

# **PIMFA: UNDERSTANDING CUSTOMER VULNERABILITY**

Guidance for Firms (2024)

# CREATING A UK CULTURE OF THRIVING FINANCIAL HEALTH

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# PIMFA: UNDERSTANDING CUSTOMER VULNERABILITY

Overview of key points in the guide



## GOVERNANCE AND CULTURE



- ✓ Embed a strategy and culture that is consumer-centric and vulnerability-focused where staff are encouraged to understand and empathise with vulnerability
- ✓ Establish a Vulnerability Policy
- ✓ Appoint a Vulnerability Champion

## TARGET MARKET AND CUSTOMER NEEDS



Proactively identify the outcomes for customers with characteristics of vulnerability as part of your target market analysis

### Consider:

- ✓ Drivers of vulnerability
- ✓ Impact of vulnerability
- ✓ Effect on outcomes

## PRODUCTS AND SERVICES



- ✓ Take vulnerable consumers into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs
- ✓ Be mindful of features that may unintentionally be harmful to customers with characteristics of vulnerability and ensure flexibility is built into ongoing services

## IDENTIFICATION OF VULNERABILITY



- ✓ Actively listen for information that could indicate vulnerability and identify risk factors and triggers of vulnerability
- ✓ Be aware that vulnerabilities can be perpetuated or worsened by other vulnerabilities or your actions or inactions
- ✓ Build a positive disclosure environment

## SUPPORTING CUSTOMERS



- ✓ Have a system in place to identify what support steps need to be implemented and at what point
- ✓ Ensure staff can respond flexibly to the needs of customers with characteristics of vulnerability
- ✓ Ensure customers are aware of the support available (for example, third-party representation or specialist services)
- ✓ Ensure there are systems and processes to record and recall information about customer vulnerabilities
- ✓ Ensure a periodic review is carried out to ensure any adjustments are up to date

## COMMUNICATIONS



- ✓ Ensure that communications are likely to be understood by customers intended to receive them
- ✓ Consider adaptations in response to transient or enduring vulnerabilities (providing a range of channels and formats)
- ✓ Undertake effective monitoring and testing to determine the efficacy of adaptations

## SKILLS AND CAPABILITIES OF STAFF



- ✓ Ensure that all relevant staff understand how their role can affect customers with characteristics of vulnerability
- ✓ Improve the skills and capabilities of front-line staff through training and awareness, with a particular focus on soft skills and empathy

## OUTCOMES MONITORING – EVALUATING – IMPROVING



- ✓ Monitor and review the outcomes that customers with characteristics of vulnerability are experiencing, with Management Information, systems and processes to help adapt and continually improve products and services to address any harms identified



## SUMMARY

- ✓ **A Vulnerable Customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care<sup>1</sup>.**
- ✓ **There is no exhaustive list of what constitutes vulnerability; however, the Financial Conduct Authority (FCA) group it into four drivers:**
  - **Health:** Physical disabilities, long-term illnesses, hearing or visual impairment, mental health conditions, addictions, cognitive disabilities.
  - **Life Events:** Retirement, bereavement, relationship breakdown, domestic abuse, caring responsibilities, income shock.
  - **Resilience:** Low or erratic income, over-indebtedness, low savings, low ability to withstand financial or emotional shocks.
  - **Capability:** Low knowledge of financial matters or low confidence in managing money, poor literacy or numeracy, poor English language skills, poor digital skills, learning difficulties.
- ✓ **Firms in the Wealth Management and Advice sector have been supporting customers with characteristics of vulnerability for many years. However, FCA guidance issued in 2021 and the 2023 Consumer Duty have increased the focus.**
- ✓ **This Guide has been produced to support firms with:**
  - **Embedding a focus on vulnerability into their strategy and culture:** Embedding a strategy and culture that is consumer-centric and vulnerability-focused and setting out a policy on the steps to identify and support customers with characteristics of vulnerability.
  - **Mapping the customer base and target market:** Understanding the characteristics of vulnerability likely to be present, how these affect customer outcomes and experiences, and whether certain customers will have different or additional needs.
  - **Accounting for customer vulnerability in product and service design:** Designing products and services that account for the needs and characteristics of vulnerability within the target market and whether any features could cause harm.
  - **Ensuring the needs of customers with characteristics of vulnerability are managed in the distribution chain:** Cooperating and sharing information through product and service design, development and distribution for manufacturers and distributors.
- **Supporting and enabling customers with characteristics of vulnerability to disclose their needs:** Building a positive disclosure environment that allows staff to record and access information, respond flexibly to the needs of customers with characteristics of vulnerability, and understand when third-party representation or specialist support may be required.
- **Training staff to understand how their role can affect and support customers with characteristics of vulnerability:** Improving the skills and capabilities of staff through training and awareness, with a particular focus on soft skills and empathy.
- **Evaluating, improving, and maintaining outcomes:** Monitoring and reviewing the outcomes that customers with characteristics of vulnerability are experiencing, with Management Information (MI), systems and processes to help adapt and continually improve products and services to address any harms identified.

## CREATING A UK CULTURE OF THRIVING FINANCIAL HEALTH



<sup>1</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf> - Section (1.1)



1. INTRODUCTION

Customer vulnerability is a complex area, but firms need to get it right. Ultimately, it is about identifying customers with characteristics of vulnerability and ensuring they are consistently experiencing good outcomes. The Financial Conduct Authority (FCA) has made clear that this is not a one-off exercise for firms but a continual process, and the FCA will apply a vulnerability lens to its ongoing supervisory and enforcement work.

Vulnerability is a priority for the FCA and a key feature of its Consumer Duty requirements. This is because the FCA's Financial Lives Survey (2022)<sup>2</sup> found that 47% of the UK population displays characteristics of vulnerability. The same survey also found that 31% of people with investible assets over £50,000 had characteristics of vulnerability. Whilst these figures relate to the UK population as a whole rather than the specific demographic of wealth managers and financial advisers, firms need to recognise that their customers' circumstances may change over time and that their customers may be more or less susceptible to harm at different points in their life. It is, therefore, crucial for firms to understand the extent and range of vulnerabilities their customers may face and ensure they can correctly identify and support those customers to achieve good outcomes.

The introduction of the 2023 Consumer Duty by the FCA has not changed the requirements in relation to the treatment of customer vulnerability; the FCA's Finalised Guidance on Vulnerable Customers<sup>3</sup> published in 2021, remains relevant today. However, the Consumer Duty has reemphasised the importance of vulnerability considerations by firms. For example, by placing an increased emphasis on delivering good outcomes and requiring firms to act in good faith, avoiding causing foreseeable harm and supporting customers in pursuing their financial objectives, Consumer Duty requires firms more than ever to consider vulnerability characteristics and have appropriate policies and processes in place. This focus by the FCA was made evident in their November 2023 Dear CEO Letter, which

set out expectations on firms to reassess the vulnerability status of consumers based on their 2021 guidance<sup>4</sup>.

Firms, therefore, need to consider these issues and take appropriate steps to not only meet the FCA's regulatory expectations but also because it is fundamentally the right thing to do. The way a firm treats its customers reflects its culture: ensuring the fair treatment of those who are vulnerable will instil trust, enhance reputations and achieve the best possible outcomes for all customers.

Therefore, to support firms, we have developed this PIMFA Guide on Understanding Customer Vulnerability (the 'Guide'), which builds on our previous guide, published in 2021<sup>5</sup>. This updated Guide, developed specifically for the wealth management and advice sector, closely mirrors the FCA's Finalised Guidance on Vulnerable Customers whilst also now incorporating the requirements of Consumer Duty.

This Guide is an extensive collection of practical steps and examples from across the PIMFA membership, including references and supporting tools from other external groups and organisations, which firms can use to assist in all aspects of their work on customer vulnerability, from developing a strategy to day-to-day monitoring and reporting. It is not, however, intended to act as a substitute for staff training and development, which will be specific to the profile and circumstances of each individual firm.

2. HOW TO USE THIS GUIDE

PIMFA has developed this Guide to assist firms with all aspects of supporting customers with characteristics of vulnerability in the wealth management and advice sector (the 'sector'); however, the Guide will have relevance for all financial sectors and related firms, and has been developed with the intention of being accessible and valuable to the broadest range of stakeholders, from Board members to front-line practitioners.

Whilst not intended to be exhaustive or prescriptive, each section of the Guide is focused on a specific aspect of customer vulnerability and what firms should consider in relation to their regulatory obligations. For example, the Guide begins by providing support for developing a vulnerability-focused culture and policy (Section 5.1) and then steps through more granular processes and procedures, such as data and reporting (Section 5.6 ).

Firms can, therefore, refer to all or some sections of the Guide as required or necessary. Each section of the Guide provides background and perspectives on the specific aspect of customer vulnerability being covered and concludes by providing a wide range of pragmatic information and tools to support firms. The information at the end of each section of the Guide can include:



**Practical Steps for Firms:** Targeted and practical steps that firms can take to implement and enhance their approaches and the support offered.



**Firm Case Studies:** Real-world examples of how firms in the sector have addressed issues or implemented changes.



**FCA Good Practice Examples:** Examples of regulatory good practice from existing guidance<sup>6</sup>.



**Additional Resources and Tools:** A wide range of resources and tools from other sectors, charities, and support organisations.

Finally, the Guide is supported by a series of appendices that provide additional and more detailed content for firms which is signposted in sections of the Guide as appropriate.

<sup>2</sup> <https://www.fca.org.uk/financial-lives/financial-lives-2022-survey>  
<sup>3</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>  
<sup>4</sup> <https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-fca-expectations-wealth-management-stockbroking-firms.pdf>  
<sup>5</sup> <https://www.pimfa.co.uk/shared/pimfa-guide-to-vulnerable-customers>

<sup>6</sup> FCA good practice examples are taken from the FCA May 2021 Customer Vulnerability Webinar: <https://www.fca.org.uk/events/webinar-consumer-vulnerability>



A young girl with dark skin and curly hair, wearing a grey turtleneck, is reaching up to touch a green plant. An elderly woman with grey curly hair, wearing a pink long-sleeved shirt, is looking at the plant with a gentle expression. The background is slightly blurred, showing a window with white shutters.

# **3. DEFINING CUSTOMER VULNERABILITY AND THE DRIVERS**

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This section of the Guide outlines how customer vulnerability can be defined, the main drivers that increase the risk of vulnerability, and the challenges that terminology can present for customers to self-identify with a vulnerability.



The FCA defines a Vulnerable Customer as someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care<sup>7</sup>.


The FCA definition is broad and is deliberately not restricted to certain identifiable groups, for example, the elderly, the disabled, or those with dementia. The definition applies to anyone who is placed in a vulnerable state by circumstances or events. An individual customer may not acknowledge or even know that they are experiencing vulnerability.


The FCA definition of vulnerability is much broader than the legal definition used in safeguarding legislation<sup>8</sup> or the legal test for capacity<sup>9</sup>. A customer with vulnerable characteristics may be less able than others to:


- ✓ Realistically and objectively identify and prioritise their own needs.
- ✓ Fully understand the risk, cost or implications of any product or service provided.
- ✓ Assess information in the usual format, for example, orally during meetings or visually, with respect to written advice.
- ✓ Appropriately access support and/or channels to engage with their provider.


3.1 Drivers of Vulnerability

There is no exhaustive list of vulnerabilities. However, the FCA has identified four key drivers which can lead to increased risk of customer vulnerability<sup>10</sup>:

 **Health:** Physical disabilities, long-term illnesses, hearing or visual impairment, mental health conditions, addictions, cognitive disabilities.

 **Life Events:** Retirement, bereavement, relationship breakdown, domestic abuse, caring responsibilities, income shock.

 **Resilience:** Low or erratic income, over-indebtedness, low savings, low emotional resilience, low ability to withstand financial or emotional shocks.

 **Capability:** Low knowledge in financial matters or low confidence in managing money, poor literacy or numeracy, poor English language skills, poor digital skills, learning difficulties.

It is important to recognise that whatever the driver of vulnerability, the focus should be on addressing the customer's specific needs. Identifying a vulnerability is the first step, which must then be followed by what support the firm can provide as a result.

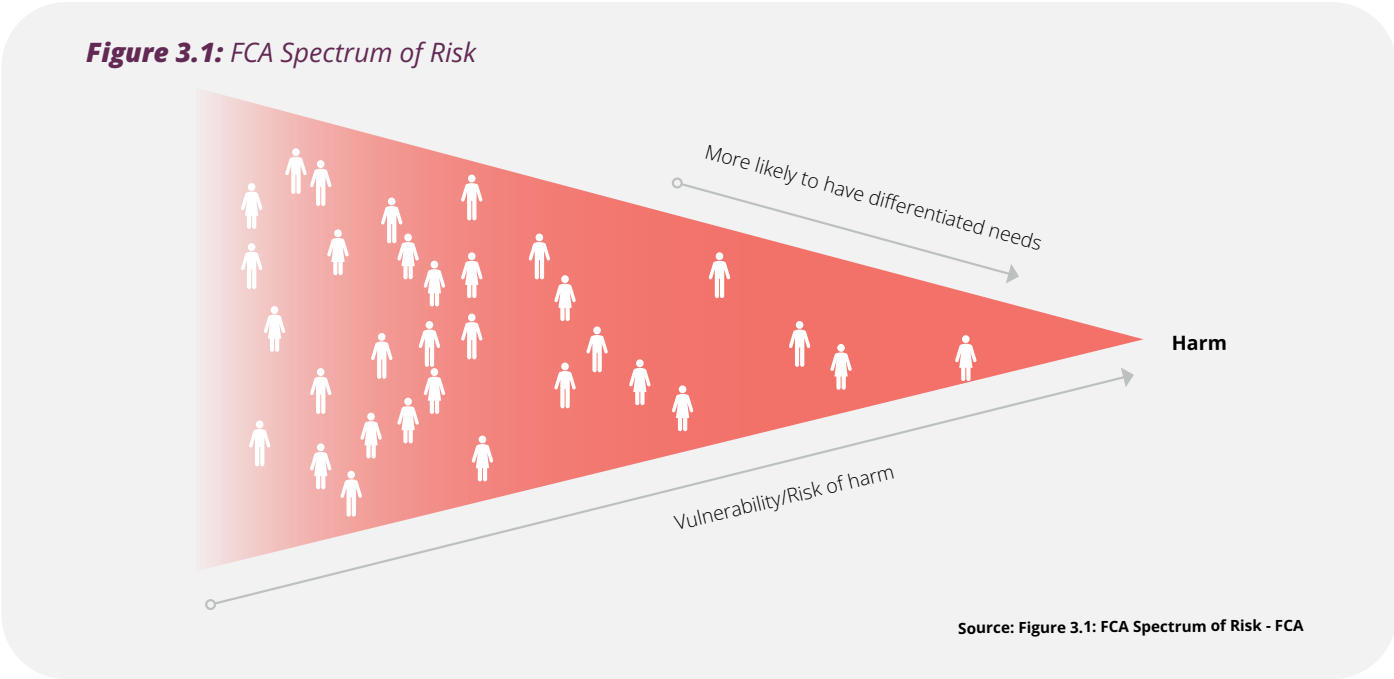
3.2 The Spectrum of Risk

To avoid categorising customers into fixed groups, it is helpful to think about vulnerability based on a customer's situation rather than inherent characteristics; there are customers in vulnerable circumstances rather than vulnerable customers.

**This approach recognises the dynamic and potentially changing nature of vulnerability and acknowledges that most customers might be in a position of vulnerability at some point in their lives.** It highlights that any customer can become vulnerable at any time and that vulnerability can be temporary, sporadic or permanent.

The FCA's 2021 spectrum of risk<sup>11</sup>, Figure 3.1 below, recognised that vulnerability is dependent on circumstances that may be temporary and variable and encouraged focusing on an individual customer's specific needs. At one end of the spectrum of risk, customers are less likely to be vulnerable and face a lower risk of harm; at the other end, the risk is more significant, and the customer is likely to have multiple and overlapping vulnerabilities.

Firms should consider identifying the needs of customers along a spectrum of risk and respond accordingly.




3.3 Perception and Identification

Identification of vulnerability by a customer themselves - self-identification - is often not a reliable method for screening customers for vulnerability. Many customers may not be happy to be labelled as 'vulnerable' or referred to a firm's 'Vulnerability Team', so the term 'vulnerability' should be avoided in customer interactions as it is unlikely to encourage disclosure of difficulties that customers may have.

Part of the difficulty in identifying customers in vulnerable circumstances, especially in the wealth management and advice sector, is that many customers are not willing to share personal information, which

might lead to categorisation as vulnerable. For example, customers may be embarrassed about the information, not think that it is relevant, or even be unaware of their vulnerabilities. This aspect is discussed further in section 5.5 of this Guide, Identifying Customer Vulnerability.

In conversations with customers and when recording vulnerabilities, firms should consider using alternative language such as 'provision of support' or making 'reasonable adjustments' and asking customers to complete 'well-being questionnaires'.

 **See Appendix C for examples of alternative wording and questioning for describing and identifying customer vulnerabilities.**

<sup>7</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>  
<sup>8</sup> <https://www.legislation.gov.uk/ukxi/2002/446/regulation/2/>  
<sup>9</sup> <https://www.legislation.gov.uk/ukpga/2005/9/section/2>  
<sup>10</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf> - Section 2.5

<sup>11</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf> - Section 2.15



## 4. THE REGULATORY EXPECTATIONS ON FIRMS

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This section outlines the regulatory expectations on firms regarding customers with vulnerable characteristics and how this is reflected in existing guidance and the Consumer Duty.





The FCA expects customers with vulnerable characteristics to experience outcomes as good as those for other customers<sup>12</sup>. In 2021, the FCA published Finalised Guidance for firms on the fair treatment of vulnerable customers, which remains valuable guidance. The FCA 2021 guidance includes case studies that set out ways firms can comply with their obligations. The FCA 2021 Guidance is not a checklist, and how firms use it will depend on the specific context of the firm, including its size, the markets it operates in, the products it offers and the characteristics of its target market and its customers.

However, the 2023 introduction of the FCA Consumer Duty<sup>13</sup> and Principle 12<sup>14</sup> - *A firm must act to deliver good outcomes for retail customers* - set higher expectations about the standard of care that financial services firms give to all their customers.

Further, the FCA 2023 Finalised Guidance on Consumer Duty makes specific reference to vulnerability considerations. For example:



**Products and services** should be designed to take account of the needs, characteristics and objectives of all groups within the target market, and firms should consider whether the product or service has features that could risk harm to any group of customers, including those with characteristics of vulnerability.



**Fair value** must be provided to avoid causing foreseeable harm and to support customers in achieving their financial objectives.



**Communications** must meet the information needs of customers. They should be tailored to take into account the characteristics of the customers intended to receive the communication, including any characteristics of vulnerability. Communications should be tested and adapted or modified where appropriate with the aim of improving customer understanding.



