms-treat-vulnerable-customers-fairly>)

But what does this mean in practice? A firm's culture is a complex mix of values, beliefs and behaviours, made meaningful by the policies, tools and environment in which the firm's directors and employees work. In February 2020, Nisha Arora, Director, Consumer and Retail Policy at the FCA, stated at the TISA Vulnerability Conference that the FCA want to *'change the discourse from whether the right boxes have been ticked to achieve compliance, to firms stepping back to ask what their vulnerable customer's needs are, and how they are responding to them to deliver good outcomes'*. She then voiced the regulator's expectation that firms *'embed this thinking in their products, their cultures and processes throughout the whole customer journey, from product design to customer service'*.

In both GC 19-03 and GC 20-03, the regulator has sought to clarify its views of what is required with reference to their Business Principles (especially Principle 6 – Customers' Interest), making it clear that whilst its guidance is not part of the Handbook, reference will be made to it in respect of adherence to the Principles. Ultimately a Vulnerable Client or Vulnerable Persons Policy (VPP) is about helping a firm comply with their obligations under these Principles in delivering good client outcomes.

The FCA have remained disinclined to introduce specific, prescriptive rules, preferring ‘to encourage firms to consider the guidance through the lens of their own business and decide which actions they need to take to meet the needs of their vulnerable customers. This cannot be a ‘one size fits all’ approach.’

However, GC 20-03 does include a useful overview in respect of how the FCA expects their guidance to improve the outcomes for consumers in vulnerable circumstances, replicated below:



FCA GC 19-03 - Guidance Consultation – Guidance for firms on the fair treatment of vulnerable customers. July 2019

<https://www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf>



FCA GC 20-03 – Guidance Consultation and feedback statement – Guidance for firms on the fair treatment of vulnerable customers. July 2020

<https://www.fca.org.uk/publication/guidance-consultation/gc20-03.pdf>

Creating solid foundations for an effective policy

Understanding the nature of vulnerability

“Understanding vulnerability is the first critical step to being able to treat vulnerable customers fairly. We expect firms to take a proactive approach to understanding the nature and extent of vulnerability in their target markets and customer base as well as making it easy for customers to disclose information”

(Source: Speech by Nisha Arora, Director, Consumer and Retail Policy at the FCA, delivered 6th February 2020)

The FCA defines a vulnerable customer as **‘someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care’**

Whatever definition a firm uses, it needs to reflect the fact that vulnerability can manifest itself in either physical, mental or emotional form (knowingly or otherwise), is dynamic in nature (short lived, longer term, sometimes permanent, often fluctuating over time) and may be hidden (sometimes from the client themselves as well as the adviser/firm).

Identifying clients in vulnerable circumstances

Due to the nature of vulnerability, it can be a challenge for firms to identify especially where the client is reluctant to disclose or acknowledge any vulnerable circumstances either because they are sensitive about disclosure or they do not recognise or categorise themselves as such. It is therefore important to understand the factors that are likely to increase the risk of vulnerability, as well as associated behaviours, to help identification.

Understanding risk factors

Many organisations (including the FCA) suggest vulnerability is identified by *understanding risk factors*. It can be useful to identify risk factors typical of vulnerable circumstances within specific groups (see Figure 1 below), but it is important to understand that anyone can become vulnerable (permanently or temporarily) often the result of multiple causes.

Figure 1 on the next page indicates some of the key risk factors that typify each of the “four drivers” identified by the FCA:

1. Physical and mental health
2. Life events
3. Financial resilience
4. Financial capability

Figure 1

Physical and mental health	Life events	Financial resilience	Financial capability
Physical disability	Bereavement, Divorce, Job loss	Low or erratic income	Low knowledge or confidence in handling financial matters
Severe or long-term illness	Income shock	Over indebtedness	Poor literacy or numeracy skills
Hearing or visual impairments	Relationship breakdown	Low level of savings	Low English language skills
Poor mental health	Caring responsibilities (including operating a Power of Attorney)	Lack of support structures	Poor or non-existent digital skills
Low emotional resilience	Care need (including finding the care you need and establishing who will pay)		Learning impairments
Cognitive decline	Advanced age (associated with declining abilities)		
	Young age (associated with less experience)		

(Source: based on FCA four drivers of vulnerability)

But while this categorisation, may be useful, it is something of a simplification. For example, it fails to mention abuse or coercion, either physical, mental or emotional as a frequent contributory factor to vulnerability and especially financial vulnerability. Vulnerability is complex, overlapping, and transient. For example, a life event such as separation or divorce may lead to further vulnerability such as mental ill-health and can have a serious (if hopefully temporary) impact on Financial resilience. Again, Covid-19 has added a further layer of complication.

Identifying behavioural triggers

Another means of identification are ‘triggers’ or types of behaviour that could reasonably lead one to think that existing or potential clients may be vulnerable.

For example:

- Asking the same question repeatedly
- Asking questions that do not appear relevant
- Inability to recall recent conversations or important information
- Not appearing to be engaged in the process
- Struggling to understand information and/or explanations

- Providing conflicting information and/or answers to questions
- Finding it difficult to concentrate or assimilate required information
- Giving the impression that they are feeling rushed or flustered
- Being prompted (or sometimes contradicted) by a third party
- Changing their minds frequently about what they want (e.g. investment objectives)

Clearly, identifying vulnerability is not an easy task and it will be easier to spot potential vulnerability in some people than in others. For example, they may have an obvious physical/sensory disability, whereas other risk factors might be hidden and only be identified following more in-depth client interaction and familiarity.

This begs the question, ‘what should firms do to maximise the chance of identifying clients who may be in vulnerable circumstances?’ Certainly, placing a large burden of proof on the client is not the way forward, but regular opportunities should be provided for clients to disclose vulnerabilities and associated needs.

Using vulnerability frameworks

Once the scope of vulnerability is extended beyond the obvious manifestations, frameworks or categorisations can sometimes help manage such a wide-ranging issue. The FCA’s four drivers provides one such framework but others such as Huntswood’s ‘The 3 Cs’ in Figure 2 could prove equally useful.

Figure 2

Channel and Access	e.g. hearing, sight, language barriers and physical disability
Comprehension	e.g. mental capacity, low financial understanding and issues relating to old age, such as dementia
Circumstance	e.g. childbirth, those suffering bereavement, family breakdown, illness, financial difficulties or abuse

The above are based on risk factors, but other frameworks or categories based on both behaviours *and* circumstances might be considered (see Figure 3 below).