**Customer support** must be suitable for customers with characteristics of vulnerability and enable them to make full and effective use of products and services.



**Governance and reporting** must promote awareness of characteristics of vulnerability.



**Documenting and monitoring** outcomes for all consumers should be in place, in particular, monitoring outcomes for customers with characteristics of vulnerability and using data collected for continual improvements.

Consumer Duty also introduced the three cross-cutting rules: (1) acting in good faith, (2) avoiding foreseeable harm, and (3) enabling and supporting retail customers to pursue their financial objectives. Each of the cross-cutting obligations requires firms to understand and take into account cognitive and behavioural biases and the impact of characteristics of vulnerability and/or lack of knowledge on retail customers' needs and decisions.

Therefore, the 2023 Consumer Duty has introduced a greater expectation on firms to take a proactive approach to preventing customer harm when it comes to vulnerability.

The FCA will apply a Consumer Duty and vulnerability

lens to its supervisory and enforcement work, and firms can expect to be asked to demonstrate how their business model, the actions they have taken, and their culture ensure good outcomes for all customers, including those with characteristics of vulnerability. In this regard, the FCA will expect firms to:

- ✓ **Consider your customers' diverse needs** at every stage of the product and service lifecycle. Implement effective systems, processes, and staff training.
- ✓ **Be proactive** and don't just wait for customers to tell you about vulnerability.
- ✓ **Take action** because identifying customers with characteristics of vulnerability isn't an end in itself.
- ✓ **Monitor** the outcomes experienced by customers in vulnerable circumstances and continually improve.

- 📌 See Appendix A for a general catalogue of FCA regulatory publications regarding or related to customers with characteristics of vulnerability from 2015 to 2024.
- 📌 See Appendix K for a specific index of FCA references to customers with characteristics of vulnerability from previous multi-firm reviews, thematic reviews, discussion papers, guidance, and policy statements.

<sup>12</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>  
<sup>13</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>  
<sup>14</sup> <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>



## 5. GUIDANCE FOR FIRMS

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## 5.1 STRATEGY AND CULTURE

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This section outlines how firms can foster a vulnerability-focused culture and how a firm's purpose, leadership, staff and governance should come together to deliver good outcomes.

5.1.1 Embedding a Focus on Vulnerability into a Firm Strategy and Culture

Firms are expected to embed an outcomes-focused culture so as to meet FCA expectations under Principle 12 and to meet the higher standard of care expected under the Consumer Duty.

What this means in practice will depend on specific circumstances as the requirements of the Consumer Duty apply proportionately, based on what is reasonable, including the nature of the product or service, the characteristics of the firm’s customers and the size of the firm.

However, a firm’s starting point when considering its overall strategy and culture should be the overriding principle of acting in the customer’s best interests. Therefore, a strategy that supports the identification of customer vulnerability and provides appropriate support to respond effectively to their needs should be in place. Adopting a culture where identifying and mitigating customer vulnerability is the right thing to do will lead to better customer outcomes overall, better business, and a more effective and accessible sector. This is a more effective and sustainable approach than simply meeting regulatory requirements.

Firms taking this customer-centric approach to their strategy can help ensure that a clear focus is placed on customer vulnerability and that all subsequent policies and processes throughout the firm and consumer journey reflect and are influenced by this approach<sup>15</sup>. This strategy and approach to enhancing the firm culture should be explicitly promoted by senior leaders and managers, such as the CEO and Executive Team, Non-Executive Directors, and any appointed Consumer Duty Champions, in a tone from the top.

5.1.2 Embedding Cultural Change Through a Consumer Duty Lens

Making an organisational shift in a firm’s culture is significant, and because of its very intangible nature, it is difficult to measure both the progress of the change and its impact.

It is helpful to approach and measure cultural change through the lens of Consumer Duty. This is because Consumer Duty encompasses the fair treatment of customers with characteristics of vulnerability, and this approach will help meet FCA expectations of evidence that firms have addressed the four key drivers of culture: purpose, leadership, people policies and governance<sup>16</sup>:



**Purpose:** A firm’s purpose should be consistent with the Consumer Duty. Firms should have taken steps to ensure that staff understand how the firm’s purpose is relevant to delivering good outcomes for all customers, including those with vulnerability characteristics.



**Leadership:** The firm’s leadership (at all levels, the “tone from above”) should be proactive in demonstrating a commitment to delivering good outcomes for all customers, including customers with vulnerability characteristics. The focus on customer welfare should be considered equally to that of the firm’s commercial interests.



**People Policies:** Delivering good outcomes for customers with characteristics of vulnerability should be reflected in the way in which staff are managed and rewarded. Therefore, it is important to have a robust appraisal process in place to help shape employees’ behaviour. Staff should be trained in how to deliver good outcomes for customers in the context of their specific role in the firm and understand the impact of their role on outcomes for customers with characteristics of vulnerability.



**Governance:** A firm’s controls and processes should enable it to identify where it is not delivering good outcomes for its customers, including customers with vulnerability characteristics. The firm strategy should recognise the high-level need to understand and tackle root causes and manage and mitigate poor outcomes.

Having the relevant outcomes monitoring and Management Information (MI) in place is crucial to help identify whether any group of customers is experiencing different outcomes compared to another group for the same product, and to ensure that this is acted upon.

A key indicator of a positive culture within a firm is the extent to which staff are empowered and feel safe challenging and raising issues. This outcome and the positive impact for all customers can be achieved if a firm promotes a culture of openness and customer-centricity at all levels. In turn, and over time, this continued focus will help ensure that a firm’s culture and staff understand the importance of their responsibilities to support customers with characteristics of vulnerability.

PRACTICAL STEPS FOR FIRMS:



- ✓ Approach strategy and culture with a customer-centric approach, where staff are encouraged to be open, focused, and understanding of vulnerability and the support required.
- ✓ Senior leader and Board-level engagement that is involved, accountable and invested in the work on consumers with characteristics of vulnerability.
- ✓ A governance framework that can hold individuals to account and challenge behaviours that do not align with a customer-centric strategy and culture:
  - o Senior managers have clear objectives to provide appropriate support and good outcomes for customers with characteristics of vulnerability.
  - o All business plans consider the interests of customers with characteristics of vulnerability.
- ✓ The appointment of one or more vulnerability ‘Champions’ to promote messages on the importance of a customer-centric culture throughout the firm. The ‘Champions’ need to be of sufficient seniority to ensure there is appropriate visibility and accountability.
- ✓ Staff rewards aligned with delivering positive consumer outcomes.
- ✓ Robust appraisal processes in place to promote good staff behaviours.
- ✓ Conduct a change programme to identify and improve areas across the firm where the strategy and customer-centric approach needs to be enhanced.



<sup>15</sup> <https://www.pwc.co.uk/financial-services/assets/pdf/vulnerable-customers-industry-research-guidance-to-action.pdf> Section: 2.4  
<sup>16</sup> <https://www.pimfa.co.uk/shared/consumer-duty-paper> - Section: Culture and SMCR, DAC Beachcroft



FIRM CASE STUDIES:

Firm 1

Customer vulnerability considerations are aligned with our strategic initiatives and embedded across the firm. A senior member of staff is our Vulnerability Champion, and our Customer Operations side has a team to help with vulnerability training. Special cases that require a bespoke solution are escalated to the Vulnerable Customers Team to enable a suitable outcome for the customer.

Firm 2

We have a Vulnerable Customer Forum with regional office Champions, where issues or concerns can be raised for customers with characteristics of vulnerability. This allows regular conversations between several differing job roles and functions to support our customers and colleagues. In addition to the Forum, we have a Customer Outcome Committee, which, whilst supporting the Forum with escalated queries, also reviews data from the firm to ensure good outcomes for all our customers.

FCA GOOD PRACTICE EXAMPLES:

Firms ensuring responsibility for good customer outcomes are understood and owned across the business – not just by the risk and compliance teams but by those involved from product design through to post-sale support.

Firms not waiting to see if the FCA will intervene to address an issue but tackling it themselves.

5.1.3 Developing a Vulnerability Policy

A dedicated Customer Vulnerability Policy clearly and consistently outlines a firm's approach to identifying and supporting customers with characteristics of vulnerability. This policy is essential for ensuring a customer-centric strategy and culture can develop and is prioritised within a firm. Further, having a robust Vulnerability Policy underpinning the firm's strategy will promote consistency and transparency in all business practices and processes.

There are no set requirements for a Vulnerability Policy. However, it should outline a firm's approach to customer vulnerability and clearly set out the steps staff must take to identify and support customers with characteristics of vulnerability properly. Each Vulnerability Policy should also be developed with the firm's own business model and customer demographic in mind rather than implementing an 'off-the-shelf' template or framework.

The Vulnerability Policy could consider including the following information:

- Outcomes the firm is trying to achieve ('what good looks like').
- Information on the likely vulnerabilities and needs of the customer base.
- The process to identify and encourage disclosure of vulnerabilities (firms should have a vulnerability assessment process that is carried out consistently across every customer).
- High-level processes and procedures to support

and engage with customers with characteristics of vulnerability in an appropriate and consistent manner

- Record-keeping requirements to demonstrate how vulnerability is recorded and how this information is used and recalled.

The Vulnerability Policy document should be regularly reviewed, tested, and amended as required to ensure that the outcomes are being met.

See Appendix D for a checklist to assist firms in developing a Vulnerability Policy.

FCA GOOD PRACTICE EXAMPLES:

Implementation of FCA Guidance

Directors can set the firm approach by developing a vulnerability action plan based on [EG 21-1](#), incorporating an assessment of various issues such as:

- What the firm does well when it comes to treating consumers with characteristics of vulnerability fairly.
- Areas and actions for improvement to align with the guidance.
- Consideration of the risks that could exist within the business model that may impact on consumers with characteristics of vulnerability.
- Actions to mitigate these risks.

The plan should be adapted and finalised (following input from customer-facing staff) and used to shape the firm's vulnerability policy, with progress monitored at quarterly meetings.

Establishing a Vulnerability Policy and appointing a Vulnerability Champion

Having considered the spectrum of vulnerability for their customer base, firms can establish their vulnerability policy and designate the role of vulnerability champion and policy implementation to the senior manager responsible for compliance oversight.

The vulnerability champion's responsibilities may include overseeing staff training, conducting one-to-one meetings to assess staff knowledge of vulnerability, implementing specific changes to the file checking regime (to ensure the fair treatment of vulnerable customers where advice had been given), and providing a report for monthly board meetings (as a standing item on the agenda) with changes to existing vulnerability policy implemented where needed.



## 5.2 UNDERSTANDING TARGET MARKET AND CUSTOMER NEEDS

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This section outlines the regulatory expectations and the steps firms can take to understand their target market, customer base and needs.





Consumer Duty makes clear that firms need to pay attention to the needs of customers with characteristics of vulnerability. There is an expectation that firms proactively identify the outcomes for different groups of customers, in particular customers with characteristics of vulnerability, as part of their target market analysis.

Under the Consumer Duty products and services outcome, firms need to:

- Design products or services that consider the needs, characteristics, and objectives of all groups within the target market.
- Consider whether a product or service has features that could risk harm to any group of customers, including those with characteristics of vulnerability.

Firms are expected to understand what characteristics of vulnerability are likely to be present in their target market or customer base. For example:

- Is the target market/customer base of a particular demographic?

- Is it more prone to certain types of vulnerabilities?
- How will these vulnerabilities affect the customer journey and experience?
- Will these vulnerabilities mean that customers may have different/additional needs?

External research and data, such as the FCA Financial Lives survey, ONS statistics and data from charities, are helpful in providing a sense-check and acting as a prompt to ensure specific vulnerabilities are actively considered and assessed. For example, data provided by the FCA from their 2022 Financial Lives survey<sup>17</sup> shows that 31% of people with investible assets of £50,000+ had characteristics of vulnerability.

This 31% of people is broken down further by the four drivers shown in Figure 5.2 below.

Data from Age UK and Alzheimer's Society also provides insights into vulnerability numbers:

- An estimated 4 million older adults in the UK (36% of people aged 65-74, and 47% of those aged 75+) have a limiting long-standing illness, equating to 40% of all people aged 65+<sup>18</sup>.
- 1 in 14 people over the age of 65 (7%) and 1 in 6 people over the age of 80 have dementia (17%)<sup>19</sup>.

Ultimately, each firm will have to make its assessment based on its customer base, which may have a demographic that is quite distinct from the broad, national demographics identified in the data outlined above. For many firms in the sector, the target market may have lower incidences of vulnerability relating to financial resilience or capability but higher ones in relation to health or physical impairments and possibly life events. Firms, however, should not assume they know the most common indicators of vulnerability in their customer base without researching to verify those assumptions.

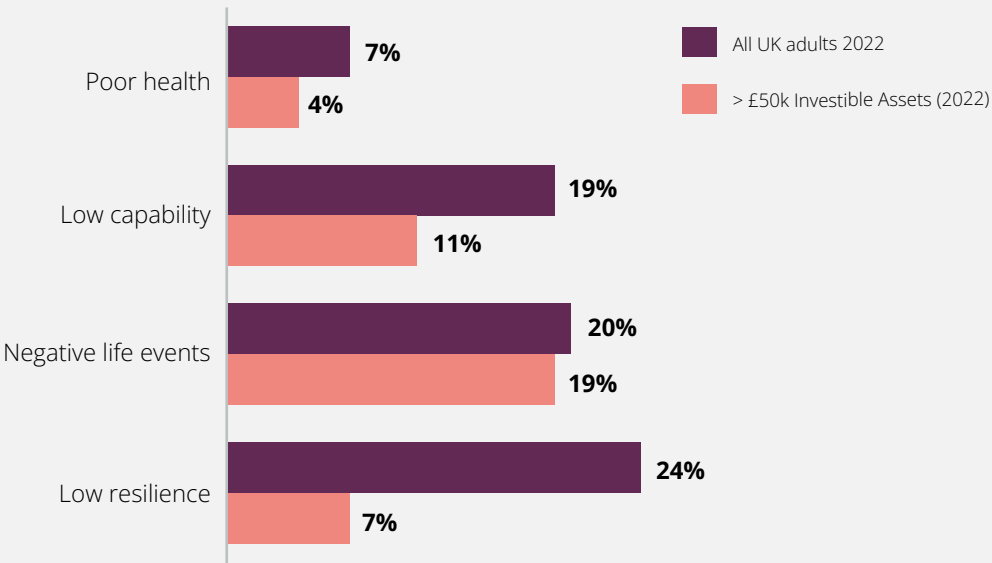
Whilst a finding of 0% of customers with characteristics of vulnerability in a customer base is untenable, benchmarking against national statistics and focusing on a quantitative measure may lead to a tick-box approach or a focus on reaching specific targets. It is essential to ensure that the correct methodology is in place to identify and support customer vulnerability correctly.

Firms should use their internal data to make assessments and segment their customer base accordingly. In this way, firms can build a better picture of the most relevant issues and map out the ways in which vulnerability might manifest itself within their particular demographic. Firms should come to an understanding of the nature of these possible vulnerabilities and their likely scale. This understanding will enable the firm to identify the types of harm or disadvantage customers may be vulnerable to and how this might affect the consumer experience and outcomes.

Once a firm fully and properly understands its customer base, it will be better equipped to implement strategies to address those specific needs. However, a customer base is not static, so this assessment should be periodically reviewed and updated to reflect the current target population.

- ✦ See Appendix B for industry guides and papers from charities, specialist organisations, and other bodies on drivers and the impact of vulnerabilities.
- ✦ See Appendix E for examples of the sector's typical customer demographics.
- ✦ See Appendix I for a list of related Charities and societies.

Figure 5.2: People with investable assets over £50,000 and vulnerability measures



<sup>17</sup> <https://www.fca.org.uk/financial-lives/financial-lives-2022-survey>

<sup>18</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/older\\_life\\_uk\\_factsheet.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/older_life_uk_factsheet.pdf)

<sup>19</sup> [https://www.alzheimers.org.uk/sites/default/files/2019-11/cpec\\_report\\_november\\_2019.pdf](https://www.alzheimers.org.uk/sites/default/files/2019-11/cpec_report_november_2019.pdf)



PRACTICAL STEPS FOR FIRMS:



- ✓ Conduct data analysis of the target market and customer base, for example:
  - o Transactions, complaints, recorded vulnerabilities and needs, vulnerability trends analysis, triggers and scenarios where vulnerabilities could occur.
  - o Risk assess the target market and its products and services.
- ✓ Conduct market research, such as consulting with focus groups, conducting in-depth customer discussions and surveys, or holding 'meet the customer' events.
- ✓ Consider the data provided by specialist organisations and charities as a prompt to ensure specific vulnerabilities are actively considered and assessed.
- ✓ Ensure your Vulnerability Policy formalises information on the likely vulnerabilities and needs in the firm's target market to help raise awareness.
- ✓ Ensure vulnerabilities in the target market are formally considered as part of new proposition sign-off or review of existing propositions.



FCA GOOD PRACTICE EXAMPLES:



Actions to help achieve good outcomes for consumers with characteristics of vulnerability

By plotting their customer base on a spectrum of risk, firms can understand the nature and scale of vulnerability present within their own customer base. Conducting a segmentation exercise will help firms assess where each customer sits in relation to the four drivers of vulnerability. Firms should ensure their vulnerability policy and responsibility for the fair treatment of consumers with characteristics of vulnerability are owned at the highest level.

Vulnerability numbers

We do not have a target for the proportion of customers that firms should identify as having characteristics of vulnerability. The level of vulnerability might reasonably vary from firm to firm and for different products and services.

Firms should also be clear that the identification of customers with characteristics of vulnerability is not an end in itself. We expect firms to identify customers with characteristics of vulnerability so that they can understand customers' needs, support them as appropriate, and ultimately deliver good outcomes.





## 5.3 DESIGNING PRODUCTS AND SERVICES

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This section outlines how to account for customers with characteristics of vulnerability in all stages of the product and service design process.





Under the Consumer Duty products and services outcome rules, firms are expected to:

- Design products or services to take account of the needs, characteristics and objectives of all groups within the target market.
- Consider whether a product or service has features that could risk harm to any group of customers, including those with characteristics of vulnerability.

Standard products and services may have little flexibility and, therefore, unintended consequences for customers with characteristics of vulnerability. These customers' needs and characteristics must be considered at all stages of the design process, including idea generation, development, testing, launch and review, with particular reference to the firm's customer base or target market. These areas of the product and service design process are explored in more detail below.

Customer vulnerability requirements should also be considered when any changes are made to products and services to ensure that they will not have a negative impact.

5.3.1 Idea Generation

When working on a new idea for a product or service, firms should consider:

- What are the particular characteristics and needs of the customer base or target market?
- What might customers with characteristics of vulnerability specifically need from a product or service?
- What issues or difficulties might arise over the product or service lifetime?

ADDITIONAL RESOURCES AND TOOLS:



Money Advice Trust and Fair by Design [Inclusive Design in essential services](#)<sup>20</sup> : A guide for firms and suppliers to develop inclusive products and services.