Figure 3

	Categories of vulnerability	Examples of vulnerability
1	Capable of making decisions, but the client's particular life stage or circumstances might call for an assessment of vulnerability	Age, poor credit history, low income, serious illness, bereavement, etc.
2	Capable of making decisions, but the client requires reasonable accommodation in doing so	Hearing-impaired, vision-impaired, language barrier, poor literacy, etc
3	Limited capacity to make decisions (temporary or permanent)	Mental illness/intellectual disability, etc.

(Source: Financial Planning Standards Board Guidance Practice Note 2019/01 'Advising Vulnerable Clients – guidance for financial planning professionals')

There is of course an argument that all customers are vulnerable or at least potentially vulnerable. One system of categorisation that reflects this is the Money Advice Trust Traffic Light System that suggests categorising vulnerability - green for potentially vulnerable (everyone), amber for vulnerable and red for particularly vulnerable.



Further details of this and other examples of can be found here:

<https://www.abi.org.uk/products-and-issues/lts-public/issues-in-long-term-savings/vulnerability-guide/>

The nature of advice itself

In some cases, the nature of advice, information or guidance being sought can be a good proxy for vulnerability (or at least an indication of it). For example, someone looking for advice on debt management or consolidation might suggest a lack of financial resilience. A client needing unregulated care advice or regulated paying for care advice almost always involves heightened levels of stress and anxiety for those in need of care, their family members or legal representatives.

Assessing current practices in respect of vulnerability

Understanding where your firm currently is in terms of its treatment of customers in vulnerable circumstances is the next thing to consider (although in practice this is likely to be an iterative process that needs developing both before and after a vulnerability policy has been created).

1. If you are starting from scratch or doing a root and branch review of your vulnerability policy, a good starting place is an audit of your current processes.
2. A previously piecemeal approach to policy is likely to mean that staff have adopted differing objectives and an inconsistent approach. Your processes may also have developed in a fragmented way, so their quality and appropriateness may be undermined. That said, teams or individuals within firms may already have developed effective methodology, for example an effective approach to identifying vulnerabilities, and these can be rolled out across a firm even if they are not yet embedded within a formal policy.
3. Review current propositions including processes, key documentation, web pages and other client communications:
 - Are they positioned to deliver consistently good outcomes to all customers, whether in vulnerable circumstances or not? For example, how do you identify those with a caring responsibility and factor into your advice the possibility of

them having to give up employment (and earnings) should the needs of the person they are caring for intensify?

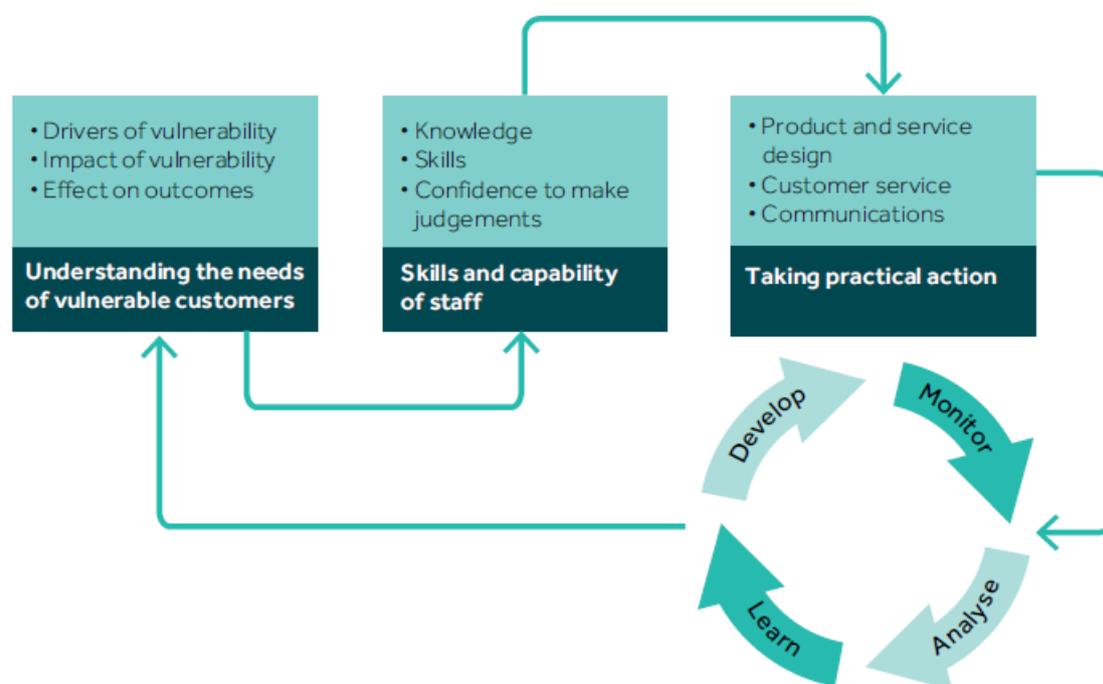
- Are there suitable or affordable products/services available for those in exceptional circumstances? For example, non-regulated care advice for those with a care need or with a family member in need of care.
- Do you offer a range of communication channels?
- Are existing fact-finding processes and documentation thorough and/or flexible enough to be able to identify any vulnerability the client or prospective client(s) may have? Can staff confirm within the fact find and suitability report any vulnerabilities identified and any actions taken (for example, if a third party was present or in the case of the hard of hearing, a qualified 'signer').

The building blocks of an effective client vulnerability policy

Having established a solid foundation for your vulnerable client policy, the next step is to identify the key aspects of an effective policy.

In the FCA's July 2019 Guidance Consultation the regulator states that *'Firms should develop an understanding of the needs of vulnerable customers....and ensure staff have the necessary skills and capabilities to meet the needs.... Furthermore, this understanding should be embedded in product, service and process design and communications. Firms should be continuously monitoring and learning to ensure they are striving towards meeting the needs of vulnerable customers.'*

These expectations are usefully summarised in the following diagram from the FCA Guidance Consultation and can be used to form the building blocks of an effective client vulnerability policy.