5.3.2 Development

When developing a new product or service, firms should consider:

- Does the product or service have features that could harm customers with characteristics of vulnerability?
- Are the product and service distribution and communication channels appropriate for customers with characteristics of vulnerability?

PRACTICAL STEPS FOR FIRMS:



- ✓ Consult with customer-facing staff to determine frequent issues and concerns.
- ✓ Hold focus groups with customers with vulnerability characteristics or representatives at the development stage of a product or service or when seeking to alter or withdraw a product or service.
- ✓ Consult with specialist organisations and charities. 📄 **See Appendix I for a list of charities and societies.**
- ✓ Adopt an inclusive design approach that can benefit not only customers with characteristics of vulnerability but also a more comprehensive range of customers. Some examples include:
  - o All materials are in plain English and easy to read.
  - o Providing online functionality to notify a change of circumstances.

PRACTICAL STEPS FOR FIRMS:



- ✓ Have multiple contact channels to cater for different needs, such as a face-to-face option for the digitally excluded or the provision of chatbots or a call-back service.
- ✓ Allow flexibility for customers to exit automated processes or digital tools and instead engage manually with staff where it is necessary to meet the needs of customers with characteristics of vulnerability.
- ✓ Build flexibility into products and services for customers who may be impacted by ill health or significant life events.
- ✓ Require a product to be sold on an advised basis or signpost particular consumers to an advice service.
- ✓ Build in extra time before any customer decisions are required and made.
- ✓ Encourage customers to provide a designated second contact, such as a close friend or family member, at the onboarding stage.

<sup>20</sup> <https://fairbydesign.com/wp-content/uploads/Inclusive-Design-Firms-Guide-Final.pdf>



5.3.3 Testing and Launch

When testing and launching a new product or service, firms should consider:

- Have customers with a wide range of vulnerability and accessibility characteristics been consulted in relation to the product or service?
- Is the product or service flexible to changing needs?
- Do the product or service features designed to meet the needs of customers with characteristics of vulnerability actually work?
- What is the best way to launch the product or service so customers with characteristics of vulnerability are aware of it and fully understand it?

PRACTICAL STEPS FOR FIRMS:

- ✓ Proactively engage with and obtain feedback from groups of customers who might have particular needs or experience different outcomes than other customers in the target market.
- ✓ Stress-test the product or service to identify how it might perform in a range of market environments.
- ✓ Consider likely future changes to the target market's needs and whether the product or service would continue to meet those needs.
- ✓ Consult with customers before withdrawing or altering a product or service.
- ✓ Consult third-party organisations and charities to review the product or service.

FCA GOOD PRACTICE EXAMPLES:

Building flexibility into the service offering in recognition of evolving needs

Firms could adapt their fact-finding process for those clients with characteristics of vulnerability. For example, advisers can conduct the exercise over two or three meetings, as this approach could result in customers being more likely to share information about their needs because they have higher concentration levels and don't feel rushed.

Firms should ensure an ongoing service is fluid and adapts to the customer's needs. For example, a firm (with three service offerings), as part of the ongoing review, can check that customers are in the appropriate tier in recognition that some customers may experience lower financial resilience (due to a life event) and could benefit from a different service offering.

Design a product or service with built-in adaptability so that at any point longitudinally, it can be adjusted to meet the needs of a customer should they become vulnerable at some point

during the time they hold the product or use the service. Improve the inherent design, for example, readability, simplicity, and flexibility for all. Consider at the design stage optimising the product /service so it can be flexibly delivered at any future point in time rather than bolt-on/retro fit adjustments once vulnerability has been identified.

Design of services for clients in decumulation

It is important that firms have a plan to ensure services are proactively delivered as agreed. There is a higher likelihood that decumulation customers have characteristics of vulnerability. Failure to review factors such as income needs, change in circumstances, objectives, risk profile and health conditions, and to put in place appropriate systems and controls to support those customers who are vulnerable, risks such customers not being treated fairly<sup>21</sup>.

<sup>21</sup> [TR24/1: Retirement income advice thematic review \(https://www.fca.org.uk/publication/thematic-reviews/tr24-1.pdf\)](https://www.fca.org.uk/publication/thematic-reviews/tr24-1.pdf)



A person wearing a red and white shirt and dark shorts is holding a long white pole. They are standing on a dirt path in a park with trees in the background. The pole is leaning against the ground.

## 5.4 OUTLINING THE RESPONSIBILITIES IN THE DISTRIBUTION CHAIN

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This section outlines the importance of understanding and managing the different responsibilities of parties in the distribution chain and the actions required to account for vulnerabilities in the customer base.



At a minimum and the highest level, manufacturers should understand the requirements for considering customer vulnerability in product design and distribution, and distributors should identify the distribution strategy and target market for the product or service and ensure it takes account of customers with characteristics of vulnerability.

The FCA Guidance on Vulnerable Customers and the Consumer Duty requirements apply to the supply of products or services to retail customers. However, even if a firm does not have a direct customer relationship with the customer, it is clear there are obligations on all firms based on what is reasonable given the circumstances, such as each firm’s role in relation to the product or service and its role in the distribution chain of that product or service.

Where there is a chain of regulated firms, they should each consider the effectiveness of their approach to vulnerability and associated procedures. During initial and ongoing due diligence, and particularly where they rely on third-party providers and outsourcers, firms should ensure that they work to treat customers with characteristics of vulnerability fairly.

Where a firm has no relationship with the underlying consumer but is a manufacturer of a product or service, characteristics of vulnerability will be considered at the product or service level. Any consumers for whom the product or service might not be appropriate will be set out clearly in the target market. There would, however, be a clear expectation to evidence compliance from a product design and distribution perspective. For example, ensuring that vulnerabilities are accommodated through appropriate communication channels.

A distributor, such as an adviser firm, is likely to be the entity with the closest relationship with the customer and is consequently in the best position to determine

whether a product or service has particular features that render it appropriate or inappropriate for individual customers with characteristics of vulnerability.

Depending on the relationship between the parties in the distribution chain, various actions may be taken to ensure each party is taking into account possible vulnerabilities in the customer base and addressing them.

5.4.1 Accounting for Customer Vulnerability in the Distribution Strategy

When developing a distribution strategy for products and services, firms, such as manufacturers with no direct consumer interaction, should consider what distribution channels are appropriate for the target market and make all necessary information available to distributors. This information and understanding includes:

- ✓ The characteristics of the product or service.
- ✓ The identified target market (and that distribution is made in accordance).
- ✓ The needs, characteristics, and objectives of any customers with vulnerable characteristics.
- ✓ The intended distribution strategy.

Distributors must not distribute a product or service if they do not understand it sufficiently. They must identify the intended distribution strategy for the product or service, ensure it will be distributed in accordance with the target market, and take into account customers with characteristics of vulnerability. Distributors must provide support that meets the needs of customers, including customers with characteristics of vulnerability.

5.4.2 Monitoring and Reviewing

When undertaking monitoring and review activities in a distribution chain, firms should consider:

- Is the product or service regularly reviewed?
- Is the product or service still meeting the needs of customers with characteristics of vulnerability?
- Are changes to products or services adequately communicated, and are appropriate alternatives provided?
- Does the distribution strategy remain appropriate for the target market?
- Are the products and services distributed to customers in the target market?

The FCA expects all firms in the distribution chain to cooperate. Distributors are, therefore, expected to supply relevant information to manufacturers, on request, to support their reviews. If, however, a distributor takes remedial action following a review of distribution arrangements or if they identify consumer harm, then they will be expected to notify all relevant parties in the distribution chain.

The manufacturer or intermediated firms could consider the following questions for distributors as part of their review:

- Does the distributor have a Vulnerability Policy?
- Are there any specific types of vulnerabilities that the distributor tends to encounter in its customer base?
- Can the distributor provide appropriate management information to flag customers with characteristics of vulnerability?
- Are there instances where outcomes from a manufacturer’s products are less than favourable?

The final point above is necessary so that the experience and outcomes for customers with characteristics of vulnerability are no less than for non-vulnerable customers. This can enable manufacturers to take the additional steps required to facilitate good outcomes for customers in vulnerable circumstances.

Overall, if firms identify any issues in their reviews, they must take appropriate action to mitigate the situation and prevent further harm from occurring.



FIRM CASE STUDIES:

Firm 1

Whilst we do not have responsibility for suitability, it is our expectation that IFAs notify us if their customer has any form of special need or situation that goes to the provision of investment management services to us. So, an IFA may decide not to mention to us that a customer had suffered a bereavement if this didn't seem to have a significant impact upon them, but we would absolutely expect them to do so if this life event made them vulnerable. In our IFA DDQ, we recently added wording that expressly highlights the issue and asks IFAs to tell us what types of vulnerability they have addressed within their population of customers, and reminds them to inform us of any customers that they believe to be vulnerable.

Firm 2

I think the key is to ensure the firm's vulnerability policy recognises the fact that there will be customers with characteristics of vulnerability within the target market with whom the IFA deals. Even though you may not be explicitly aware of those vulnerabilities, you have thought about how your role in the process might impact those consumers with characteristics of vulnerability. It is probably good to think about the predominant vulnerabilities based on the product or service being offered. For example, if you are a product provider, you would certainly need to consider the way the product works, the features it offers, and the way it applies charges that could lead to poor outcomes for customers with characteristics of vulnerability.

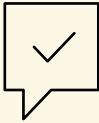
Firm 3

At the initial and ongoing due diligence stages, we would ask the distributor for:

- o Confirmation of a Vulnerable Customer Policy, when it was last reviewed and whether it would be available on request.
- o Any instances where they feel there is potential or actual consumer harm to any of their customers which relates to them using our products or services (a 'catch-all' given the fluid nature of some types of vulnerability).
- o Where there are customers who are vulnerable, confirmation they are getting support from the distribution and the information they need to be able to provide the support.

Firm 4

We have reviewed the policies pertaining to consumers with characteristics of vulnerability for all of our panel providers, lenders and referral partners. We have also cross-referenced their policies against all of the causes of vulnerability and gone back to providers with additional specific questions. For example, the provider is a digital supplier but has not mentioned how they would deal with a customer that has no or limited digital skills. We don't just look to see if they have a policy in place, but whether that policy is adequate and if there is evidence that the provider has this embedded in the behaviours of their business.



## 5.5 IDENTIFYING CUSTOMER VULNERABILITY

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This section outlines how firms can identify customer vulnerabilities and provides a range of tools to assist firms.





5.5.1 FCA Key Drivers of Vulnerability

Firms are not expected to operate in the capacity of medical or social professionals, for example, assisting with diagnosing particular conditions that customers may have. Still, firms are expected to recognise clear indicators of vulnerability and take steps to encourage disclosures actively.

Staff should, therefore, be trained to actively listen for information that could indicate vulnerability and identify risk factors and triggers of vulnerability. The FCA's key drivers of vulnerability<sup>22</sup> should be used as a starting point (remaining aware that this is not intended to be exhaustive):

Figure 5.5: The Key Drivers of Vulnerability

Health	Life events	Resilience	Capability
Physical disability	Retirement	Inadequate (outgoings exceed income) or erratic income	Low knowledge or confidence in managing finances
Severe or long-term illness	Bereavement	Over-indebtedness	Poor literacy or numeracy skills
Hearing or visual impairment	Income Shock	Low savings	Poor English language skills
Mental health condition or disability	Relationship Breakdown	Low emotional resilience	Poor or non-existent digital skills
Addiction	Domestic abuse (including economic control)		Learning difficulties
Low mental capacity or cognitive disability	Caring responsibilities		No or low access to help or support
	Other circumstance that affect people's experience of financial services eg, leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions		


Source: Figure 5.5 The Key Drivers of Vulnerability - FCA




When identifying customer vulnerability, firms must recognise that not all vulnerabilities are apparent. It is the 'invisible' or 'hidden' vulnerabilities which are by far the most difficult to identify. Customers will often have more than one vulnerability, and multiple triggers may be present, with one vulnerability driver being the catalyst for a number of others. When a customer displays more than one driver of vulnerability, this can compound the harm they experience. Further, a vulnerability can be perpetuated or worsened by a firm's actions or inaction. For example, if a firm does not allow access to documentation in different formats (such as large print), this could lead to stress or anxiety and lead the customer to take actions that could lead to more harm.

Assessments of vulnerability should be carried out consistently within the firm, so it is paramount to formalise a vulnerability assessment process that is carried out across every customer. For example, all customer-facing staff could undertake a standard know-your-customer process, during which they will be prompted to ask customers more specific or targeted questions driven by the customer's response to the health questions (in addition to an earlier fact-find), as well as taking verbal and visual cues from customer's behaviour during meetings.

Identifying a vulnerability is the first step, which must then be followed by what support the firm can provide as a result. By identifying the customer's specific needs, firms will be in a position to mitigate or prevent the potential harms to which the customer may be susceptible.

ADDITIONAL RESOURCES AND TOOLS:

- FCA [Occasional Paper N.8 Practitioners Pack](#):<sup>23</sup> The N.8 pack has a wide range of material and resources on recognising customer vulnerability, such as the signs and phrases to look out for when engaging with customers with characteristics of vulnerability.
-  See Appendix F for further details on the Occasional Paper Practitioners Pack.
- Just [Client Wellbeing Questionnaire](#):<sup>24</sup> A template to help with conversations around vulnerability. The template assesses vulnerability across the vulnerability drivers highlighted by the FCA and ensures that every customer is consistently evaluated to avoid assumptions or possible preconceptions.
- [LV=Adviser Vulnerable Customer Guide](#):<sup>25</sup> – a detailed framework to help advisers identify vulnerabilities with examples of the type of support that can be provided.

-  [Comentis Vulnerability Support Framework: a framework](#):<sup>26</sup> to help advisers understand the complexities of vulnerability, with practical steps in finding working solutions.
-  See Appendix H for our example of a vulnerabilities categorisation framework.
- Money Advice Trust and Capital One [Handbook](#):<sup>27</sup> The Handbook sets out in detail types of vulnerabilities and associated behaviours which bring to life issues experienced by customers with characteristics of vulnerability with practical, real-life examples.
- Royal College of Psychiatrists and Money Advice Trust 'DRILLS': The use of 'DRILLS' (i.e. memorisation techniques) to assist staff in dealing with conversations about vulnerability and supporting customers with disclosure.
-  See Appendix G for a selection of DRILLS.

<sup>22</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf> - Section: 2.9

<sup>23</sup> <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8-practitioners-pack.pdf>  
<sup>24</sup> <https://www.justadviser.com/globalassets/just-adviser/documents/client-wellbeing-questionnaire-jm-02089.pdf>  
<sup>25</sup> <https://www.lvadviser.com/supporting-you/vulnerable-customers>  
<sup>26</sup> <https://www.comentis.co.uk/vulnerability-support-framework>  
<sup>27</sup> [https://www.moneyadvicetrust.org/wp-content/uploads/2023/03/100\\_01466\\_VULNERABILITY\\_HANDBOOK\\_EXTERNAL\\_015.pdf](https://www.moneyadvicetrust.org/wp-content/uploads/2023/03/100_01466_VULNERABILITY_HANDBOOK_EXTERNAL_015.pdf)

5.5.2 Encouraging Customers to Disclose Their Needs

Requiring or expecting customers to self-identify with one or more vulnerabilities is not a reliable method for screening, as typically, only a minority of customers ever disclose their additional support needs. Firms, therefore, need to ensure that they set up processes and procedures that support and enable customers to disclose their needs and contribute to building a positive disclosure environment.

At the highest level, firms should look to engage and encourage customers to disclose vulnerabilities in a three-step approach:

Step 1 – Understand why customers do not disclose:

Many customers are not willing to share personal information, which might lead to a categorisation as vulnerable. They may not be comfortable with sharing issues around mental health or intimate personal health information. They may be embarrassed about the information, not think that it is relevant or even be unaware of their vulnerabilities. They may be concerned

about how the data may be used, they may be worried about being judged or pitied or believe that disclosure may have a negative financial impact.

**Step 2 – Lift barriers to disclosure:** Firms should be proactive in offering support and should be trained to recognise signs of vulnerability and encourage customers to discuss their needs. Proactively informing customers about the options of help and support the firm offers to meet the needs of customers with characteristics of vulnerability is likely to encourage customers to share information about their own needs with the firm. Pathways to disclosure can be created by staff routinely signalling to customers that disclosures are welcome and beneficial and showing how that information will be used. Staff should be trained to make disclosures a positive and human interaction.

**Step 3 – Build in disclosure opportunities:** Firms should encourage opportunities for disclosure from onboarding or the first point of contact and throughout the customer journey at review points and routine contact. Firms should make it easy for the customer to make disclosures at any stage<sup>28</sup>.

PRACTICAL STEPS FOR FIRMS:

- ✓ Have specific touchpoints in the customer journey, which can be used to gather information on their needs and any changes.
- ✓ Promote and explain the support services available to customers.
- ✓ Provide information in alternative formats or communications channels, for example, via a website link, as some customers may find it easier to disclose sensitive matters online.
- ✓ Use targeted questions or open text boxes, chatbots and web chat.
- ✓ Consider online tools that can flag that support is available from a human if customers display certain behaviours, such as hovering for a long time before inputting information, pressing help buttons, or entering inconsistent information.
- ✓ Engage with consumer organisations and charities to understand why customers may not want to disclose.

FIRM CASE STUDIES:

Firm 1

We maintain a register of consumers with characteristics of vulnerability, and our Investment Managers and Financial Planning teams continually add to and remove from the list of consumers with characteristics of vulnerability in the course of their interaction with customers and also perform a formal sign-off exercise on the total content each quarter. In relation to physical impairments and health issues, where we are on notice of the condition, we would identify the customer as vulnerable even if they had excellent support in place as there would clearly be a risk of a gap at any given time should that support break down. I'm thinking of mental health issues here too. Someone might be controlling their condition well with medication, but they would remain vulnerable on our register so we could understand any future behaviour that might arise if, say, the condition was no longer controlled so well. While we are aware of risk factors, we have no sweeping rules regarding age, life events or any aspect of vulnerability. It is all about the individual customer.

Firm 2

Our vulnerable customer population comprises all customers who have been assessed as being vulnerable by a staff member based on a verbal, written or face-to-face interaction. These consumers with characteristics of vulnerability may or may not have additional needs (this information is also recorded), but all warrant additional care. What we haven't included in our 'vulnerable' population are broad cohorts of customers with a characteristic that could predispose them to vulnerability (e.g. Elderly, Bereaved, Power of Attorney, Non-Advised, Gone Away etc.). We do, however, remain aware that these customers are more likely to have particular characteristics of vulnerability or are more susceptible to particular harms and, therefore, build those considerations into our product and service design process and staff training.