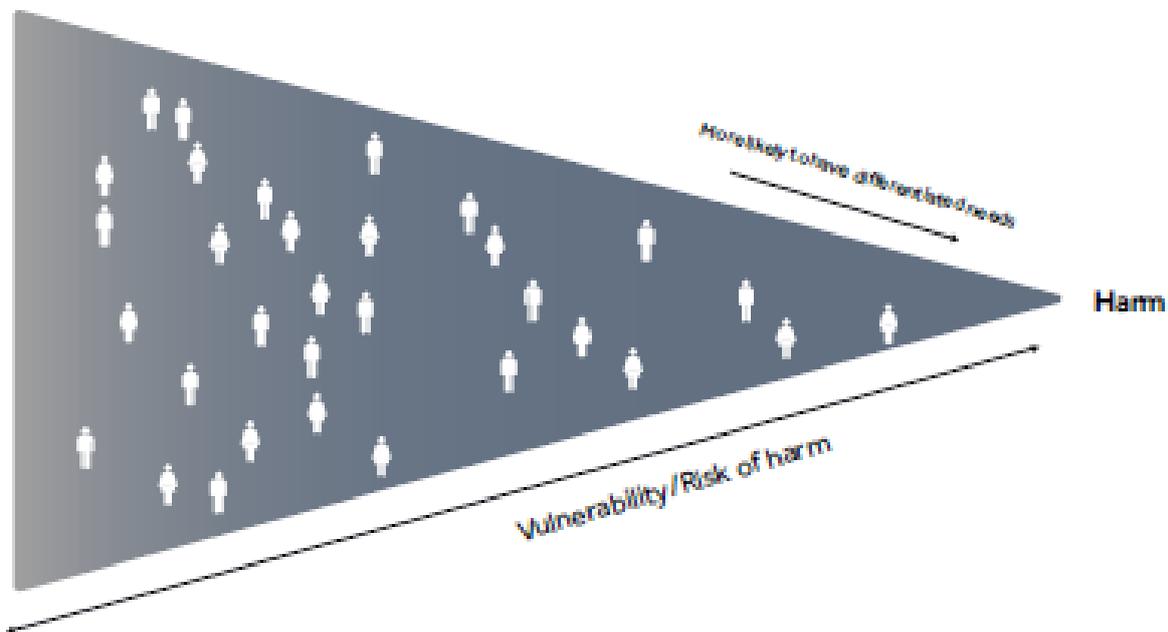
Understanding the needs of clients in vulnerable circumstances

One way to enhance an understanding of the needs of those in vulnerable circumstances is to consider consequences that might arise as a direct result of their vulnerabilities. This can range from negative behaviours and an inability to act on advice given, to disengagement with the advice process leading to increased exposure to mis-selling and scammers.

GC 19-03 states that firms should:

- Understand the nature and scale of vulnerability present in their target market and customer base (See Section 1 of this document).
- Understand the impact of vulnerabilities on the needs of consumers in their target market and customer base. For example, if firms know that some customers do not have access to the internet this may lead to disadvantage resulting from an inability to access digital services. To this end, firms might ensure their communication channels and customer service processes encourage customers to share information about their vulnerability and associated needs. It is important to consider how vulnerabilities could affect customer experience and customer outcomes.

GC 20-03 illustrates the nature of impact by suggesting that all consumers sit on a 'spectrum of vulnerability', with the higher the risk the more likelihood of increased or differentiated needs (replicated below)



GC 20-03 also states that *'creating an internal vulnerability policy that includes information on the vulnerability and needs present, or likely to be present in the firm's target market and formalising this information into a policy can help raise awareness throughout the firm'*.

So, you should ensure that your firm's understanding of your clients in vulnerable circumstances is good enough to ensure you implement practices and processes that meet their needs and if necessary, deviate from standard processes for such clients. For example, does your firm make it easy for family and friends to help manage a client's financial affairs should the client authorise this?

It also means that your firm should help clients in vulnerable circumstances to feel protected from financial abuse. An example of this might be making clients aware of the FCAs Scam Smart initiative - <https://www.fca.org.uk/scamsmart>

Building the Skills and capabilities of employees

‘Through our research and engagement with firms, we’ve heard about the important role that staff play in delivering good outcomes for vulnerable customers. If staff are not able to recognise vulnerability when customers disclose their circumstance or where there are clear signs that a customer may be vulnerable, they will not be able to meet their needs.’

- Speech by Nisha Arora, Director, Consumer and Retail Policy at the FCA, delivered 6th February 2020

There is of course a considerable difference between knowing about vulnerability and having the skills, strategy, and techniques to work closely and effectively with clients in vulnerable situations. Consequently, everyone within the firm needs to receive training that both reflects the situations that they will potentially encounter at work, and which also provides them with specific tools and skills to manage this within a flexible advice process.

Consideration could be given to the following:

- Recruiting staff for (and encouraging) listening skills, emotional intelligence, and empathy.
- Developing or updating internal training programmes to give staff an understanding of the indicators of vulnerability, the potential needs of vulnerable consumers, how vulnerability impacts of the processing of information, and the existence of behavioural biases. Regular reviews of real-life case studies with front-line staff can be greatly beneficial.



JUST Group have developed some useful training in conjunction with the Society of Later Life Advisers. This provides a benchmark level of vulnerability knowledge specific to later life and could be a good addition to any existing or planned training. For further details visit:

<https://www.justadviser.com/support/regulatory-support/vulnerable-customers/free-online-vulnerability-training/>

- Giving opportunities for staff to share knowledge and experience with other colleagues to help improve the level of support and understanding of dealing with consumers in vulnerable circumstances.
- Offering practical and emotional support to frontline staff dealing with clients in vulnerable circumstances – for example, offering self-help information and/or time out following difficult or challenging phone calls/meetings
- Engaging with external organisations such as specialist charities, who can help to develop or deliver specialist training on the indicators of vulnerability and associated

needs. For example, Age UK, Samaritans, MIND, Money and Mental Health, Alzheimer's UK, Step Change etc.

- Developing training programmes for staff to help develop the skills that enable them to have sensitive and effective conversations with customers when asking for relevant information such as:
 - Physical health
 - Mental health
 - An unexpected emotional or financial event, such as bereavement, divorce, a serious accident, loss of income
 - A general literacy, financial literacy or numeracy issue
 - A language barrier
 - Whether the potential vulnerability is temporary or permanent
- Using specialist 'how to' guides and knowledge bases/hubs on vulnerability that frontline staff can use in their day-to-day role. This could involve relevant briefings or training materials created by charities, third parties or trade bodies with staff.
- Appointing dedicated vulnerability champions or teams who can help discuss complex cases and offer support to frontline staff. It could be helpful to have vulnerability champions with expertise in different types of vulnerability.
- Training staff in understanding natural and unhealthy cognitive ageing



For example, Care Box members have access to a very useful and practical guide from My Care Consultant – 'Dealing with clients across the spectrum from Normal Cognitive Ageing through to Dementia'.