Firm 3

We have a high-touch culture with customers, and the relationship manager conducts the vulnerability assessment. We have an internal escalation procedure if they receive a complaint and also have an escalation process for the reception team. We use risk-based colour-coded bands of vulnerability into which all our customers are placed:

- o **Green Band** – Potentially vulnerable – risk rating low: We start with the premise that every customer is potentially vulnerable. If the customer is able to manage their affairs, make informed decisions, is not at risk of harm and has no additional needs from the firm, they fall within this category.
- o **Yellow Band** – Vulnerable characteristics but no requirements for support – risk rating low but requiring regular monitoring: In this band, we place customers with characteristics of vulnerability but who do not currently require additional support (i.e. customers with physical impairments or health issues who have in place their arrangements and adjustments, customers with active LPAs).
- o **Red Band** – Heightened vulnerability – Vulnerable characteristics requiring support – risk rating high: These are customers who are currently in a situation which means they are more likely to experience harm, loss, or disadvantage than other customers and require support and assistance from the firm. Their specific requirements for support will have been identified by front-line staff, and appropriate assistance will be put in place to avoid detriment.

<sup>28</sup> [https://www.comentis.co.uk/\\_files/ugd/d11a2b\\_e2b2a6407bc84a8eb075d82cf8e063dc.pdf](https://www.comentis.co.uk/_files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf)





Our review process depends on which band the customer is in. The green band is reviewed annually, the yellow band every 6 months, and the red every three months, but the customer is likely to be in contact much more frequently.

**Firm 4**

As a firm we have made significant improvements to our systems to ensure it is not just a simple Yes or No, but customers can be identified as potential, protected or transient in their vulnerability. Our definition of protected applies to customers who have been identified as vulnerable but have support systems in place to mitigate this vulnerability; for instance, a registered and active Power of Attorney is in use on the customer's behalf.

**Firm 5**

We encourage a 3-pronged approach to the identification of consumers with characteristics of vulnerability that is incorporated into KYC within our internal systems:

- o By aligning the review with KYC this will ensure all portfolio customers have been reviewed for vulnerability within a 12-month period. This provides a safety net and is not the only time vulnerability reviews will be carried out.
- o Groups of customers with the characteristics of potential vulnerability (linked to the 4 main drivers of vulnerability– Health, Life Events, Capability & Resilience) to be marked as Potentially Vulnerable, which forces an adviser review. For example, we carried out a bulk upload of customers aged 85+, flagging this group as potentially vulnerable, with subsequent review by the relationship manager.

- o Recording whether customers are vulnerable or not as a result of daily business, reviews, conversations, meetings and other communications.

**Firm 6**

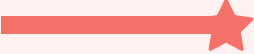
We are a small firm and are reliant on the adviser identifying instances of vulnerability. We maintain a Vulnerable Customer (VC) register, which is reviewed and updated each month as part of the ongoing compliance monitoring programme. This usually follows discussions with the advisers to ensure that it is still appropriate to maintain the customers on our VC register, identify any changes we need to implement to the way in which we as a business deal with the customer and agree on any customer-specific next steps, where appropriate. When I am notified of a VC, we create a flag on our back-office system that notifies all who go to the customer's record that the customer is vulnerable and provides brief details of how the customer is considered vulnerable and how we should best deal with the customer.

**Firm 7**

Our Investment Managers ask “open” questions in their annual review meetings with customers to assess any vulnerabilities. Once a vulnerability is identified, the nature of the vulnerability determines how they will get updates, i.e., whether they can use other mediums rather than F2F, etc. One of our key initiatives is to discuss vulnerability with customers before any are identified so they are educated on this (and also on the importance of the power of attorney, etc.). This should mean that we are informed of any issues either via themselves or the power of attorney.



**FCA GOOD PRACTICE EXAMPLES:**



**Consideration of vulnerability and the impact on customer needs**

Firms could consider adapting processes to ensure that a robust assessment of the customer's knowledge and experience is carried out at the beginning of the investment advice process. For example, firms may consider:

- Customer experience of other types of financial products.
- Past employment and education.
- Customer history with pensions and investments.

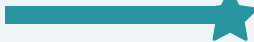
- Whether the customer had previously received advice.

- Customer experience of fluctuating markets.

This analysis should be discussed with the customer, and it should be confirmed that the customer is happy with the assessment of their knowledge and experience. Where a customer has low levels of knowledge and experience, firms could provide their own glossary of terms to aid customer understanding



**ADDITIONAL RESOURCES AND TOOLS:**



- The Money and Mental Health Policy Institute and the Money Advice [Trust guides<sup>29</sup>](#): How firms can encourage and support people to disclose mental health problems.
- Comentis [Vulnerability Support Framework<sup>30</sup>](#): Best practices from a range of vulnerability specialists.



<sup>29</sup> <https://moneyadvicetrust.org/disclosure-guidance>  
<sup>30</sup> [https://www.comentis.co.uk/\\_files/ugd/d11a2b\\_e2b2a6407bc84a8eb075d82cf8e063dc.pdf](https://www.comentis.co.uk/_files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf)





## 5.6 RECORDING VULNERABILITIES - DATA AND THE UK GDPR

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This section of the Guide sets out firms' recording obligations and the key data protection issues to be considered when collecting, processing and recording vulnerability data<sup>31</sup>. Importantly, it seeks to reassure firms that the use of personal data to support the needs of customers with characteristics of vulnerability can be balanced with effectively upholding privacy rights and obligations.



Firms should have in place appropriate systems and processes that allow staff to record vulnerabilities and access this information when required. Customers should not have to repeat the information on multiple occasions. Firms should embed a consistent approach to recording vulnerability data. In order to achieve this, the FCA's definition of consumers with characteristics of vulnerability should be used consistently across the firm.

The information recorded should be accurate, objective and factual, and a record should be made of any indicators of vulnerability (by reference to the FCA drivers) and of any adaptations carried out to meet the customer's specific needs. This will avoid multiple disclosures by the customer and ensure that appropriate support is provided throughout the customer journey.

Supporting customers with characteristics of vulnerability involves careful handling of their personal data, including its collection, usage, storage and sharing. Firms must ensure compliance with the UK GDPR and the Data Protection Act 2018 (DPA). Firms should not view compliance with data protection obligations as an obstacle to the proper protection of consumers with characteristics of vulnerability; rather, such obligations can be used to facilitate the appropriate documentation of vulnerabilities and ultimately enable firms to address the needs of customers with characteristics of vulnerability more effectively.

When dealing with customers with characteristics of vulnerability and their personal data, it is imperative for firms to work closely with their data protection teams and/or their Data Protection Officer. This collaboration helps ensure that the necessary safeguards are in place and that personal data is managed responsibly, allowing for precise identification and response to specific vulnerabilities.

By aligning data protection practices with the goal of supporting customers with characteristics of vulnerability, firms can enhance their service approach, providing tailored and empathetic assistance. In doing so, firms not only fulfil their legal obligations but also benefit from strengthening their trust and relationship with their customers.

5.6.1. Identifying a “Lawful Basis” for processing personal data

When processing personal data for any purpose, firms are required to identify a “lawful basis” as set out in Article 6 UK GDPR. The most relevant bases to consider when processing personal data of customers with characteristics of vulnerability are:

- **Contract:** the processing is necessary for the performance of (or to enter into) a contract with the individual.
- **Legal Obligation:** the processing is necessary to comply with a common law or statutory obligation. Guidance from the Information Commissioner's Office (ICO) confirms that regulatory requirements also qualify as a legal obligation for these purposes where there is a statutory basis underpinning the regulatory regime and which requires regulated organisations to comply.
- **Legitimate Interests:** the processing is necessary for a firm's legitimate interests or the legitimate interests of a third party, unless there is a good reason to protect the individual's personal data which overrides those legitimate interests. Any reliance on “legitimate interests” must be supported by a “legitimate interests assessment”.

Firms should record the relevant lawful basis in the “record of processing activities”.

5.6.2 Recognising when a Vulnerability will Constitute a “Special Category Data” and Identifying a Condition for Processing

Although a vulnerability is likely to be considered “sensitive” by the individual, not all vulnerabilities will constitute a “special category data” which is defined as:

*“personal data revealing information relating to an individual's race, ethnic origin, religious or philosophical beliefs, trade union membership, genetics, biometrics (where used for unique identification), sex life and sexual orientation and physical and mental health data”.*

Firms must be able to differentiate between what is considered generally sensitive and what falls within the scope of special category data. To illustrate this point, vulnerabilities such as financial difficulties or life

events such as a relationship breakdown would not be considered special category data without any additional information being present.

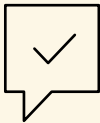
A further complicating factor arises in circumstances where a firm suspects (but has not confirmed) a vulnerability and would like to record this information (i.e. the firm has inferred a vulnerability and wants to ensure that it is properly supporting that customer). The ICO has published useful guidance on “inferences” which confirms that if a firm intends to make an inference linked to one of the special categories of data or intends to treat someone differently on the basis of such information, this will constitute special category data.

FIRM CASE STUDIES:



A firm is engaging with a customer via telephone and notes that the customer asks the call operator to repeat information multiple times. Despite the operator asking if there is a better way to communicate, the customer insists that they have

no additional needs. The operator suspects that the customer has a hearing condition and notes this on the customer record. This will constitute special category data as it is an inference regarding a health condition.



<sup>31</sup> This Guidance has been prepared by DAC Beachcroft LLP and is published on a general basis for information only. It does not constitute legal or other professional advice. We make no representations or warranties of any kind, express or implied, about the completeness or accuracy of the content. Professional advice should always be obtained before applying the information to particular circumstances. For further details about DAC Beachcroft, please go to <https://www.dacbeachcroft.com/en/gb/about/legal-and-regulatory/>.

Special category data is subject to extra protections under data protection law. When processing such data, firms must be able to identify an applicable lawful basis (see Section 5.12.1 above) and a processing condition set out in Article 9 UK GDPR or Schedule 1, DPA.

The most relevant bases, in line with FCA Guidance, are:

- Paragraph 19, Schedule 1, DPA

**Safeguarding economic well-being:** processing of health data is necessary to protect the economic wellbeing of an individual aged 18 or over, is necessary for reasons of substantial public interest and must be carried out without consent of the data subject.

Firms should carefully consider the exact wording in the DPA when assessing whether they can rely on this condition. However, it should be considered as preferable to explicit consent (where the relevant conditions are met) if firms would be required to record vulnerability data even in the event that consent was refused, if requested.

Firms must implement an "Appropriate Policy Document" (APD) when relying on any processing condition in the DPA. The ICO provides more information on conditions for processing special category data and APD's [here](#).

- Article 9(2)(a) UK GDPR

**Explicit consent:** the individual has given clear, explicit consent for a firm to process the data for a specific purpose.

Firms must be aware that consent is appropriate only if customers can be offered real choice and control over how their data is used. If firms are

unable to offer a genuine choice, consent is not appropriate. If the data will still be processed without consent, asking for consent is misleading and likely to be considered unfair.

Firms should note that processing of criminal offence data is subject to its own regime which is outside of the scope of this Guide.

5.6.3 Complying with the Data Protection Principles

As with any processing of personal data, firms should also bear in mind their obligations to comply with the overarching data protection principles set out in Article 5 of the UK GDPR. We set out some specific considerations below.

Transparency and Fairness

Firms must be open and honest with customers about how their personal data may be processed for safeguarding purposes. Firms must only use personal data in ways that the customer would reasonably expect. Firms should ensure that their privacy notice contains a reference to processing personal data for the purposes of identifying and supporting vulnerabilities.

Data Minimisation

Firms should ensure that personal data is adequate, relevant and limited to what is necessary in relation to the relevant purpose. Firms should balance the requirement to limit the data held with the requirement to hold sufficiently adequate and relevant data for the purposes of ensuring they are able to take appropriate actions in subsequent interactions with the customer. Put simply, it may be problematic to hold too little data if this means that you are unable to properly support a customer with characteristics of vulnerability.

Accuracy

The data relating to the customer with characteristics of vulnerability must be accurate and, where necessary, kept up to date. In practice, firms must:

- Take reasonable steps to ensure the accuracy of any personal data;
- Ensure that the source and status of personal data are clear;
- Carefully consider any challenges to the accuracy of information; and
- Consider whether it is necessary to periodically update the information.

For example, if information is recorded on the basis of an opinion or by way of inference, this must be clearly highlighted.

Security

When storing customer vulnerability data, firms should consider implementing enhanced technical and organisational security measures to maintain the integrity and confidentiality of the relevant data. This should include appropriate access controls.

Data retention

Personal data should be retained only for so long as necessary for the purpose it was originally collected. Firms should consider how to ensure that vulnerability information is only retained for so long as needed. In certain circumstances, it may be appropriate to remove vulnerability data from the live customer profile (for example, when a temporary vulnerability which

is unlikely to recur has been resolved) but retain this information elsewhere for record-keeping purposes.

Accountability

Firms must be able to demonstrate how they comply with the data protection principles. This should include ensuring that the "record of processing activities" sets out the relevant lawful basis and processing condition.

Firm employees should be supported via training to ensure that they are confident when balancing data obligations with the requirement to properly identify and support customers with characteristics of vulnerability.



PRACTICAL STEPS FOR FIRMS:



- ✓ Have a 'Tell once' process.
- ✓ Have an additional free text box or note space on the customer file to record this information.
- ✓ Have a named representative put on the customer file (where appropriate).
- ✓ Update your privacy notice to ensure that it references the processing of vulnerability data.
- ✓ Carefully consider the applicable lawful basis and processing condition, seeking to rely on alternatives to consent wherever available.
- ✓ Ensure that your internal documentation, including your record of processing activities and APD, properly reflects your data processing.
- ✓ Provide specific data protection training to staff who are responsible for obtaining and recording vulnerability data. Ensure that this training encourages them to record information that contains an appropriate level of information, noting the risks of recording too little or too much information.
- ✓ Require records to specify whether vulnerability information has been directly provided or inferred.
- ✓ Ensure that security measures are appropriate to the sensitivity of the data.
- ✓ Update data retention practices to ensure that vulnerability information is retained for no longer than needed. Consider if a process to remove such information from live records should be implemented in respect of temporary vulnerabilities.



ADDITIONAL RESOURCES AND TOOLS:



- ✓ FCA [FG21/1: Guidance for firms on the fair treatment of vulnerable customers](#)<sup>32</sup>: FCA 2021 guidance for firms on the fair treatment of vulnerable customers.
- ✓ ICO [Inferring a special category data](#)<sup>33</sup>: Information Commissioner's Office (ICO) guidance on special category data.
- ✓ ICO [guidance on lawful basis](#)<sup>34</sup>: ICO guidance on a lawful basis in order to process personal data.
- ✓ ICO [guidance on substantial public interest conditions](#)<sup>35</sup>: ICO guidance on what constitutes substantial public interest conditions and how they may reflect your purpose.
- ✓ Money Advice Trust and Money Advice Liaison Group [Vulnerability, GDPR and Disclosure](#)<sup>36</sup>: A practical guide for creditors and advisors.
- ✓ HM Government [Data Protection Act 2018 – Schedule 1](#)<sup>37</sup>: The UK 2018 Data Protection Act



 See Appendix B for industry guides and papers from charities, specialist organisations, and other bodies on recording vulnerabilities.

<sup>32</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>  
<sup>33</sup> <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/lawful-basis/special-category-data/what-is-special-category-data/#scd7>  
<sup>34</sup> <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/lawful-basis/a-guide-to-lawful-basis/>  
<sup>35</sup> <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/lawful-basis/special-category-data/what-are-the-substantial-public-interest-conditions/#substantial5>  
<sup>36</sup> <https://mailchi.mp/moneyadvicetrust.org/vulnerability-gdpr-and-disclosure-practical-guidance-for-creditors-and-advisers>  
<sup>37</sup> <https://www.legislation.gov.uk/ukpga/2018/12/schedule/1>



## 5.7 SUPPORTING CUSTOMERS EXPERIENCING VULNERABILITY

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This section outlines how firms can provide support for customers experiencing vulnerability, the tools and resources available, and when it is relevant to review the support provided.





5.7.1 Responding Flexibly to the Needs of Customers with Characteristics of Vulnerability

Once a vulnerable circumstance has been identified, the firm and staff will need to provide the appropriate support. The Consumer Duty support outcome requires firms to design and deliver support that meets the customer's needs and ensures that customers in vulnerable circumstances are not disadvantaged in any way.

In order to meet these additional and different needs, firms should:

- ✓ Have a system in place to identify what support steps need to be implemented and at what point.
- ✓ Ensure staff can respond flexibly to the needs of customers with characteristics of vulnerability.

- ✓ Ensure customers are aware of the support available (for example, third-party representation or specialist services).
- ✓ Ensure there are systems and processes to record and recall information about customer vulnerabilities.

Often, customers with characteristics of vulnerability will need non-standard solutions, and staff should feel able to think outside the box, be empowered to act flexibly, and make suitable adjustments for customers with particular needs. Firms should support staff in doing this by ensuring that their culture and their systems do not discourage staff from taking flexible steps in response to a vulnerable customer's needs.

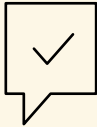
PRACTICAL STEPS FOR FIRMS:



- |  |  |
|--|--|
| ✓ Make clear the adjustments that staff are allowed to grant autonomously.   | provide a bespoke service catered to that customer's need).  |
| ✓ Incentivise staff based on the provision of positive customer outcomes.  | ✓ Encourage staff to adjust processes to help customers with additional needs.   |
| ✓ Encourage staff to take extra time to explain options available throughout meetings, if necessary.                               | ✓ Build-in exits to automated processes (for example, online or on the phone) to allow customers to speak to a person. |
| ✓ Turn off productivity targets for customer service staff if someone is identified as vulnerable (encourage staff to take time to |  |



FIRM CASE STUDIES:



Examples of support provided by firms after discussions with the customer:

- **Customers with partial sight or blindness:** We arranged to issue large print documentation to make it easier for the customer to read. Where the customer is blind or whose sight has deteriorated to a level where they are unable to read our communications, we asked if there was a trusted family member/friend/power of attorney that we could send the documentation for them to read to the customer. We also have a "read aloud" facility included as a standard, which our visually impaired customers can also use.
- **Customers with hearing problems:** We communicated with them via post and asked a trusted family member/friend/Attorney to communicate with them on our behalf.
- **Customers with physical disabilities and wheelchair access requirements:** Our office is equipped to provide easy wheelchair access and has accessible toilet facilities. We have also met customers at their homes in circumstances where they prefer not to travel to our offices.
- **Customers suspected of being under duress:** We invited the customer to meet with us alone before meeting with the 3rd party. Where it was clear the 3rd party was making this difficult, we invited all to the meeting to try and establish the nature of the relationship and the level of influence the customer is under.
- **Customers that need to keep to a schedule, for example, due to medication timing requirements:** We arranged to meet with the customer at a time that is convenient for them, even if outside usual office hours.
- **Customers suffering from a short-term emotional vulnerability e.g. recently divorced, bereaved, redundancy:** We endeavoured to understand how the customer is feeling, how they would prefer to deal with us, e.g. meet them at home rather than in the office, perhaps via video conferencing or simple telephone conversation or whether they would prefer deferring a non-urgent investment decision until they can take a view or their circumstances are clearer. Whether they would prefer to involve a trusted 3rd party, maybe they would prefer a more "hands off" approach to allow them time to adjust to their circumstances but are happy for us to remain in regular contact so we can agree when they may feel more up to having a meeting or discussion.
- **Customers with writing or log-in issues:** We had a customer contact us explaining that she had problems with her writing and the ability to remember passwords. Our website was difficult for her to use as our login details (password and security answer) were disguised once typed (black circles), and she kept getting her details wrong as she could not see them when she was entering them. This issue was raised, and upon discussion with the IT Department, it was decided to develop our login pages (website and app) to allow a customer to choose whether they wish to see their password and security answer entries. We added the 'eye icon' to give customers the option as well as an enhanced security warning. This enhancement helped this particular customer as well as any future customers who may have been experiencing similar problems with the login process.