- Firms could specially train certain staff members who are more likely to deal with customers in vulnerable situations, or where particular vulnerabilities are prevalent in the firm's customer base.
- Making staff aware of any escalation process and providing training for them to understand when it should be used.
- Ensuring staff are aware of support provided by third-party providers, such as debt advice services or mental health support.
- In certain scenarios, making use of referral processes with third-party support providers, (e.g. referring clients to My Care Consultant for non-regulated care advice).
- Training staff in the effective use of appropriate techniques. For example, the Royal College of Psychiatrists and Money Advice Trust have created the following acronyms for specific techniques:
 - IDEA drill - how to structure and manage more in-depth conversations
 - TEXAS drill – how to manage disclosure effectively
 - CARERS protocol- how to deal with handling disclosure from carers

- The BRUCE model – how to identify and support clients with potential mental capacity issues
- The BLAKE protocol – how to support clients who may be suicidal



Details of these acronyms and how to apply them can be found in Appendix 1.

- Making staff aware of the main types of third- party arrangements for clients who are temporarily unable to manage their own affairs or make an informed decision about a particular matter, or who may already have delegated control of their affairs to a third party. These should include an understanding of:
 - Third party mandates
 - Department of Work and Pension (DWP) Appointees
 - Powers of Attorney (including Lasting Powers of Attorney)
 - Court of Protection/Deputyship
 - The role of Carers
 - Variants of the above in respect of Scotland and Northern Ireland
- Making staff aware of the need to check that any power of attorney deed is valid and does not contain any restrictions that would prevent the firm from advising the attorney. It is also important to ensure that nothing has happened which would have the effect of revoking the arrangement, such as mental incapacity of the donor under a general power of attorney.



A useful guide on Power of Attorney referred to in GC20-03 has been produced for regulated firms by the Office of Public Guardian and the UK Regulators Network (UKRN) and is available here:

<https://www.ukrn.org.uk/publications/joint-ukrn-opg-guide-to-power-of-attorney/>

- In addition, staff should be aware of a consistent process where a customer is identified as having limited mental capacity but where there is no functioning Power of Attorney in place nor any family member for the firm to refer to.

Taking practical actions

The FCA July 2019 Guidance breaks down suggested practical actions into three sections:

1. Product & Service Design

These should involve a review of existing policies and documentation and any new policies and/or services to ensure they reflect all aspects of a firm's existing, developing, or new vulnerability policy.

2. Customer Services

These should reflect the fact that vulnerable consumers are more likely to have different service needs.

3. Communications

These should ensure that vulnerable consumers are not disadvantaged in understanding or accessing products and services because of their information needs.

Under each the guidance states the following:

Product & Service Design

Firms should consider:

- a) The impact of features of products or services that deliberately or inadvertently exploit customers in vulnerable circumstances
- b) The impact of features of products or services designed specifically to deliver positive outcomes for vulnerable customers
- c) Whether the information needs of vulnerable customers are being met so that these customers understand the purpose and risks of the product
- d) The needs of vulnerable customers at all stages of the product and design service

Customer Services

- a) Customer service processes and systems should be flexible enough to empower and support frontline staff to use their discretion to respond flexibly to the needs of vulnerable consumers
- b) Firms should make those vulnerable customers who may be unable to make decisions, or find a situation difficult, aware of the options available to them for help, including, where relevant, third-party support and representation
- c) Firms should make customers aware of any specialist support services that are available from the firm and ensure these services are accessible and easy to use.
- d) Firms should have systems in place to record information on the needs of vulnerable customers and make that information accessible to relevant staff

By way of an example of fulfilment in respect of b & c above, My Care Consultant helps clients referred to us by financial advisers where the clients are in a difficult situation (trying to navigate the complexities of the care system) and where the firm doesn't have the specialist services needed inhouse.

GC 20-03 makes specific reference to such third-party support, including consideration by firms to provide clear signposting to it for consumers, as well as the creation of formal partnerships with specialists via a 'warm referral route'.

Firms should be aware that risks associated with vulnerability can arise at any point in the customer journey. Therefore, firms may want to consider whether there are key touchpoints in the customer journey where staff can check-in with the customer, to keep updated with any changes in the customer's situation, or any new situations that have arisen where additional support may be required.

Firms should consider support required on an individual basis, given the specifics of that client's needs. This might include:

- Arranging for a third party to be present at meetings (e.g. family member, companion).
- Obtaining relevant documents in Braille for customers with vision impairment.
- Organising for a qualified 'signer' for customers with impaired hearing.
- Allocating extra time for appointments or spreading the advice process over several shorter appointments.
- Deferring a review of the customer's circumstances until they have had time to come to terms with their situation.
- Changing the venue of meetings to assist customers who have difficulty with mobility.
- Delivery or signposting to dedicated bereavement services

Communications

- a) Communications should be clear and easy to understand for vulnerable customers.
- b) Post-contractual information should be provided to vulnerable customers in a way that they will understand.
- c) Any changes to the terms or features of a product should be communicated in a way that vulnerable customers will understand.
- d) Firms should proactively check that vulnerable customers understand communications at the point of sale.
- e) Communications should be tailored where proportionate to do so, to meet the specific needs of vulnerable customers.
- f) Firms should use multiple channels to ensure, where appropriate, vulnerable customers have a choice.
- g) Customers should be made aware of the different communication channels that are available.

Where a firm is dealing with a client whose first language is not English and where the firm is not able to communicate fully in the customer's first language, consideration could be given to arranging for an individual fluent in both languages to act as an interpreter. This could be a professional interpreter, a friend or a relative of the customer. The firm's policy should consider scoping out actions to be taken where the above is not possible.

Of course, communication is a two-way process. Embedding a 'tell once' policy across a firm that enables clients and prospective clients to give 'one-stop notice' of their personal circumstances within the same firm is an important aspect of effective client to firm communications.

Finalising and rolling out a policy

Having established the foundations and building blocks of a robust policy in respect of clients in vulnerable circumstances, the final step is to create it, establish how it will be rolled out, then determine how and when it will be reviewed and developed over time.

Creating a policy

When it comes to creating or revising your policy, you might consider using the 3 'R' s model (**recognise** vulnerability, **record** it and **respond** appropriately). So once a client has been recognised as being in a vulnerable position, consideration should be given to how and what is recorded and what changes, if any, need to be made in the delivery of advice or service to that customer.

Specific consideration should be given to the following, although this should not be interpreted as an exhaustive or prescriptive list:

- Establish the purpose and scope of the policy. For example, ...
'This policy summarises how XYZ firm will seek to ensure that clients and prospective clients deemed in vulnerable or potentially vulnerable circumstances are treated fairly and receive appropriate support in achieving good outcomes from our advice. This policy supplements the firm's (name other policies in place such as Treating Customers Fairly and Conduct Rules).
- Establish the aims of your policy, so that it is clear to all and its success or otherwise can be measured, regularly reviewed and where necessary improved. For example: *'This policy sets out how we aim to identify and treat both clients and prospective clients who we consider vulnerable by virtue of their physical or mental health, their financial resilience/capabilities or their circumstances at any given time. It summarises how we will be flexible, adaptable, and supportive in our approach to clients so that as far as possible we can ensure the outcomes of our advice are at least as good as for all other clients. This will be measured by a reduction in complaints, levels of client satisfaction (both at the point advice is given and at regular points in time thereafter), positive publicity and (where appropriate) engagement with a particular client segment (for example, those in need of care).'*
- Identify the various legislative provisions that affect any approach to vulnerability and how these dovetail within a firm's vulnerability policy. For example, ...
 - The Equality Act (2010)
 - Consumer Protection regulations
 - The Mental Capacity Act (2005)
 - Data protection legislation (including GDPR)
- Establish roles & responsibilities regarding vulnerability across all Directors and employees within a firm.

- Establish the responsibilities of the firm towards all Directors and employees within a firm.
- Include guidelines for all staff at all levels/roles within the firm, on how to identify and support clients in vulnerable circumstances, as well as clear examples of good practice.
- Include clarity in respect of any additional processes in place that should be followed.
For example:
 - Whether all client who may be in vulnerable circumstances should be discussed with 'compliance'
 - Whether all such cases require pre-sale sign off by compliance
 - Specific circumstances where a member of the compliance team or other specialist function should attend client meetings
- Include an overview of formal, regular training for everyone, designed to help incorporate the policy into their day-to-day work and client interactions.
- Consider the creation of 'vulnerability champions' with specialist knowledge, who can answer questions from colleagues or to whom they can refer vulnerable clients if necessary. This might be appropriate in respect of some particularly difficult issues, for example the disclosure of highly 'sensitive personal data', dealing with an insistent vulnerable client or even, for the most vulnerable, the (one would hope) very rare occasion when a client talks about taking their own life (see The Blake protocol - Appendix 1).
- Ensure that technology supporting a vulnerability policy is fit for purpose. This is a particular challenge when the client relationship is predominantly online, although application journeys can be configured to flag up inconsistent online behaviour and test understanding. The policy should also contain systematic data capture of multiple and transient vulnerabilities.
- The policy should contain a comprehensive section on data retention. Most staff within firms will not be GDPR experts, so the policy should state the importance of obtaining consent and contain guidance on what staff are allowed to record and share, with whom and when.

Under GDPR there must be a lawful basis to process personal data. Article 6 of the GDPR details the 6 bases, and those that the FCA deem most relevant to firms include:

- **Consent** – the client has given clear consent for a firm to process their personal data for a specific purpose
 - **Contract** -the processing is necessary for a contract a firm has with the individual or to enter into it
 - **Legitimate interests**
- In line with the above, the policy should cover disclosures of 'sensitive personal data'. Research such as that conducted in 2016 by the Money and Mental Health Policy

Institute indicated that a clearly communicated policy in this respect is likely to encourage disclosure of vulnerability

(Source: <https://www.moneyandmentalhealth.org/link-between-money-and-mental-health/>)



For further information on GDPR and legitimate interest assessments we would refer you to the Information Commissioner's Office (the regulator responsible for data protection) via: <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/legitimate-interests/how-do-we-apply-legitimate-interests-in-practice/>



The FCA produced a useful Practitioners Pack in support of those tasked with the development of a vulnerable customer policy/strategy. This can be found here: <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8-practitioners-pack.pdf>

Conducting a gap analysis against a model such as that proposed by the FCA (see Figure 4 on page 8) should then provide the basis of creating an effective policy.

Roll Out

Internally

When launched, the policy should be given appropriate profile with all staff within a firm. It should be written down and staff made aware of its content and how this policy impacts their role and responsibilities. It should always be easily accessible to all members of staff. Remember, the FCA want to see a firm's vulnerability policy embedded within the culture of the firm. It should be ingrained in how staff think. Everyone within the firm should be aware of it and know how it affects them in their day-to-day work and client interactions.

Externally

Any adviser who is able, when working with other professionals, to articulate their own comprehensive and coherent approach to dealing with the vulnerable will demonstrate integrity and potentially enhance their reputation and that of their firm. This can help build connections with solicitors (for example those specialising in divorce) and ease interactions with local authorities when working with those needing long-term care. It could also increase the chance of referrals.

Maintenance: 'ongoing process' or 'regular reviews'

Managing your firm's approach to vulnerability should be an ongoing process, regularly monitored via appropriate management information and regularly reviewed to identify areas for improvement. The FCA refer to this as a continuous circle of **'develop/monitor/analyse/learn'**. This could include:

- collecting useful information at different points in the client journey to ensure clients are receiving a consistent experience.

- conducting “mystery shopping” experiments.
- hiring external consultants to review the policy.
- the policy being a regular topic at senior meetings.
- mechanisms for all staff to give regular feedback.

Ultimately, the regulator wants to see "doing the right thing" for vulnerable consumers "embedded" in the culture of companies, but in practice such a process may take different forms across different types of companies. Across larger firms with a diverse customer base the regulator suggests monitoring vulnerable client policies would be part of an "ongoing process", whereas for smaller firms it may instead involve a "regular review".

Appendix 1 – Useful client engagement techniques for all

When engaging with clients in vulnerable circumstances, the language used is important. Many such clients will not self-identify as such, so one should be careful when using the term ‘vulnerability’ directly, given its ability to label or stigmatise.

The following are a range of useful techniques developed by the Royal College of Psychiatrists and Money Advice Trust, recognised via the use of acronyms. Whilst they can be especially useful in helping staff engage effectively with vulnerable clients by removing some of the awkwardness or fear involved in difficult conversations, care should be taken that they do not result in inflexible or rigidly scripted responses from staff.

The TEXAS Drill - how to manage disclosure effectively

The ‘TEXAS drill’ outlines the core questions that firms should ask any client or potential client disclosing a potentially vulnerable situation and has become adopted widely across the financial services sector.