5.7.2 Providing the Support for Customers with Characteristics of Vulnerability

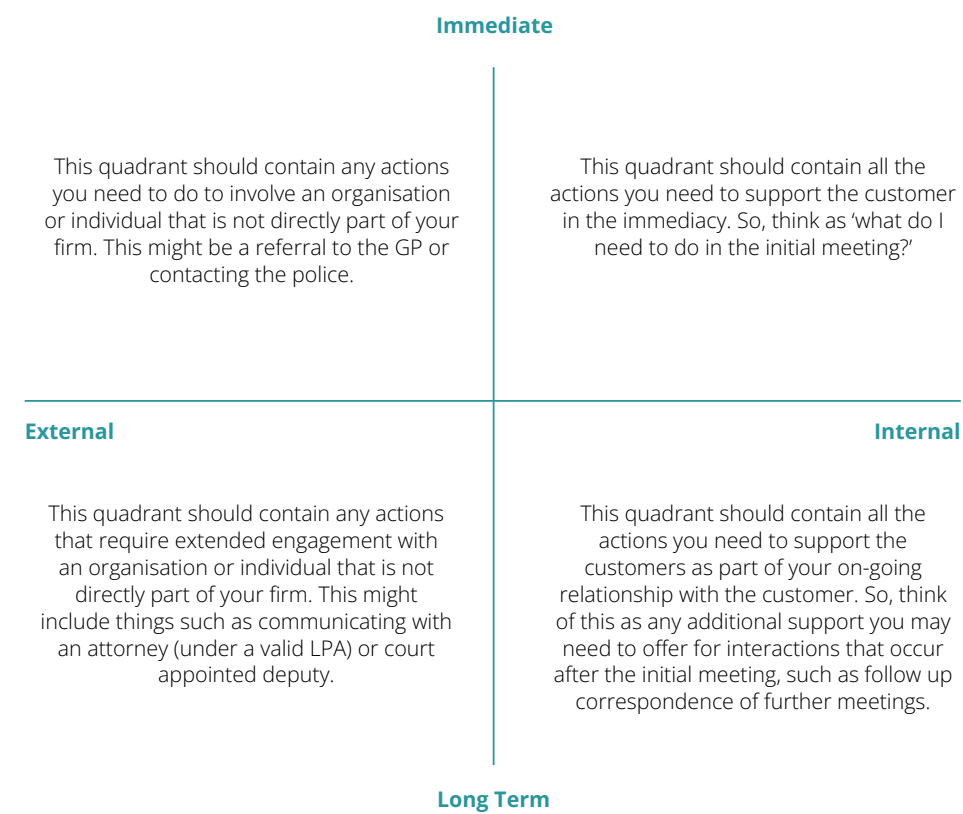
The support provided will depend on the specific customer, as there is no one-size-fits-all. Each customer will have their own response to a vulnerability driver and will be affected differently. For example, a customer going through a divorce may be largely unreactive, whilst another may be experiencing mental health issues.

Within the various categories of vulnerability, a number falling within the health categorisation such as physical disability and sight / hearing impairment may not impact capability, meaning supporting measures around accessibility to information in a medium that enables them to make informed decisions could be particularly helpful. Poor health can also have a wide-ranging impact on needs – there may be addiction issues, mental health conditions, low mental capacity,

long-term illness, hearing impairments and physical disabilities. Each of these can impact customers in different ways so the emphasis should be on firms understanding the needs of customers with different health conditions, and the harm to which they may be susceptible. And then using that understanding to inform what action they need to take – this may include accessibility support but will likely include other support as well and possibly engaging third party organisations (for example, charities who represent consumers with specific health conditions).

Only by understanding the impact the circumstance has on the individual customer can a firm and its staff appropriately identify the best support to offer. One approach is to map each vulnerability into a quadrant to help structure what support is needed and at what specific points. An example of a quadrant mapping approach is shown in Figure 5.7 below<sup>38</sup>.

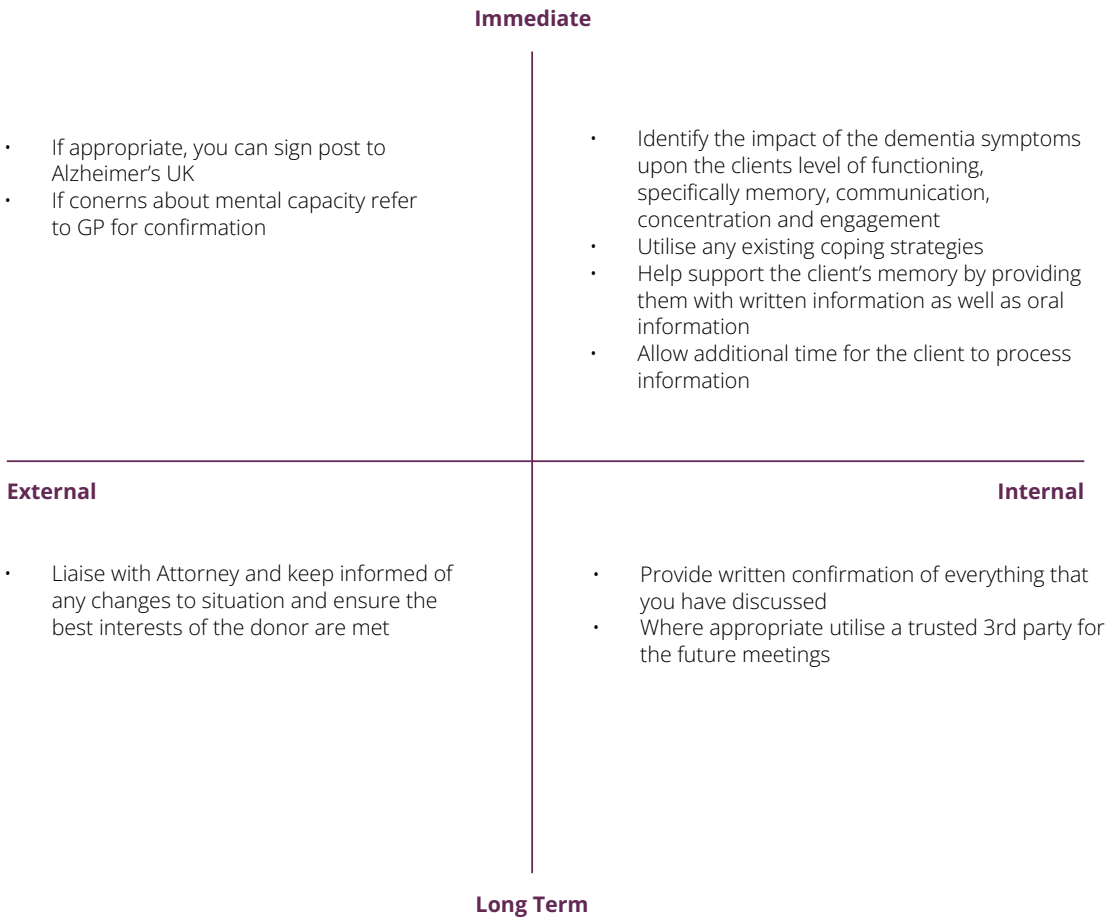
Figure 5.7: Vulnerability Quadrant Template



Source: Vulnerability Quadrant Template - Comentis

Using the vulnerability quadrant approach, Figure 5.8 below is an example of how firms could apply this in the case of a customer with dementia.

Figure 5.8: Vulnerability Quadrant Example for a Customer with Dementia



Source: Vulnerability Quadrant Example for a Customer with Dementia - Comentis

It is important to note that there can be multiple factors causing vulnerability or that the presence of one vulnerability may lead to additional, overlapping vulnerabilities. For example, one life event may be a catalyst for further vulnerabilities. When using a vulnerability quadrant approach, each vulnerability should be mapped out separately so there can be clarity on the actions taken and why.

<sup>38</sup> [https://www.comentis.co.uk/\\_files/ugd/d11a2b\\_e2b2a6407bc84a8eb075d82cf8e063dc.pdf](https://www.comentis.co.uk/_files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf)



FIRM CASE STUDIES:

Firm 1

Several of our customers who had been bereaved then fell victim to scams. The recurring pattern was that the customer had not been used to dealing with finances and/or used to talk to their partner as a sounding board on matters of money. The death of their spouse, in addition to the vulnerability caused by bereavement, opened them up to the additional vulnerability of being more susceptible to scams. As a result of identifying this trend, we updated our Bereavement Guide to specifically flag this risk,

Firm 2

An 'orphan' customer on our adviser-led platform was identified as suffering from mental health issues as well as a physical disability. She wanted to close and withdraw all of her SIPP (approx. £250,000) and was very distressed, stating that she did not understand the SIPP and needed money urgently. A trained vulnerable customer Subject Matter Expert took over all communications with the customer,

and we paused in processing the customer's full withdrawal request until we were certain this was the customer's true intention. As the customer had admitted to not understanding the SIPP, processing a full SIPP withdrawal and closure could have had serious implications for the customer. During conversations with the SME, it transpired that the customer needed money for a walk-in shower, the cost of which (£10,000) was far less than the total of her SIPP. The SME talked the customer through the varying other options available to access a SIPP (e.g. partial crystallisation), and in the end, the customer crystallised £50,000 in order to withdraw £10,000 PCLS for the walk-in shower that she needed. The customer, therefore, received the sum she needed whilst leaving the rest of her money still within the SIPP and safe from a large tax bill and keeping the funds within its tax wrapper. Our SME who dealt with this case was able to build a trusting relationship with the customer and could calm the customer when she was in a highly vulnerable state.

FCA GOOD PRACTICE EXAMPLES:

Accommodating the Needs of Consumers with Characteristics of Vulnerability

Firms should consider facilitating a range of communication channels so as to support those consumers who may prefer the option of communicating with the firm in writing (e.g. by post, web chat, or secure email) or those that find writing or typing difficult.

Firms could offer customers (where vulnerability has been recognised) the opportunity to have a family member or friend present at the meeting

(by having a familiar face present this could help the customer be less anxious and more open about their needs).

Firms can also use technology to allow consumers with characteristics of vulnerability to be accompanied virtually, and where the customer struggles digitally, firms can offer interaction via BT MeetMe, to allow a family member or friend to join the call.

ADDITIONAL RESOURCES AND TOOLS:

- Comentis [Vulnerability Support Framework<sup>39</sup>](https://www.comentis.co.uk/files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf): A framework to structure the support that can be provided to a client in terms of the timing of interventions and what a firm can reasonably offer.
- Financial Vulnerability Taskforce [Sudden Wealth Guide<sup>40</sup>](https://www.consumerduty.org/images/Vulnerability_Guides/FVT_Guides/Sudden_Wealth-Adviser_Guide.pdf) A guide for Advisers dealing with Vulnerable Customers and 'sudden wealth' i.e. inheritance.
- Financial Vulnerability Taskforce [Divorce](https://www.consumerduty.org/images/Vulnerability_Guides/FVT_Guides/Divorce-Good_Practice_Guide_v8.1.pdf)
- [Guide<sup>41</sup>](https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-customer-conference/jr1879-a-guide-to-vulnerability-in-retirement_jm01937.pdf): A guide for Advisers to advise and support customers going through divorce.
- Just - [Vulnerability in Retirement Guide<sup>42</sup>](https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-clients-desk-top-flip-chart-1314572-.pdf): A guide to vulnerability as customers transition into and through retirement.
- Just - [Client Support Pack<sup>43</sup>](https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-clients-desk-top-flip-chart-1314572-.pdf): Tools and information to help support customers who may be experiencing vulnerability caused by a variety of factors.

<sup>39</sup> [https://www.comentis.co.uk/files/ugd/d11a2b\\_e2b2a6407bc84a8eb075d82cf8e063dc.pdf](https://www.comentis.co.uk/files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf)  
<sup>40</sup> [https://consumerduty.org/images/Vulnerability\\_Guides/FVT\\_Guides/Sudden\\_Wealth-Adviser\\_Guide.pdf](https://consumerduty.org/images/Vulnerability_Guides/FVT_Guides/Sudden_Wealth-Adviser_Guide.pdf)  
<sup>41</sup> [https://consumerduty.org/images/Vulnerability\\_Guides/FVT\\_Guides/Divorce-Good\\_Practice\\_Guide\\_v8.1.pdf](https://consumerduty.org/images/Vulnerability_Guides/FVT_Guides/Divorce-Good_Practice_Guide_v8.1.pdf)  
<sup>42</sup> [https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-customer-conference/jr1879-a-guide-to-vulnerability-in-retirement\\_jm01937.pdf](https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-customer-conference/jr1879-a-guide-to-vulnerability-in-retirement_jm01937.pdf)  
<sup>43</sup> <https://www.justadviser.com/globalassets/just-adviser/documents/vulnerable-clients-desk-top-flip-chart-1314572-.pdf>

5.7.3 Reviewing Support

Once a vulnerability has been identified and appropriate support has been provided, a process should be in place to ensure a periodic review is carried out to ensure the situation and any adjustments are up to date.

As vulnerabilities affect individuals in different ways, this should be assessed on a case-by-case basis without any set timeframes and should be bespoke to the customer and their circumstances.

FIRM CASE STUDIES:

Firm 1

We require our Investment Managers to set a vulnerability review date for either 3, 6, 12, or 24 months. They will decide the most appropriate timeframe for the vulnerability to be reassessed based on their knowledge of the client. At this review the Investment Manager will update the information on the customer’s needs and/or circumstances and have the option of resetting the vulnerability review date, or removing the vulnerability flag if appropriate to do so.

Firm 2

We base any actions/updates we make on the individual needs of the customer (i.e. a customer’s grief may have no end point, but their requirement for additional time and patience on calls, as an example, may only be for a matter of months).

FCA GOOD PRACTICE EXAMPLES:

We do not have prescriptive requirements about how often information about vulnerability and customer needs is refreshed. Firms should ensure that information is sufficiently up to date, that it is practically useful, and that it can support their efforts to drive good customer outcomes. It may be reasonable to refresh some types of


vulnerability information more frequently than others as some characteristics are permanent and others are transient.

5.7.4 Providing Specialist Support for Complex Needs

In certain situations, vulnerabilities are so complex that they require more targeted support and referral to a specialist organisation.

Large firms may be able to set up a specialist team to deal with complex cases, or firms - large or small - can provide information to signpost the customer to a third-party specialist or charity.

PRACTICAL STEPS FOR FIRMS:

- ✓ Setup dedicated vulnerability units or appoint members of staff that can offer specialist advice and support.
- ✓ Explore formal partnerships with specialist organisations and charities.
- ✓ Allow staff to volunteer at a related charity for specific periods to gain a better understanding of the issues.  See Appendix I for a list of charities and societies.

ADDITIONAL RESOURCES AND TOOLS:

- A selection of charities and organisations for supporting customers of a relevant demographic or experiencing a specific vulnerability:
  - o [Age UK](#)
  - o [Alzheimer’s Society](#)
  - o [Money and Mental Health](#)
  - o [Dementia UK](#)
  - o [Dementia Friends](#)
  - o [The Money Advice Trust](#)
  - o [Hub of Hope](#)
  - o [Mind UK](#)
-  See Appendix I for a full list of other related Charities and societies.



## 5.8 WORKING WITH CUSTOMER THIRD-PARTY REPRESENTATION

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This section outlines how firms can work with third-party representation, such as with family members or legal representatives, when supporting customers with characteristics of vulnerability.





Situations may arise where a customer is unable to manage their interests either temporarily (for example, as a result of illness or hospital stay) or permanently (for example, dementia or other mental health conditions). Firms should have in place a process to appropriately deal with these situations while maintaining robust safeguards to reduce the risk of abuse.

Firms should have in place a pre-emptive and flexible process for dealing with situations of temporary short-term vulnerability. For example, firms could have a policy in place to allow nominated individuals, such as family members or trusted friends, to access and manage the customer's account on a short-term basis with the customer's consent, if the customer is capable of consenting. Alternatively, consideration could be given to deferring a non-urgent investment decision until the individual can take a view or their circumstances are clearer.

Firms should also have a process in place for longer-term third-party representation. Various legal mechanisms, such as Powers of Attorney (POA) and deputyships, support customers who are unable to make their own decisions. It is important to note, however, that just because someone has been diagnosed with cognitive impairment or a mental health condition does not mean that they do not have capacity.

In situations where a customer appears to have longer-term cognitive difficulties (for example, Alzheimer's), the adviser should consider and discuss with the customer whether there is a family member or trusted friend who could join the customer in meetings and provide assistance or act on their behalf. In such cases, the adviser should always obtain signed authority from the customer, who authorises the adviser to share information and take instructions from a third party.


In such circumstances, it would also be advisable for the customer to put in place a Lasting Power of Attorney (LPA). The customer must have the mental capacity to make an LPA, as this will be tested as part of the application, so it is best to act as soon as possible. If the customer is deemed not to have sufficient mental capacity to make an LPA, then the customer's family must apply to the Court of Protection for a Deputyship Order instead. This is typically a far more expensive and complicated process. Therefore, having a policy in place where all customers are strongly encouraged to set up LPA at onboarding would help to overcome these issues.


If there are doubts about the customer's capacity, then a capacity assessment should be carried out by a medical professional. If it is determined that the customer does not have mental capacity, then the adviser can only accept instructions that are provided by a third party that has the legal authority to do so (under an LPA or Court of Protection Deputyship).

Data sharing issues may arise when considering sharing a customer's personal information with third parties, be it friends and family or charities to provide support. See section 5.12 on recording data in accordance with the [General Data Protection Regulation \(GDPR\)](#)<sup>44</sup> for a more detailed consideration of the potential issues and remedial actions.