T - Thank the client (what they have told you could be useful for everyone involved): <i>“Thanks for telling me about your situation, as it will help us take this into account.”</i>
E - Explain how the information will be used: <i>“Let me explain how we’d like to use that information, just so you know.”</i> This explanation should include why the information is being collected, how it will be used to help decision-making, and who the data will be shared with/disclosed to.
X - Explicit consent should be obtained: <i>“I just need to get your permission to...”</i>
A - Ask the client questions to get key information (these will help you understand the situation better): <i>“How does your situation make it difficult to manage your finances?”</i> <i>“How does your situation affect your ability to communicate with us?”</i> <i>“Does anyone help you manage your finances such as a carer, relative or other third party?”</i>
S - Signpost or refer to internal and external help (where this is appropriate and detailed in a firm’s client policy): At this point, firms might internally refer the individual to a specialist team/staff member in their firm or consider external signposting.

The IDEA Drill - how to structure and manage more in-depth conversations

There will be times when a more detailed understanding is required, so staff can develop informed and effective responses. Achieving such understanding though can be difficult as every vulnerable situation will differ.

To address these challenges, firms may want to consider using a ‘conversational compass’ such as the IDEA drill or protocol. This allows staff to use their existing soft skills to ‘unlock’

relevant information about a consumer’s vulnerable situation by helping them to listen out for relevant information, ask questions that apply to a range of vulnerabilities (rather than different questions for every condition or situation) and then navigate through the customer’s situation, and formulate a plan of action and support.

<p>I - Impact – when speaking to a client or prospective client, staff should ask them what (the vulnerable situation) either stops them doing in terms of their financial situation, or what it makes it harder for them to do. Equally, for written correspondence, staff can consider what might be learnt about the effect of the customer’s vulnerable situation on their finances. This will provide insights into the severity of the condition and its consequences. e.g. <i>“What has the impact been on your personal and financial situation?”</i></p>
<p>D - Duration – staff can discuss how long the client or prospective client has been living with the reported vulnerability, as the duration of different situations or conditions will vary. This can inform decisions about the amount of time a client may need to consider certain options or take steps to improve their situation. e.g. <i>“So, when did this first start to happen?”</i></p>
<p>E - Experiences – some people may have just one experience or episode of their vulnerable situation, while others may have many. Staff will need to take such fluctuations into account (including any effects of medication). This will involve considering what support needs the customer has, as well as their financial situation. e.g. <i>“To help me understand your situation better, can you tell me if this has happened before?”</i></p>
<p>A - Assistance – staff should consider whether the client or prospective client has been able to get any care, help, support or treatment for their condition or situation. This could open up discussions about obtaining relevant medical evidence. e.g. <i>“Is there anything else we should know about the treatment or care you’re receiving? It may help us to better support you in the future.”</i></p>

The CARERS protocol - how to deal with handling disclosure from carers

This protocol or drill was developed to assist with handling disclosures from carers to ensure that helpful information is not lost due to staff concerns about data protection.

<p>C - Check for authority – if the carer can supply evidence of their authority to act on the client’s behalf, a more detailed discussion can be arranged once this is received – if the carer cannot supply this evidence, or needs to share information about the client now, the following steps should be taken:</p>
<p>A - Avoid discussing any account details, making sure to explain to the carer why this isn’t Possible.</p>
<p>R - Reassure the carer that their concerns can still, however, be recorded as observations (unverified) on the client’s account, and these can be looked into.</p>

E - Explain to the carer that their observations will need to be shared with the client and colleagues. Carers will need to give their consent for this.
R - Record the carer's observations, listening carefully, and ensuring <ul style="list-style-type: none"> – you have checked why the client is unable to speak directly about these issues (is there, for example, a communication issue?) – you are clear how the client's problem affects their ability to work with you/ manage their own affairs – you have confirmed with the carer what information has been recorded, and how long these unverified observations will be held on file while they are being checked.
S - Summarise the available next steps, which might include: <ul style="list-style-type: none"> – you (or a colleague) speaking with the client concerned to establish if there is a problem, including checking the unverified observations made by the carer – the carer discussing with the client a potential mandate to act on their behalf – the carer and client working together to collect supporting medical evidence.

The BRUCE model - how to identify and support clients with potential mental capacity issues

This model aims to help staff identify and support customers with mental capacity limitations in respect of decision making. If BRUCE does identify a client with a decision-making limitation, then appropriate support can be given to the customer to help them overcome this and make a decision assuming they haven't lost the capacity to do so. Importantly, BRUCE does not provide a sequence of steps to follow in order, but simply a means of reminding staff about the each of the key issues to address.

B - Behaviour and talk – staff should look for indicators of a limitation in the client's behaviour and speech.
R - Remembering – is the client experiencing problems with their memory or recall?
U - Understanding – does the client understand the information given by staff?
C - Communicating – can the client communicate their thoughts, questions, and ultimately a decision about what they want to do?
E - Evaluating – can the client 'weigh-up' the different options open to them?

Remember, there is seldom such a thing as a person who has lost overall mental capacity, only a person who has lost capacity in respect of a specific decision.

The BLAKE protocol - how to support clients who may be suicidal

Some client vulnerabilities may relate to mental health or in extreme circumstances mental distress and even suicide. Even the most experienced member of staff may be unsure about what to do on being told that a client or prospective client is considering or has thought about suicide.

To manage disclosures such as these, staff may find it useful to follow the 'BLAKE' protocol which aims to give all staff the core skills for handling suicide disclosures for as long as they need to, so they are able to (a) help if specialist staff are not available, and (b) are able to make any referral (internal or external) with a clear summary of the situation and key risk factors.

B - Breathe (to focus) – it can be scary to hear something like this, so take a moment to simply breathe and focus your thoughts. You can do this by acknowledging what the customer has said: *“I’m so sorry to hear you feel/have felt that way.”*

L - Listen (to understand) – always take what the client has shared seriously, but always listen carefully so staff can assess the imminent risk of harm. Listen to the client using verbal nods and recapping key information to show your understanding.

A - Ask (to discover) – listening is important, but where gaps continue to exist in understanding about the current situation, staff should ask questions to fill these. These can be general questions such as – *‘What has led to these feelings?’* or *‘How long have you felt this way?’* and direct questions such as *‘Where are you now?’* (This is key for the emergency services) and *‘Are you alone (is there anyone there who can help you?)’*

K - Keep safe (from harm) – based on an understanding of the situation, and your firm’s policy, the emergency services should be called if the client is at imminent risk of harm. During this, you may need to stay on the line to keep talking with the client. Reassure them that your primary concern is for their safety, and that any financial difficulty can be dealt with later. *“I’m worried about what you’ve told me – what can we do to keep you safe?”*

E - End (with summary) – once client safety has been addressed, if it is possible to do so, staff should summarise what has been discussed and agreed, so that the call can end (and any data-recording can begin). *“We’ve been talking for a while, but before we finish let me summarise what we’ve agreed and what will happen next...”*

It is important that any application of this protocol in a firm’s vulnerability policy ensures that staff are fully aware that they are not responsible for any actions a client might take during or following any client contact.

Appendix 2 – Samples of Good Practice from GC 19-03

The following have been extracted directly from the FCA GC 19-03, chosen due to their relevance to financial advice firms and to help you appreciate how the FCA might assess some aspects of your vulnerability policy. (Please note, the Guidance also includes a few examples of ‘bad practice’ which you may want to check out!)

Case study 3: Good practice – Considering how potential vulnerabilities could affect the vulnerable customer experience.

“A firm was focusing on developing an understanding of particular vulnerabilities that impact cognitive functioning, such as dementia or mental health problems. As part of this, the firm invited a specialist charity to help to assess their processes and communications from the perspective of someone with Alzheimer’s. The charity helped identify where needs were being met, and any gaps the firm needed to address. This example demonstrates how the firm used expertise from a third-party specialist organisation to help it meet the needs of a certain vulnerable group in its target market”.

Case study 4: Good practice – Understanding indicators of vulnerability and the associated needs.

“A firm launched a training tool to educate financial advisers on interacting with older customers who may be vulnerable. The tool is freely available to use and takes about an hour to complete. It gives an understanding of what constitutes vulnerability in older people, how to identify this and where to make changes in working practices to ensure extra care and support is provided where necessary. This example demonstrates how the firm has been proactive in providing training opportunities for advisers in the sector. The training tool is an example of a useful resource that firms may use to improve the skills and capability of staff, at a low cost.”

Case study 7: Good practice – Understanding and responding to the needs of vulnerable customers.

“One firm has a training module which simulates real conditions, for example by wearing goggles that simulate a disability, increasing the ability of staff to empathise with these customers. Staff will have a better understanding of the customer’s needs and how to support them. The firm has taken steps to ensure staff are more empathetic to the circumstances of vulnerable consumers, and better allow their needs to be considered.”

Case study 8: Good practice – Understanding and responding to the needs of vulnerable customers.

“A firm used cognitive behavioural therapy training for all staff, as part of their mandatory vulnerable customer training. This form of training embeds the psychology of how people learn and remember key information. The training involved daily questions to check the staff’s understanding of how to deliver services to vulnerable clients. This example demonstrates how the firm is using training to improve the skills and capability of staff to treat vulnerable customers fairly.”

Case study 11: Good practice – Product features supporting the needs of vulnerable customers.

“One firm serving older customers encourages customers to provide a designated second contact (e.g. spouse, carer or family member) at the start of the customer journey. Through product design, this firm has taken a proactive step to help prevent the harm that could occur when an alternative contact is needed in the future, for a demographic where this may be particularly helpful. This is also an example of inclusive design, which can benefit all customers but particularly those who may become vulnerable over time or by changes in circumstances.”

Case study 18: Good practice – Offering specialist and flexible services.

“A firm allows customers to enter text into a box in their App to inform them about their personal circumstances, and how these might affect how they manage their finances or use their account. The firm has made good use of technology by creating an easy way to encourage customers who use their mobile app to disclose information in their own time, and made them aware of the kind of things they may be able to help with.”

Case study 24: Good practice – Assessing treatment of vulnerable consumers.

“One firm has a self-assessment scoring method for various requirements for treating vulnerable consumers fairly, and several parts of the organisation complete this. It has set criteria for achieving each rating out of 10. The firm has created a way to self-assess its progress, but also indicates what steps could be taken to achieve higher scores, encouraging improvement.”

Case study 25: Good practice – Implementing learnings from management information.

“A firm saw from their management information that one product they offered was disproportionately likely to be purchased by vulnerable consumers. Following this, the firm introduced a specific phone-based sales process to make it easier to identify the characteristics of the consumers purchasing the product, and therefore better understand their needs. The firm made changes as a result of learnings from their management information, which helped to improve the way they were able to identify, and therefore ultimately, address the needs of, vulnerable consumers.”

Appendix 3 – Samples of Good Practice from GC 20-03

The following have been extracted directly from the FCA GC 20-03, chosen due to their relevance to financial advice firms and to help you appreciate how the FCA might assess some aspects of your vulnerability policy. (Again, please note, the Guidance also includes a few examples of ‘bad practice’ which you may want to check out!)

“One bank offers access to British Sign Language interpreters in-branch, via an app on branch tablets, and on its website, giving consumers access from the comfort of their own home. This service increases accessibility and effectively meets the communication needs of certain consumer groups in the firm’s target market”.

“A wealth management firm records information about individual clients during its onboarding process and it uses this opportunity to assess indicators of vulnerability. It also conducts periodic reviews of the client’s information and circumstances to ensure its records are up to date and accurately reflect the client’s situation. Where a client is presenting indicators of vulnerability, or conversations indicate a change in circumstance, cases are assessed by the firm. Steps are taken to ensure only appropriate products and services are offered to the client, and in a way that suits their needs. This small firm monitors the needs of their consumers and regularly checks to ensure that their offer to their clients is appropriate”.

“An insurance, savings and pension provider has introduced the option for new starters to become a Dementia Friend in their induction, online through the Dementia Friends programme, a free initiative. All existing staff (customer-facing or otherwise) are also invited to regular sessions, supported by Dementia Friends Champions. Employees are invited to organise Dementia Friends Information Sessions as part of their ‘vulnerable customer awareness training’ given to all frontline staff. To communicate these opportunities, they promote activities for awareness weeks, for example Dementia Action Week, Carers Week and World Alzheimer’s Day “.