Most family and friends are there to help the customer with characteristics of vulnerability, and their assistance and support should be welcomed. However, it is important to bear in mind that occasionally, there may be instances where trusted helpers or appointed Attorneys have abused their position, and the customer may be a victim of physical or mental abuse. Advisers should, therefore, watch out for signs of coercive or inappropriate behaviour and take steps if they have concerns of this nature. For further information, see

Section 5.12 on addressing economic abuse. Conversely, there may be situations where Attorneys themselves have characteristics of vulnerability. For example, often caring for a relative who has lost mental capacity can place considerable pressure on individuals and may trigger potential vulnerabilities. Advisers, therefore, need to ensure that they account for this in their dealings with the Attorney and that their actions don't act as a blocker or exacerbate any issues.

 **See Appendix E for further discussion on mental capacity and demographics.**

 **See Appendix J for more details on Lasting Power of Attorney.**

**PRACTICAL STEPS FOR FIRMS:**



- ✓ Encourage customers to set up a Lasting Power of Attorney (LPA) whilst they still have mental capacity.
- ✓ Encourage customers to nominate a designated second contact at onboarding (for example, a close friend or family member).
- ✓ Have a third-party policy in place that details the process when there is a temporary loss of capacity, including nominating friends and family and the level of access given to specific nominees.
- ✓ Consider whether it is appropriate to contact or act on the instructions of a family member, friend or other third party. The FCA has indicated that this 'may even be appropriate in circumstances where formal third-party access mechanisms are not set up'.
- ✓ Ensure appropriate records are kept relating to third-party arrangements and that a customer is identified and recorded as vulnerable if an active LPA is in place.



<sup>44</sup> <https://ico.org.uk/for-organisations/data-protection-and-the-eu/data-protection-and-the-eu-in-detail/the-uk-gdpr/>



FIRM CASE STUDIES:



Firm 1

We have a simple Third-Party form that allows the client to nominate a person to act on their account. This form provides different levels of permissions for the client to select from, including simple admin requests through to dealing instructions. We have recently added a box to our Fact Find to allow clients to tell us if there is an ‘emergency contact’ person they would like us to have details of. This could be their Power of Attorney or just a person we can contact in the event that we cannot ‘get hold of the client’. This does not give us permission to divulge account information to that person or for that person to act on the account.

Firm 2

We have recently developed an authority document specifically for spouses/partners to permit their ‘other half’ blanket access to all information relating to their account and to decision-making regarding it. Whilst this authority is only valid whilst the donor retains capacity, it will be a useful resource for anyone whose partner is too poorly to participate in a discussion or may be temporarily unable to request funds due to ill health.

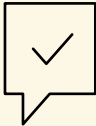
Firm 3

Following advice from us, a long-standing customer put a Lasting Power of Attorney (LPA) in place, which was formally registered last year. Once the LPA was registered, the customer’s attorney joined annual review meetings so the firm’s Client Director could get to know the attorney, as it was clear that the customer was becoming a little more confused as time progressed. Over the last year, the client director has kept in touch with the customer with regular phone calls and general catch ups however, once COVID

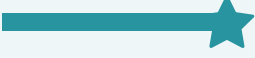
began to have an effect on our lives, the customer was calling the Client Director very late into the evenings and was clearly anxious, not necessarily about their investments but with more wider and general concerns and anxiety about what was happening, in particular shopping, lack of food available and people wearing masks. The Attorney was advised, and she and the Client Director kept in touch to monitor the situation. Unfortunately, the customer’s situation has deteriorated and it was agreed that we would speak and correspond only with the attorney as sometimes receiving mail caused the customer to get anxious when what is received is not fully understood. We have been working together with the attorney and the local banking branch account manager to ensure all plans remain appropriate and liquid funds remain available to meet the customer’s present care needs with attention to what may be needed in the future.

Firm 4

A long-standing customer’s health started to decline over the last few years. With the onset of the health issues, we advised the customer to bring their partner (10 years younger) to meetings in order that they could develop an understanding of the assets we manage and also establish a relationship with us. The last annual review was held via conference call, and at this meeting, it was suggested that their son also attend future meetings. The customer made contact with us by phone, having received the documentation from the meeting, and throughout the call, he appeared confused and forgetful, repeating himself often. As a result we will ensure that the customer’s wife is kept in the loop with any correspondence.



ADDITIONAL RESOURCES AND TOOLS:



- UK Government [Mental Capacity Act 2005](#)<sup>45</sup>: The 2005 Mental Capacity Act provided new provisions regarding persons who lack capacity.
- [Mental Capacity Act 2005 – Code of Practice](#)<sup>46</sup>
- [Office of the Public Guardian Guide on Powers of Attorney](#): This guide helps staff in regulated

markets learn about LPA, EPS, and Deputy Court Orders.

- Office of the Public Guardian [Register](#)<sup>47</sup>: This register checks whether someone has another person acting on their behalf.



<sup>45</sup> <https://www.legislation.gov.uk/ukpga/2005/9/contents>  
<sup>46</sup> <https://ukrn.org.uk/app/uploads/2019/05/OPG18-UKRN-guidance-final-20190502.pdf>  
<sup>47</sup> <https://www.gov.uk/find-someones-attorney-deputy-or-guardian>





## 5.9 TESTING CUSTOMER COMMUNICATIONS AND UNDERSTANDING

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This section outlines how firms can provide communications that account for the needs of customers with characteristics of vulnerability and examples of how to test customer understanding.



5.9.1 Customer Communications and Understanding

The Consumer Duty introduced a customer understanding outcome that requires firms to support their customers’ understanding by ensuring that communications are ‘clear, fair and not misleading’ and meet the information needs of customers.

Firms must also ensure that communications are likely to be understood by customers intended to receive them and equip them to make decisions that are effective, timely, and adequately informed. Finally, firms must take into account the characteristics of the customers intended to receive the communication, including any characteristics of vulnerability, the complexity of products, the communication channel used, and the role of the firm.

Firms should proactively check that customers can access the necessary information and also that they understand the information about a product or service.

In considering communication needs, firms should take into account the whole range of vulnerabilities: not only the ones caused by physical impairment (i.e., sight, hearing) but also, for example, low literacy, low intellectual ability, lack of numeracy, and poor language skills.

Different customers may also need different communication channels, and these needs may also change over time—for example, in-person, online, print, telephone, or chatbot.

Firms should consider how the way in which information is presented, including any navigation required, can help to improve or inhibit understanding. Firms should also ensure that crucial information is clear, visible and accessible, for example, not hidden within a large volume of other material or hard to locate on a website.

When closing or changing a communication channel, firms should offer alternative solutions or take steps to help customers with vulnerabilities adapt.

In scenarios where a customer requests specific information, or it becomes apparent to the firm that the customer requires specific information or further explanation, for example, during dealings with the customer on a one-to-one basis, firms are expected to respond to this and act reasonably in the circumstances to deliver good outcomes by providing this information in a way the customer is likely to understand.

PRACTICAL STEPS FOR FIRMS:



- ✓ Adopt communication practices that consider:
  - o Layering key information upfront with cross-references or links to further detail (firms should ensure layering is logical and coherent).
  - o Presenting engaging information in an accessible way (consider format, headings, bullet points, font, tables, infographics, audio-visuals, interactive media).
  - o Providing concise and relevant communications that contain the appropriate amount of detail (avoid information overload with lengthy, technical detail).
  - o Avoiding jargon and technical terms (explain the meaning of terms in clear language).
  - o Issuing well-timed communications with customers at appropriate touchpoints.
- ✓ Use external behavioural or communications specialists to evaluate and check all customer-facing communications.
- ✓ Provide a range of communication channels and formats, for example:
  - o In-person, telephone, email, video calls, and text channels.
  - o British/Irish Sign Language video and text relay service services (Next Generation Text).
  - o Simplified versions of communications (for example, using infographics or colour schemes that are friendly to people with dyslexia).
  - o Large print and accessible websites.
  - o Multiple audio options and language translations.
- ✓ Proactively raise awareness of the different channels available to customers.
- ✓ Train staff to identify customers who may have difficulty understanding the information presented to explain complicated terms and concepts, and to check understanding and allow customers additional time.
- ✓ For online, build-in FAQs, pop-ups that explain complex terms, chatbots, and an ability to speak to a person at any stage.
- ✓ Train staff to sign-post customers to specialised help and guidance.
- ✓ Develop customer podcasts, newsletters, and jargon-busters.



ADDITIONAL RESOURCES AND TOOLS:

- Fairer Finance [Readability Grades](#)<sup>48</sup>: A method to 'grade' the ease at which a document can be read.
- [Plain English Campaign](#)<sup>49</sup> - promoting and providing tools for clear communication



5.9.2 Testing Customer Understanding

The Consumer Duty requires firms to test their customers' understanding to ensure they can make effective decisions and act in their interests. This testing should be proportionate and take place where appropriate, and the information needs and vulnerabilities of the intended recipients should be considered.

Following the testing of communications, firms should continue to monitor and adapt communications, making any necessary changes to support understanding and good outcomes for customers.

PRACTICAL STEPS FOR FIRMS:

- ✓ Carry out customer surveys, interviews, and focus group sessions, as well as randomised controlled trials or A/B tests (for example, testing the understanding of customers with potential vulnerabilities).
- ✓ Develop portals and forums for customers to discuss observations and provide feedback.
- ✓ Monitor complaints relating to customer understanding.
- ✓ Review suitability reports with the customer to check their understanding.
- ✓ Finish meetings by asking whether the customer has understood and asking them to relay their understanding in their own words.



FIRM CASE STUDIES:

Firm 1

We emphasise the importance of being very clear when we speak or write to customers about what we are doing and plan to do and will encourage staff to have a short follow-up email stating, for example, 'Thanks for confirming on the phone earlier today that you understood our chat about the need for an LPA'. We also encourage staff to record customer meetings whenever possible (with the customer's consent) and then share the recording with them following the meeting.

Firm 2

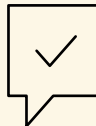
We have launched an accessibility statement for our website. This highlights the work we do to ensure we communicate clearly with all customers. It also flags the AssistMe tool, which is available on the website, to allow customers to adapt their interactions with it to suit their personal needs. For example, a customer with a visual impairment can change font size and type, background and typeface colour, and even opt for a spoken version of the text. To aid customer understanding, we use an executive summary at the start of a longer meeting note and ask the customer to confirm by email that they have understood the content. When speaking to customers on the phone or in meetings, we make sure to slow down our usual pace and insert gaps. This gives the customer time to process the information. In meetings via a screen or in person, we use our hands to make our points. So-called 'iconic' gestures, such as raising and dropping a hand to demonstrate from high to low, work well.

Firm 3

A customer was being communicated to about a closing product and their options – but suffers from severe dyslexia. However, he didn't want a 3rd party present as it was deeply private. The staff member offered repeated calls and meetings to verbally run through communications, checked with the individual for any fonts they found easier, colour-coded text into relevant sections/topics to help break up information into digestible chunks, and tried to present the information/choices in a simple flow chart, including graphic/images where possible (e.g. return by mail).

Firm 4

We provide a free weekly Money and Markets podcast for our customers, and one customer highlighted to us that they thought the podcasts were not helpful for people who had hearing impairments. Whilst it was decided that there was not enough demand to justify providing a transcript of the podcast each week as a routine, we certainly could provide transcripts of podcasts when we were asked for them. We advised the customer that we can provide transcripts of any podcast they would like and, in the future, that they contact us when they have a podcast they would like to transcribe, and we will provide this for them.



<sup>48</sup> <https://www.fairerfinance.com/insights/blog/what-is-a-readability-score-and-why-should-you-be-using-it>  
<sup>49</sup> <https://www.plainenglish.co.uk/>





**Firm 5**

We take the approach that any printed documentation that is sent to a customer can be converted to an alternative format such as braille, large print, and coloured paper. From a digital perspective, all that we share with customers should be compatible with screen reader technology. We are also mindful of customers who are digitally excluded, though, and, in circumstances where required, we can send physical copies of digital literature to customers. I would consider braille to be a reasonable adjustment for a customer, and we would accommodate this. Not all customers are comfortable listening to audio information and digesting it, so it's vital that we share it in a way that allows for customer comprehension.

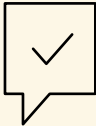
**Firm 6**

A customer wanted to use our favourite fund tool online but could not due to her lack of sight. The tool requires a customer to input certain preferences to generate a list of funds that they may wish to consider researching for their portfolio. In order to grant the customer access to this tool, a trained vulnerable customer Subject Matter Expert asked the customer the criteria questions over the telephone to produce a list relevant to her answers. We then exported the fund list into large print for the customer and posted this to her, ensuring that all the relevant risks (usually displayed online) were also given

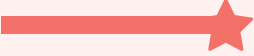
to her in large print. We assured the customer that whenever she wished to use that tool, all she had to do was call us, and we could repeat the exercise.

**Firm 7**

The customer is partially sighted, which means that they have difficulties reading documentation, completing forms, and sending us the necessary information to complete tax returns. We have arranged to correspond with the customer by also copying in their Personal Assistant (PA). We also only contact the customer by telephone when we know the PA is on-site to provide the necessary support. If the customer wants to read documents themselves, they are sent in a large typeset.



**FCA GOOD PRACTICE EXAMPLES:**



**Supporting consumer understanding**

Firms could consider providing new customers, in particular, with short videos that cover aspects such as the advice process that the customer will be taken through, addressing generic risks and benefits of staying in a defined benefit scheme, or explaining different investment terms that will be used during interactions with advisors.

**Sense checking communications**

Firms could ask administration staff (who may have lower levels of knowledge and experience than the adviser) to read customer communications to ensure they're clear and understandable. This sense check on communications such as disclosure documents and suitability reports could provide valuable feedback for the firm and enable adaptations to enhance consumer understanding.





A woman with grey hair is shown from the chest up, wearing a grey ribbed sweater and a white fringed scarf. She is holding a black bicycle handlebar with a white grip. The background is blurred, suggesting an outdoor setting.

## 5.10 DEVELOPING EMPLOYEE SKILLS AND CAPABILITY

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This section outlines the importance of staff training and provides examples of how firms can ensure that staff have the skills to identify and support customers with characteristics of vulnerability.



Staff skills and capability are paramount in identifying customer vulnerabilities and providing the appropriate support. It is important to note that a wide range of staff from different business areas in a firm can impact customer outcomes (not just those who are customer-facing).

Firms should ensure that all relevant staff - product management, marketing, IT or frontline - understand how their role can affect customers with characteristics of vulnerability and what their role is in delivering good outcomes. For example, all staff should:

- Understand the needs of customers with characteristics of vulnerability in their target market.
- Be aware of the firm's Vulnerability Policy to ensure there are no practice gaps.
- Have the relevant skills and capabilities, including soft skills and empathy, to identify customers with characteristics of vulnerability and provide the appropriate support.
- Be empowered to make appropriate decisions and suitable adjustments.

- Recognise when it is appropriate to refer to additional or third-party support.
- Know how to record and access information about customer vulnerability and recognise when such information may be relevant to future interactions.

It is important to bear in mind that assessments of vulnerability should take place not just at the onset of a client relationship but on an ongoing periodic basis. Vulnerability can be temporary, and a person should not be labelled indefinitely on a firm's systems as being in this state.

5.10.1 Practical and Emotional Support to Customer-Facing Staff

The well-being of customer-facing staff dealing with customers with characteristics of vulnerability is a priority for firms, as staff interacting with customers on a regular basis may come across challenging situations where firms may need to offer practical and emotional support.

Support for staff could include the availability of self-help information, experience-sharing sessions, employee assistance services, or a period of leave.

PRACTICAL STEPS FOR FIRMS:

- ✓ The approach taken to the training of staff will depend on the size and type of firm, and the FCA is clear that firms should improve the skills and capability of staff in a proportionate way.
- ✓ Examples of steps firms can take:
  - o Training staff with the use of materials from professional bodies, trade associations, charities, and consumer groups.
  - o Using interactive training tools, for example, immersive training for vulnerabilities to help staff understand what it is like to be vulnerable (i.e. exercises where visual impairment is limited or where a mouse cursor is set to shaking).
  - o Specialist training programmes, including specific training on enabling difficult conversations, listening skills, mental health, dementia, financial abuse.
  - o Working in partnership with charities, such as the Dementia Friends programme.
  - o Internal information-sharing sessions.
  - o Avoid using rigidly scripted customer responses.
  - o Appointing dedicated Vulnerability Champions or teams who can help discuss complex cases.

See Appendix I for a list of charities and societies.

FIRM CASE STUDIES:

Firm 1

Our focus is on equipping staff to deal with difficult conversations and develop soft skills. We require mandatory annual e-learning for all colleagues with built-in behavioural science. This includes immersive training for vulnerabilities (e.g., visual impairment exercise / 'how it feels' exercise with cursor shaking, budgeting—staff could be younger with less experience in this). Staff training comprises a 6-hour in-person immersion day with live experts to help staff understand what it is like to be vulnerable. We emphasise the importance of focusing on subtle signs of vulnerability and not only the obvious signs – staff need to be able to pick up on indicators such as hesitancy, can't make decisions, feeling the need to pause, etc.

Firm 2

To allow colleagues to understand the definition, identification, and management of customers with characteristics of vulnerability, as well as to give them the

best skills to support those customers, we have provided all colleagues with 5 online training modules. The modules continue to be rolled out for any new member of the business.

Firm 3

We put our employees through a detailed training programme to identify early signs of dementia on calls and how to identify physical and visible signs during face-to-face meetings. We have also held sessions to help determine where customers might be susceptible to financial abuse.

Firm 4

We believe soft skills are essential to us all. To this end, we have delivered training on making written communications clear and consistent, and we have started presentation skills training. We will also be offering a writing workshop.

FCA GOOD PRACTICE EXAMPLES:

Working with third parties to support consumers with characteristics of vulnerability

Firms could work with charities and help groups to advise staff on how to identify and adequately support consumers with a range of vulnerabilities, for example, the challenges a person with dementia could face from a financial services perspective.

Training and competence of staff

Firms may wish to adapt their recruitment and training process to ensure staff can respond to and provide support for consumers with characteristics of vulnerability. For example, firms could advise candidates that part of the assessment will focus on the FCA guidance in treating consumers with characteristics of vulnerability fairly, incorporate specific interview questions on vulnerability, as well as a role-play exercise to assess candidates' skills into the interview process effectively.

## 5.11 MONITORING AND REVIEWING, AND MANAGEMENT INFORMATION

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This section outlines how firms can monitor and review outcomes for consumers with characteristics of vulnerability to learn about and continuously improve the customer experience and the required management information (MI).





5.11.1 Monitoring and Reviewing Progress and Actions

Firms should expect to be able to demonstrate how their culture, policies, business model, and the actions they have taken are focused on good customer outcomes. In order to do so, firms should be able to provide evidence of the outcomes their customers are receiving, including for customers with characteristics of vulnerability.

Firms should, therefore, have a process in place to:

- Monitor and review the outcomes their customers are experiencing to ensure they are delivering good outcomes.
- Identify where customers or groups of customers are not getting good outcomes and understand why.
- Adapt and change products and services, or policies and practices, to address any risks or issues identified and stop them from occurring again in the future.

In order to demonstrate that they are delivering good outcomes for their customers, firms need to have governance arrangements and management information (MI) in place. Governance arrangements should support the flow of MI to senior management, which is expected to oversee customer outcomes and ensure action is taken where required.

A firm's Board is expected to challenge senior management on the outcomes delivered and the approach to monitoring taken. There is an expectation for firms to learn from the monitoring and adapt and improve outcomes continuously. The annual Board Report required under Consumer Duty, for example, should include evidence of how the firm is supporting customers with characteristics of vulnerability. This could be included in the various sections within the report, or in one section specifically addressing Customer Vulnerability matters.

5.11.2 The Purpose of Management Information (MI)

Firms should produce and regularly review MI on the outcomes they are delivering for customers with characteristics of vulnerability.

MI should be of sufficient quality and depth for firms to be able to provide enough insight regarding the treatment of customers with characteristics of vulnerability throughout the customer journey and identify which products, services, and processes are working well and which might be causing detriment and need changing to improve outcomes.

The MI should, for example, identify areas where:

- Staff have not fully understood the needs of a customer with characteristics of vulnerability.
- Staff have failed to provide the expected service.
- Products or services have caused harm to customers with characteristics of vulnerability.
- A product, service or communication channel does not meet the needs of a customer with characteristics of vulnerability.

Similarly, and at greater depth, the FCA has indicated that:

- Firms will have to provide documentary evidence of their monitoring, issues identified and resulting actions on request.
- The MI should be appropriate to the nature, scale, and complexity of the firm's business, considering the size of the firm, the products and services it offers, and the customer base it serves.
- The MI should track and give effective comparisons of outcomes for customers in vulnerable circumstances and other customers.

- Firms will need to develop a strategy to gather the relevant MI and should continually review and develop their framework.
- MI should be collected and analysed regularly at different points of the customer journey.
- MI should be discussed regularly at the senior management level so that it provides sufficient assurance to them that customers with characteristics of vulnerability are receiving fair outcomes and to enable them to make strategic decisions on vulnerability.
- Where poor outcomes occur, firms should be able to demonstrate that this was identified and that appropriate changes and improvements were made.
- Where a change has been made in response to the identification of poor outcomes, firms should have a clear approach to testing the impact of such change.

5.11.3 Types of Management Information (MI)

[The FCA Finalised Guidance<sup>50</sup>](https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf) for Firms on Consumer Duty is an excellent starting point for considering what MI firms are required to monitor the specific outcomes of their customers. Firms can then determine what MI is of direct relevance for vulnerability and then consider what additional MI (whether readily available or not) would help them gain further insight.

The FCA has made it clear that simply repackaging existing MI, with little consideration of gaps, will not be sufficient. Firms, therefore, need to think more deeply about the types and granularity of MI needed to monitor, review, and effectively evidence outcomes under Consumer Duty.

The Consumer Duty includes requirements for firms to monitor and review progress and actions against the four outcomes. The results of these reviews, together with any action taken, will be relevant for considering

whether the outcomes are being followed. However, the types of MI firms may want to collect, as outlined in the FCA Finalised Guidance on Consumer Duty, include:

- **Business persistence:** Customer retention records, for example, claims and cancellation rates and details of why customers leave. This may flag where poor treatment is contributing to a high turnover of customers.
- **Distribution of legacy products/pricing and fees and charges:** Whether consumers with characteristics of vulnerability (where known) are more likely to incur particular fees and charges or are receiving rates not as good as other customers.
- **Behavioural insights:** Consumer interactions and drop-off rates, the use of different communications channels (including digital), and consumer testing of financial promotions. This may flag where policies, processes and systems need to be improved (for example, where there are barriers to consumer engagement or understanding).
- **Additional support:** Contact rates with vulnerability teams, and referrals to and feedback from specialist services.
- **Training and competence records:** Monitoring the effectiveness of staff training, analysis of staff training records, including remedial actions where staff knowledge or actions were found to be below expectations.
- **File reviews:** Reviewing customer files and monitoring calls to check for errors and assess if customers were treated fairly (particularly useful for sales processes).
- **Customer feedback:** Formal and informal feedback from customers to identify trends and areas for improvement (for example, complaints and comments made to a firm but also on social media).

<sup>50</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

- **Numbers of complaints:** Trends in the number of complaints involving customers with characteristics of vulnerability in comparison to other customers.
- **Complaint root cause analysis:** Fully investigating complaints to understand the cause, and not just dealing with the symptoms.
- **Compliance reports:** Review of compliance reports to check if standards are being met in treating customers fairly.
- **Distribution chain feedback:** Feedback from other parties in the distribution chain such as manufacturers and distributors sharing information about the way in which products are sold, and the extent to which actual sales match the target market.
- **Customer experiences:** Researching or testing customer experiences through processes such as

mystery shopping, auditing customer journeys, focus groups and deep dives, or working with consumer organisations to gain insight into the needs and experiences of consumers. For example, an audit of customer journeys to identify differences in experience or friction that affect certain groups of customers but not others.

- **Staff feedback:** Allowing staff to feedback when they think products or services, or the processes used to deliver them, could be improved in delivering good outcomes for customers.
- **External data:** Drawing on external sources of data about consumer outcomes. The FCA Financial Lives survey, for example, contains granular data about the financial lives of different groups.

FIRM CASE STUDIES:

Firm 1

Every quarter, we produce a full report of all clients who are flagged as Vulnerable (and potentially Vulnerable). This is reviewed, and any trends or client-specific issues are identified. For example, we identified that 2 recently bereaved clients had fallen victim to scammers and updated our Bereavement Guide to flag this risk. The report is then circulated to Investment Managers and Financial Planners to

ensure that all details are up to date and any gaps in the information needed are identified. The team also ensure that we have complied with the Date Reviewed requirement and instigate a review of the client's circumstances if necessary. We produce an annual report to the Board each September, which identifies key trends and analyses the resources used and needed to support our work with Vulnerable Clients.

FCA GOOD PRACTICE EXAMPLES:

Evidencing the fair treatment of customers

In evidencing fair treatment, firms can consider the use of complaints (numbers, trends, and root cause) involving customers with characteristics of vulnerability in comparison to those involving other customers, and analysis of compliance reports with, for example, specific file checks and an overview of how the firm treats consumers with characteristics of vulnerability.

Firms can ask advisers to obtain verbal feedback when discussing the suitability report with customers: the adviser should ask the customer what they thought of the report in terms of clarity, detail, length, and accuracy.

This feedback will provide a good test of their fair treatment in terms of customer communications.

Monitoring the effectiveness of training

We have seen limited evidence of MI from firms that demonstrates whether vulnerability training for staff

is resulting in improved outcomes for customers in vulnerable circumstances. Firms should think about how they can monitor the effectiveness of training as part of their strategies on vulnerability, to make sure that it's meeting its aims.

Data points where direct contact with the retail customer is limited

Examples include no attempted log ins to the customer's portal for an extended period, failed log ins, or out of profile contribution/investment or withdrawal activity (for the person and/or for customers of similar profiles).





## 5.12 ADDRESSING ECONOMIC ABUSE

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This section highlights the importance firms should place on addressing economic abuse when supporting customers with characteristics of vulnerability, as it is an increasing risk of harm.



5.12.1 Understanding and Recognising Economic Abuse

Economic abuse is where one person, generally a partner, spouse, ex-partner, family member or friend, exploits or controls another person's financial resources for personal gain. This abuse could include things like theft, fraud, misuse of property or money, coercion in relation to financial affairs or misuse of a Power of Attorney.

Economic abuse is increasing and is particularly prevalent when there is uncertainty about whether a person lacks capacity or when a representative is exercising their authority. It is often linked to a customer's decision-making abilities and may particularly occur in cases of cognitive decline<sup>51</sup>.

Firms and staff should be particularly vigilant about this issue, in light of their typical demographic, while recognising that economic abuse could affect any of their customers. Being in a position of trust means advisers tend to know what is going on in the personal lives of their customers and so are often well-placed to spot any signs of concern.

Economic abuse can have devastating consequences for the individuals involved. It is essential, therefore, to be able to recognise when abuse may be happening and know how to respond. Economic abuse may be subtle and hidden, with many cases going completely undetected. For example, what to watch for includes:

- Changes in financial behaviour, such as an increase in spending, unusual decisions, unexpected transactions or investments.
- Unexplained or substantial withdrawals or unusual gifts.
- Erratic behaviour or reluctance to discuss their decisions.

- Significant or sudden changes to a will.
- New persons, such as a new partner or carer, are in a customer's life and making financial decisions for them.
- Increasing isolation from usual friendships or contact with family.
- Changes in behaviour or mood, such as signs of depression or anxiety.
- Signs of misuse of Powers of Attorney, such as unauthorised transactions or changes to account information.

5.12.2 Support for Advisers

Situations related to economic abuse are often very delicate and complicated because abusers will attempt to conceal their actions, and victims do not always understand they are being abused or do not want to talk about it.

The situation has to be approached by firms and staff with tact and care by asking questions and listening. Unless it is perceived as a case of 'life or death', the adviser should not contact the authorities, such as the Police, without the customer's permission. This is because contacting the authorities could put the customer at greater risk, not just from a coercive control point of view but also from physical abuse. The best approach is to try and obtain more information, be supportive and signpost help that is available. It is also important to remember that it is not the adviser's role to counsel the customer or 'save' them from the situation, but to identify the vulnerability and give advice that can result in the best possible outcome.

For example, an adviser could take the following steps:

- Provide emotional support and engage with the customer regularly. This will help to identify any changes in behaviour that may indicate an escalation or change in the situation and that are relevant to the services provided and the support needed.
- Ensure appropriate markers, flags or notes are on a customer's account so anyone accessing the account knows the situation or has a dedicated point of contact.
- Manage the characteristic of vulnerability, for example, by redirecting correspondence to different addresses, holding phone calls at certain times or to certain lines only, holding meetings in places and at times that suit the customer, only taking calls from the customer and not speaking with any third party.
- Signpost to services that could provide help, including legal advice.
- Report to the Office of the Public Guardian if a lasting Power of Attorney is in place.

PRACTICAL STEPS FOR FIRMS:

- ✓ Have a policy on dealing with cases where economic abuse is suspected or confirmed (this could be within or separate from a Vulnerability Policy).
- ✓ Provide specialist training for staff on how to approach cases of suspected or actual economic abuse.
- ✓ Consider drafting a code to display on your website or client-facing documents that outline how the firm manages economic abuse (this will signal to customers a safe place to make disclosures).
- ✓ Encourage staff to discuss these issues and share knowledge and experiences (regular discussions to help identify warning signs and share case studies).
- ✓ Name a dedicated Senior Manager to discuss and oversee cases of economic abuse.

<sup>51</sup> [https://www.step.org/system/files/media/files/2023-11/Mental-Capacity-Report-2023\\_0.pdf](https://www.step.org/system/files/media/files/2023-11/Mental-Capacity-Report-2023_0.pdf)



FIRM CASE STUDIES:

Firm 1

A client was in a difficult domestic situation, and from what we knew, the notes on file suggested that she may be under the coercive control of her partner. The client had requested all correspondence be sent to her father, so the partner had no knowledge of the account with us. We arranged a meeting at the client's convenience and preferred location to discuss the concerns and to see if there was anything she would like us to specifically do other than redirect the post. We then carried out the following steps:

- o Completed a vulnerable customer assessment to ensure any further vulnerabilities had been identified.
- o Made comprehensive system notes around the vulnerabilities or suspected vulnerabilities, including notes about the action taken or not taken, if appropriate.
- o Pointed the customer in the direction of external support services for survivors of domestic/financial abuse.
- o Put in place a trusted third party to act on the account and receive communications.
- o Regularly touched base with the customer. This will help to identify any changes in behaviour which may indicate an escalation or change in the situation, which is relevant to the services provided and/or the support needed.
- o Ensured appropriate markers were on the account so anyone accessing the client account knew the situation or had a dedicated point of contact.

ADDITIONAL RESOURCES AND TOOLS:

- Hourglass [Types of Abuse](#)<sup>52</sup>: A guide to many types of abuse, including financial.
- Refuge [Coercive Control](#)<sup>53</sup>: An understanding and support service for people experiencing abuse by coercive control.
- Standards International [Financial Abuse Specialist](#)<sup>54</sup>: An online course and certification to train staff on cases of financial abuse and coercive control.
- Surviving Economic Abuse [Tools and Information](#)<sup>55</sup>: Tools, information and support for professionals supporting someone experiencing financial abuse,
- Women's Aid [Recognising Unhealthy Behaviour](#)<sup>56</sup>: A guide for women to understand and recognise signs of abuse, including financial.
- UK Finance [It's Your Money](#)<sup>57</sup>: How financial services providers can support customers if they have experienced economic or financial abuse.
- Tools and support for LGBT+ people who have experienced abuse and violence. [GALOP – LGBT anti-abuse charity](#)<sup>58</sup>

52 <https://www.wearehourglass.org/abuse>  
53 <https://refuge.org.uk/i-need-help-now/coercive-control/>  
54 <https://standardsinternational.co.uk/certification/financial-abuse-specialist/>  
55 <https://survivingeconomicabuse.org/im-supporting-someone/>  
56 <https://www.womensaid.org.uk/information-support/the-survivors-handbook/im-not-sure-if-my-relationship-is-healthy/#1667903922917-e1fb1199-d633>  
57 <https://www.ukfinance.org.uk/its-your-money>  
58 <https://galop.org.uk/>



## 5.13 USING TECHNOLOGY AND TOOLS

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This section outlines how firms can use technology to help identify and support customers with characteristics of vulnerability.





Technological developments and digitalisation are creating additional issues with regard to consumers with characteristics of vulnerability. For example, increased reliance on digital business models and communications, rather than face-to-face, can present challenges for identifying indicators of vulnerability. Equally, technological developments may also cause issues for customers who do not have digital access or those with particular communications requirements. It also exposes customers to an increased risk of online harm in relation to scams and high-risk investments.

However, technological developments have provided more consumer choice and can allow access to products, services, and support that may have previously been out of reach to both vulnerable and all customers. Technology could also be a useful tool for firms to assist with their vulnerability strategy.

For example, to help identify vulnerability and provide customer service, technological developments can include:

- **Artificial intelligence (AI) and machine learning (ML)** to perform real-time analysis of customer chat responses and use cues to build a customer risk score.
- **AI and ML** to detect unusual activity or changes in behaviour and provide staff with suggested next steps, such as recommending that an adviser explain options in simpler terms if a customer shows signs of being overwhelmed or having trouble processing information.

- **Psychometric tools** to measure customer emotions and anxiety levels.
- **Open data initiatives** that can aggregate customer data, making it easier to spot vulnerability trends and indicators.
- **Voice and speech analytics** to detect changes in a customer’s tone and test their emotional well-being.
- **Online tools** that can explain complex information in an easy-to-understand format, for example, infographics, videos, and personalised interaction.
- **Chatbots and webchats** that can provide different communication channels and functionality for customers, for example, a chatbot that can provide more information in a simple, bite-size format.

FCA GOOD PRACTICE EXAMPLES:



Tools to support consumers with characteristics of vulnerability

Firms could consider building how-to guides for using systems (e.g. Zoom or Microsoft Teams) for customers unfamiliar with technology to maintain contact and the level of service agreed upon. These guides can also be used to help consumers with characteristics of vulnerability understand how to access more basic day-to-day services.



ADDITIONAL RESOURCES AND TOOLS:



- An example selection of psychometric tools and AI solutions:
  - o [Truthsayers: Neurotech platform.](#)
  - o [Awaken: Voice and speech recognition.](#)
  - o [Unblu: Conversation solutions.](#)
  - o [Kalgera: Consumer vulnerability management.](#)
  - o [Morgan Ash: Consumer vulnerability management.](#)
  - o [Comentis: Assessments and vulnerability mapping.](#)
  - o [Recordsure: Speech and document analytics.](#)



## 6. ACKNOWLEDGEMENTS

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A particular thank you goes to DAC Beachcroft for drafting the section on **Recording vulnerabilities - Data and the UK GDPR**.

Thank you to the PIMFA Consumer Duty and Vulnerable Customers Working Groups for their ongoing support, engagement and dedication across the sector on this topic.

## CREATING A UK CULTURE OF THRIVING FINANCIAL HEALTH

## 7. ABOUT PIMFA

The Personal Investment Management and Financial Advice Association (PIMFA) is the UK trade association for wealth management, investment services, and the financial planning and advice sector. Our sector manages £1.65 trillion in private savings and investments and employs over 63,000 people across the UK, not just in London and the South-East. Our mission is to champion a culture of thriving financial health for the UK, and PIMFA members support everyone from individuals and families to charities, pension funds, trusts, and companies to secure their financial futures.

PIMFA has full member firms that provide a wide range of financial services, including financial advice, portfolio management, and investment and execution services. PIMFA also has associate members who provide professional services, such as tax, legal, and consultancy, to all our members and the broader sector.

PIMFA was established in 2017 as the result of a merger between the Association of Professional Financial Advisers (APFA) and the Wealth Management Association (WMA), which has been a trade association since 1991.

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### 7.2 Disclaimer

The information contained in this document (the 'Guide'), along with any links to third-party material, is provided for informational purposes only. It should not be relied upon as a basis for any decisions or actions. PIMFA make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability, or availability with respect to the Guide or the information, products, services, or related graphics contained within it. PIMFA accept no liability for any loss or damage, including, without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from reliance on this Guide or the links to third-party material.

## CREATING A UK CULTURE OF THRIVING FINANCIAL HEALTH



# APPENDIX A

Appendix A: FCA Customer Vulnerability and Consumer Duty Publications

A catalogue and summary of FCA regulatory publications regarding or related to Customer Vulnerability and Consumer Duty.

Date	Title	Summary
February 2015	FCA: <a href="#">Occasional Paper N.8</a>	The paper aims to broaden understanding and stimulate interest and debate around vulnerability and provide practical help and resources for firms in developing and implementing a vulnerability strategy.
February 2015	FCA: <a href="#">Practitioners Pack</a>	Collates examples of good practice.
September 2017	FCA: <a href="#">Occasional Paper N.31:Ageing population and financial services</a>	Review of treatment of older people in financial services.
February 2021	FCA: <a href="#">Guidance for firms on the fair treatment of Vulnerable Customers (EG21/1)</a>	FCA finalised guidance on fair treatment of Vulnerable Customers.
July 2020	<a href="#">FCA Financial Lives - experiences of vulnerable customers</a>	Recognising vulnerability and responding to needs, considering staff training and communications.
July 2021	<a href="#">FCA fair treatment of Vulnerable Customers FAQs</a>	Frequently asked questions.
July 2022	<a href="#">FCA: Guidance for firms on the Consumer Duty (EG22/5)</a>	FCA finalised guidance for firms on Consumer Duty.
October 2022	<a href="#">Financial Lives 2022 survey: early insights on vulnerability and financial resilience</a>	Consumers in vulnerable circumstances, low financial resilience.
January 2023	<a href="#">Dear CEO: Implementing the Consumer Duty in the Consumer Investments sector</a>	Consider the diverse needs of the target market, especially those with vulnerability characteristics e.g. low appetite for risk.
January 2023	<a href="#">What is the price and value outcome? (podcast)</a>	Awareness of the cost of living increasing vulnerability of certain customers when setting charging structures and considering support.
January 2023	<a href="#">Explaining the Consumer Duty consumer understanding outcome (podcast)</a>	Notes various channels and simplifying communications as a consideration for vulnerability.
January 2023	<a href="#">Understanding the Consumer Duty products and services outcome (podcast)</a>	Consideration of risk harm, mitigating the risks, and information sharing on vulnerability.
February 2023	<a href="#">What does the Consumer Duty consumer support outcome mean? (podcast)</a>	Highlights FG 21-1 guidance to help firms meet their obligations.
February 2023	<a href="#">Call of Duty: How putting customers front and centre will help industry innovate (speech)</a>	Responsibility to look out for customers in vulnerable circumstances.