Appendix 4 - Useful Resources

If you are part of a national Network or use the compliance services of a Service Provider, they will most likely have vulnerability resources you can make use of. The following are a selection of additional resources readily available to all at the time of writing:

Financial Conduct Authority (primarily documentation on vulnerable consumers)

- Occasional Paper No 8 – Consumer Vulnerability (Feb 2015)
<https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8-exec-summary.pdf>
- Practitioners Pack (Feb 2015)
<https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8-practitioners-pack.pdf>
- Financial Lives Report - Key findings from the FCA's Financial Lives Survey 2017
<https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf>
- GC 19/03 - Guidance for firms on the fair treatment of vulnerable customers (July 2019)
<https://www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf>

Examples of published responses to GC 19/03

- Citizens advice :
<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/FC%20vulnerability%20guidance%20consultation%20response.pdf>
- Financial Services Consumer Panel
https://www.fs-cp.org.uk/sites/default/files/fscp_response_guidance_on_fair_treatment_of_vulnerable_customers_20191004.docx_.pdf

Assessing your firm's current approach to vulnerability (online)

- VULNERABILITY RADAR - a unique facility to help your firm to assess its practice on customer vulnerability. It is easy to use, available to everyone and free (The Investing and Savings Alliance and Altus)
<https://www.tisa.uk.com/tisa-vulnerable-customers-self-assessment/>
- HUNTSWOOD – White Paper: Vulnerable Customers (2nd Edition) – a comprehensive guide that also refers to a diagnostic tool to help firms gain assurance on the effectiveness of their approach
<https://www.huntswood.com/insights/vulnerable-customers-fair-treatment-of-customers-in-vulnerable-circumstance>

Staff training (online)

- CONSUMER VULNERABILITY IN LATER LIFE, an impartial and interactive training tool developed by SOLLA in collaboration with JUST.
<https://www.justadviser.com/support/regulatory-support/vulnerable-customers/free-online-vulnerability-training/>
- PIMFA – Identifying and supporting vulnerable clients (podcast)
<https://www.pimfa.co.uk/learning-resources/podcast-archive/>

Good Practice Guides

- PERSONAL FINANCE SOCIETY – Meeting the needs of Vulnerable Clients
<https://www.thepfs.org/learning-index/articles/meeting-the-needs-of-vulnerable-clients/74823>

Practice Notes

- The Law Society – ‘Meeting the needs of vulnerable clients’ (2015)
<https://www.lawsociety.org.uk/support-services/advice/practice-notes/meeting-the-needs-of-vulnerable-clients-july-2015/>

Policy Statements

- Age UK – Policy Position Paper: Consumer Vulnerability (Nov 2018)
<https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/money-matters/consumer-vulnerability-position-nov-2018-clean.pdf>

General Guides

- The Association of British Insurers – ‘Addressing customer vulnerability’
https://www.abi.org.uk/globalassets/files/publications/public/lts/abi_addressing_customer_vulnerability_final2.pdf
- The Money Advice Liaison Group – ‘Vulnerability: a guide for advice agencies’
<http://www.moneyadvicegroup.org/creditors/Documents/Vulnerability%20Guide%20for%20Advisers.pdf>
- JUST Group – ‘Dealing with Vulnerable Customers: The Industry Response’ (Feb 2019)
https://www.justgroupplc.co.uk/~/_media/Files/J/JRMS-IR/news-doc/2019/pr-06-02-2019.pdf

Specific Support material

- JUST GROUP– Technical bulletin – ‘How to identify Vulnerable Customers’
<https://www.justadviser.com/documents/technical-bulletin-vulnerable-clients-1312647.pdf>
- JUST GROUP– Client wellbeing checklist
<https://www.justadviser.com/documents/client-wellbeing-checklist-sample-1314472.pdf>
- JUST GROUP – Desk Top flip chart
<https://www.justadviser.com/documents/vulnerable-clients-desk-top-flip-chart-1314572-.pdf>
- The Investing and Savings Alliance (TISA) VULNERABLE CUSTOMERS – Hearing loss Help-Sheet
<https://www.tisa.uk.com/all-tisa-publications/vulnerable-customers-resources/>
- The Investing and Savings Alliance (TISA) VULNERABLE CUSTOMERS - Dyslexia & Dyscalculia Help-Sheet
<https://www.tisa.uk.com/all-tisa-publications/vulnerable-customers-resources/>
- The Investing and Savings Alliance (TISA) VULNERABLE CUSTOMERS – Financial Crime Leaflet
<https://www.tisa.uk.com/publications/vulnerable-customers-financial-crime-leaflet/>
- The Money Advice Trust Vulnerability resources hub
<http://www.moneyadvicetrust.org/creditors/creditsector/Pages/Vulnerability-resources-hub.aspx>

Appendix 5 – The impact of Coronavirus

When it comes to the FCA's 4 drivers of vulnerability (page 4, Figure1), the Coronavirus pandemic has put the focus on 'life events' and starkly demonstrated that everyone can become vulnerable either:

- clinically*, by contracting the virus, or
- due to the physical limitations and mental stress it places on us as a result of its threat and the stress of lockdown, or
- financially, due to employment issues and/or its impact of savings and investments

The issue of customers in vulnerable circumstances has received particular attention in the Covid-19 guidance produced by the FCA to date and has been underscored by the FCA and the Financial Ombudsman Service (FOS) in their recently published business plans for 2020-21. In its Covid-19 guidance for firms, the FCA has said that firms should be "*clear and transparent and provide support as consumers and small businesses face challenges at this time*". Those challenges will inevitably affect an expanding constituency of clients and potential clients whose needs may become increasingly complex both during the immediate crisis and beyond.

In its 2020-2021 Business Plan the FCA states it will focus its efforts on ensuring the most vulnerable are protected. It recognises that *'the magnitude and duration of the economic shock resulting from coronavirus is highly uncertain'* and that it will *'lead to an untested and largely unpredictable impact on confidence and investor/consumer behaviours'*.

It should be clear from the above however that COVID-19-related reasons will not be deemed by the FCA as a valid reason for firms not meeting regulatory expectations, with a firm's obligation to treat customers fairly continuing unabated in these challenging times.

Despite the significant disruption COVID-19 is causing and will cause for firms, there is a regulatory expectation that firms will ensure that consumers are appropriately protected, and it is equally clear that the current situation will almost certainly increase the number of clients in vulnerable circumstances as individual's livelihoods are impacted by both the pandemic and the government-imposed restrictions that have followed.

Given that under lockdown the evaluation of vulnerability can be harder to make, some firms have decided to be more cautious and widen the net in terms of who is deemed vulnerable. If this results in an increased focus on overall processes and systems, rather than increased labelling of clients, this can only be a good thing.

Whatever the individual responses of firms, all need to ensure that their policy on vulnerable clients reflects this 'new and uncertain reality'. The following article produced by JUST provides a useful focus on some key principles and actions that firms might wish to consider: <https://www.justadviser.com/documents/vulnerability-and-the-impact-of-coronavirus-1314701.pdf>

*When it comes to clinical vulnerability, some people due to their circumstances are at higher risk than others of contracting the virus and a list of these circumstances can be found here: <https://www.nhs.uk/conditions/coronavirus-covid-19/people-at-higher-risk-from-coronavirus/whos-at-higher-risk-from-coronavirus/>

NOTES



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