March 2024	<a href="#">FCA Approach to Consumers</a>	FCA sets out how it uses its powers and tools to protect consumers.
March 2024	<a href="#">Business Plan 2024/25</a>	Notes the need to consider diverse needs, including consumers with characteristics of vulnerability.
March 2024	<a href="#">FCA's Review of firms' treatment of customers in vulnerable circumstances</a>	FCA review in 2024 with firms' surveys and thematic findings.
March 2024	<a href="#">FCA: Treating Vulnerable Consumers Fairly</a>	FCA update on Vulnerable Customers' approach.
April 2024	<a href="#">Financial promotions quarterly data 2024 Q1</a>	Role of authorised and regulated firms in empowering consumers to make informed decisions, noting requirement to treat Vulnerable Customers fairly.
May 2024	<a href="#">FCA Dear CEO letter - Implementing the Consumer Duty for closed products and services by 31 July 2024</a>	Treatment of consumers with characteristics of vulnerability (closed products and services).
June 2024	<a href="#">FCA Consumer Duty updates: Insurance multi-firm review of outcomes monitoring</a>	FCA expectations on monitoring different groups of customers, including vulnerable customers.
June 2024	<a href="#">FCA Consumer Duty updates: Insurance multi-firm review of outcomes monitoring</a>	Identifying customers with characteristics of vulnerability.



# APPENDIX B

## Appendix B: Industry Guides and Papers

Here is a list of industry guides and papers related to customer vulnerability, many of which are referenced in the Guide.

[Just – Vulnerable Customer Policy checklist](#)  
[Just – Client well-being questionnaire](#)  
[Just – Client Support Pack](#)  
[Just - Vulnerability in Retirement](#)  
[Fair Design and The Money Advice Trust - Inclusive Design in Essential Services](#)  
[Money Advice Trust and Capital One - Vulnerability Inclusion Handbook](#)  
[Fairer Finance – Readability score](#)  
[Comentis – Vulnerability Support Framework](#)  
[Altus Whitepaper: A Vulnerability Travelcard for the Financial Services Industry](#)  
[PWC: Vulnerable Customers – industry research \(2021\)](#)  
[LV=Adviser – Vulnerable Customer Guide](#)  
[ABI Guide: Addressing customer vulnerability \(2017\)](#)  
[BSI: requirements for identifying and responding to consumer vulnerability](#)  
[Alzheimer's' Society: Dementia-friendly financial services](#)  
[Vulnerability, GDPR and Disclosure \(Money Advice Trust and Money Advice Liaison Group\)](#)  
[Money Advice Trust: Disclosure Guidance](#)  
[Money Advice Trust and Money Advice Liaison Group - Vulnerability, GDPR, and disclosure Technical Guide 1](#)  
[Money Advice Trust and Money Advice Liaison Group - Vulnerability, GDPR, and disclosure Technical Guide 2](#)  
[Money Advice Trust and Money Advice Liaison Group - Vulnerability, GDPR, and disclosure Technical Guide 3](#)  
[Money Advice Trust and Money Advice Liaison Group - Vulnerability: meeting expectations and achieving outcomes](#)  
[Money Advice Trust - Vulnerability public training session](#)  
[Money Advice Trust Invisible designs - FCA warns firms about its expectations on vulnerability \(June 2022\)](#)  
[Money Advice Trust Designing data-sharing - what matters for vulnerability and disability?\(December 2023\)](#)  
[Money Advice Trust - Vulnerability resources](#)  
[Money And Mental Health - Guide One Disclosure environments](#)  
[Money And Mental Health - Guide Two Disclosure experiences](#)  
[Money And Mental Health - Guide Three Recording disclosure](#)  
[Financial Vulnerability Taskforce - A practical guide for financial advisers supporting bereaved clients and their families](#)  
[Financial Vulnerability Taskforce - Clients experiencing sudden wealth \(a guide for professional advisers\)](#)  
[Financial Vulnerability Taskforce - Advising and supporting clients going through a divorce](#)  
[FCA - Treating Customers Fairly webinar \(May 2021\)](#)  
[HM Government - Meeting the Needs of Vulnerable Clients \(April 2017\)](#)  
[OFCOM - Treating vulnerable customers fairly \(September 2022\)](#)  
[Information Commissioner's Office - Data sharing: a code of practice \(May 2021\)](#)  
[Information Commissioner's Office - How do we apply legitimate interests in practice?](#)  
[Information Commissioner's Office - A guide to lawful basis](#)  
[Information Commissioner's Office - Consent](#)  
[Financial Ombudsman - Complaints involving economic and domestic abuse \(December 2023\)](#)  
[Office of the Public Guardian - Safeguarding policy: protecting vulnerable adults \(January 2023\)](#)

# APPENDIX C

## Appendix C: Vulnerability and Alternative Wording

Part of the difficulty in identifying customers in vulnerable circumstances, especially in the wealth management and advice sector, is that many customers are not willing to share personal information, which might lead to categorisation as vulnerable. For example, customers may be embarrassed about the information, not think that it is relevant, or even be unaware of their vulnerabilities.

Therefore, the alternative wording examples below (non-exhaustive) are taken from PIMFA member firms to help encourage customer disclosure and to seek consent for the use of data.

Please also see our section on 'Recording vulnerabilities - Data and the UK GDPR', for when requesting consent may be appropriate.

### To Encourage Disclosure:

"Please let us know if you have any additional needs to help us support you better"

"Are there any circumstances you would like to inform us of, or is there anything we can do outside of our normal service that would make it easier for you to engage with us?"

"Life can be challenging and unpredictable. While we may not know customers' individual circumstances, we want you to know that we're always here to help. We're committed to ensuring that all customers, including those with permanent or temporary disabilities, visual or hearing impairments, cognitive and/or motor disabilities, and other vulnerabilities such as life events, feel heard and are free to use our services effectively."

"Our client fact-find form has as part of the contact details section headed " additional considerations", where we ask clients a few questions followed by free text fields:

- Is there anything you would like us to know about?
- Circumstances/challenges that make it difficult for you to (understand or) manage your finances?
- Any assistance you require from other person(s) to manage your finances (such as a carer, relative or solicitor)?

- Circumstances that affect your ability to communicate with us?
- Is there anything we can do that would help make communicating with us easier?
- Please help us to understand your difficult circumstances/challenges"

"We ask these questions in our fact-finding documents".

Each question has a free text box under it:

1. Please provide details of any current issues or those that might lead to future problems. These could include both physical and mental health conditions.
2. Can we help you by adjusting our services to suit your personal needs, for example, using large print on our communications or generally speaking to you remotely using digital means? If so, please provide details below.
3. Are there other personal circumstances that you would like us to consider? For example, you may be relatively new to financial services and the terminology, or you may be in a new life circumstance - e.g., loss of job, divorce, or recent bereavement.

### To Ask Consent to Record:

"Can you give me permission to record information on your record about your circumstances/condition so that we can understand your needs and better support you in future interactions?"

"Are you happy to consent to me making a note of your circumstances/the information you have shared with me today so that our staff can be aware of it when they communicate with you?"

"Are you happy for me to make a note on our records of what you've shared today?"

"Thank you for making us aware of your situation/this information today. So that we can take this into account in the future, can I ask your consent to record this on our systems? This will ensure that, anytime you call us, we as a business are already aware of your circumstances, and you wouldn't need to repeat this conversation."



# APPENDIX D

## Appendix D: Developing a Vulnerability Policy

Developed by Just, the following aid is a series of questions to help assess Vulnerable Customer activity within advisory firms from a variety of perspectives and to identify any potential areas of improvement<sup>58</sup>.

For financial intermediary use only. Not approved for use with customers.



# HOW EFFECTIVE IS YOUR VULNERABILITY POLICY?

The questions below are intended to help assess vulnerable client activity within advisory firms from a variety of perspectives and identify any potential areas of improvement.

They're grouped into sections aligned to the four key areas highlighted by the FCA's Finalised Guidance (FG21/1):

1. Understanding vulnerability

A. Policy

B. Approach
2. The skills and capability of staff

C. Training our teams

D. Effective client communication
3. Taking practical action

E. Systems, process and reporting
4. Monitoring and evaluation

F. Recognising vulnerability

The following summary tables list areas for potential review. Simply mark areas requiring attention in the 'Action needed' column to identify areas for improvement.

## 1. UNDERSTANDING VULNERABILITY

Policy	Action needed
1. How is vulnerability viewed within your business?	<input type="radio"/>
2. Where is your Vulnerable Client Policy (VCP) kept?	<input type="radio"/>
3. How old is your policy and how frequently is it reviewed / updated?	<input type="radio"/>
4. Do you have a VCP owner?	<input type="radio"/>
5. How do you demonstrate the effectiveness of your VCP?	<input type="radio"/>
6. How well is it embedded within your business process and at board level?	<input type="radio"/>
7. Is your VCP personalised to your client bank demographic?	<input type="radio"/>
8. How often do you review, audit and conduct a gap analysis on your VCP to ensure that: <div><div>• It continues to meet your clients' needs?</div><div>• Your service and interaction covers the wide range of vulnerabilities?</div></div>	<input type="radio"/>
9. How do you measure the success of how the business recognises and looks after vulnerable clients?	<input type="radio"/>

<sup>58</sup> <https://www.justadviser.com/globalassets/just-adviser/documents/how-effective-is-your-vulnerability-policy-jm00505.pdf>

2 HOW EFFECTIVE IS YOUR VULNERABILITY POLICY?

Approach	Action needed
1. How do you identify vulnerability in a client?	<input type="radio"/>
2. Is there a fixed framework for dealing with vulnerable clients to help take the emotion out of decisions and actions?	<input type="radio"/>
3. How does your business demonstrate client focus and centrality?	<input type="radio"/>
4. Do you solicit regular client feedback to substantiate the individual service to support your policy?	<input type="radio"/>
5. Is there a consistent approach across all parts of your business? Are any assumptions or generalisations made about health which could be discriminatory or inappropriate?	<input type="radio"/>
6. Do you cater for potential vulnerable clients who are in denial? How do you actively seek to encourage disclosure about potential vulnerability?	<input type="radio"/>
7. Do you share best practice with other intermediaries and professional connections?	<input type="radio"/>
8. Do you host any events for vulnerable clients who may be isolated or lonely?	<input type="radio"/>
9. Could a reduction in operational loss be made through reduction in potential future complaints?	<input type="radio"/>

2. THE SKILLS AND CAPABILITY OF STAFF

Training your teams	Action needed
1. Are all staff aware of the policy contents, conversant with its principles and aware of its location?	<input type="radio"/>
2. How aware are staff of the many different types of vulnerability?	<input type="radio"/>
3. Would it help to provide your frontline staff with real life case studies for familiarity and awareness of the variety of vulnerabilities with best client treatment and outcomes?	<input type="radio"/>
4. Are your team empowered to make a difference to clients and how the business is represented/perceived?	<input type="radio"/>
5. How reassured are staff, clients and carers in relation to Data Protection/GDPR?	<input type="radio"/>
6. Do your frontline staff have any additional requirements: <ul style="list-style-type: none"><li>• Training</li><li>• Empowerment</li><li>• Guidance</li><li>• Are they equipped to handle POA, wills and trusts, expression of wishes, etc?</li><li>• Process outline</li><li>• Judgement</li></ul>	<input type="radio"/>
7. Do you have specialists or vulnerability champions within your business to bring the policy to life and act in an advisory capacity?	<input type="radio"/>
8. Do you have training modules for staff development: Data Protection, Dignity and Respect, Equality and Diversity, Vulnerability, Mental Health?	<input type="radio"/>
9. Is vulnerability covered within your recruitment, induction, training programmes and processes to highlight its importance?	<input type="radio"/>
10. Do staff have vulnerability incorporated into their reviews/key performance indicators?	<input type="radio"/>

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3 HOW EFFECTIVE IS YOUR VULNERABILITY POLICY?

11. Do you have a decision tree, or equivalent, to help staff assess vulnerability in a consistent way?	<input type="radio"/>
12. Where a client has suffered a bereavement, how are frontline staff made aware to limit further upset or distress?	<input type="radio"/>
13. Are your frontline/client facing staff aware of potential behavioural biases such as persuasion and framing with vulnerable clients?	<input type="radio"/>
14. Are any of your staff experiencing vulnerability? How is it identified, reported and managed?	<input type="radio"/>
15. Would your business benefit from having an internal Vulnerable Client Working Group?	<input type="radio"/>

Effective client communication	Action needed
1. Do you support vulnerable clients with consistency of staff/adviser contact?	<input type="radio"/>
2. How many communication styles and options do you offer to your clients? <ul style="list-style-type: none"><li>• Braille</li><li>• Plain English</li><li>• Large font</li><li>• Open dyslexia font</li><li>• Audio</li><li>• Mini white board or iPad to help a client with verbal communication challenges</li><li>• Speech recognition telephonics</li><li>• Specific words/language to identify: vulnerability, repetition, hard of hearing, misunderstanding, confusion</li><li>• Regular and consistent contact</li><li>• Face-to-face</li><li>• Accompanied meetings</li><li>• Extended meeting/call time for reflection and reiteration</li><li>• Quiet areas</li><li>• Client collection and drop off for disabled</li><li>• Flexible locations for meetings?</li><li>• Do you offer a translator/sign language/deaf or blind interpreter to appropriately vulnerable clients?</li></ul>	<input type="radio"/>
3. Is your vocabulary style and language consistent across the business and its communications?	<input type="radio"/>
4. How do you evaluate where a client is experiencing literacy challenges and the best form of communication for them to avoid misunderstanding or a lack of understanding?	<input type="radio"/>
5. Does your office have: <ul style="list-style-type: none"><li>• Mobility access into office and sufficient space in meeting rooms for disabled clients?</li><li>• Recognisable welcome into unfamiliar surroundings?</li><li>• Space for accompanied meetings?</li></ul>	<input type="radio"/>
6. How do you assure your clients' confidentiality of sensitive information?	<input type="radio"/>
7. Are all your external communications clear, easy to understand and inclusive? For example: <ul style="list-style-type: none"><li>• Are your telephony menus and routing systems easy to navigate and client friendly or a barrier to vulnerability/deafness, etc.?</li><li>• Is your website vulnerable client clear, friendly and easy to navigate with opportunity to hand off to human interaction?</li><li>• Is vulnerability covered within your company website or documentation to provide reassurance to potentially vulnerable clients? Also, consider whether any of your elderly or vulnerable clients feel digitally excluded or alienated?</li></ul>	<input type="radio"/>

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4 HOW EFFECTIVE IS YOUR VULNERABILITY POLICY?

8. What style of wording do you use within communications and client files? 'Vulnerable', 'extra care requirements', 'lacking capacity', 'susceptible to detriment' 'safeguarding requirements'.	<input type="radio"/>
9. How do you support clients overwhelmed by complex information?	<input type="radio"/>
10. Does client vulnerability affect your technological strategy?	<input type="radio"/>
11. How do you advise a vulnerable client if you intend to share sensitive information with other parties?	<input type="radio"/>
12. Do you offer a service to meet elderly or disabled clients at their home?	<input type="radio"/>

3. TAKING PRACTICAL ACTION

Systems, process and reporting	Action needed
1. How is assessment of vulnerability recorded on client files?	<input type="radio"/>
2. How supportive are your systems and processes in the treatment of vulnerable clients? How do you measure how fully staff are aware of the reporting process? How does your back office system record levels of vulnerability?	<input type="radio"/>
3. Is vulnerability sufficiently included within your risk framework and on board meeting agendas?	<input type="radio"/>
4. How easy is it to establish the cause of client difficulties? Is a consistent process embedded throughout the business?	<input type="radio"/>
5. Are processes and services equipped to record and review clients' individual needs and range of circumstances/requirements? How do you monitor and assess changes in vulnerability?	<input type="radio"/>
6. How do you reflect your approach to the disclosure of vulnerability in your documentation and processes?	<input type="radio"/>
7. Are staff aware of what should and should not be recorded in relation to client accessibility to files?	<input type="radio"/>
8. Are your systems able to record important, non-standard or sensitive information and is it shared with appropriate staff? How do you balance over recording of sensitive information with comprehensive record keeping? How are sensitive conversations logged and reported?	<input type="radio"/>
9. Is priority given to protecting the safety of a vulnerable client?	<input type="radio"/>
10. Can your systems record client communication changing preferences including: <ul style="list-style-type: none"><li>Length and layout of documents</li><li>Inclusive types of communication</li><li>Simplicity</li><li>Clear distinction between marketing material and important information (requiring action)</li><li>Font size</li></ul>	<input type="radio"/>
11. How do your processes cater for overlapping vulnerabilities? For example: <ul style="list-style-type: none"><li>Elderly / bereavement / hearing loss / long term illness / physical disability, etc.</li><li>Low basic skills potential unemployment / divorce / bereavement / reduced income</li></ul>	<input type="radio"/>
12. What is your process for recording complaints from vulnerable clients? Do you record client conversations 'in their own words'? How easy is it to record whether the client would or would not like family representation for future protection? How are vulnerability issues escalated?	<input type="radio"/>

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5 HOW EFFECTIVE IS YOUR VULNERABILITY POLICY?

13. How do you monitor and assess the potential risks of not safeguarding vulnerable clients? <ul style="list-style-type: none"><li>Client detriment</li><li>Business reputational damage</li><li>Loss of client trust</li><li>Legal action</li></ul>	<input type="radio"/>
14. What is your process for referring vulnerable clients to your specialist team? Is there a process for safeguarding referrals?	<input type="radio"/>
15. How do you handle potential vulnerability with execution only cases?	<input type="radio"/>

4. MONITORING AND EVALUATION

Recognising vulnerability	Action needed
1. Is your client demographic linked with increased likelihood of vulnerability?	<input type="radio"/>
2. Are your clients coherent and fluent in English?	<input type="radio"/>
3. Do your systems and processes tend to streamline clients?	<input type="radio"/>
4. Do your frontline staff know when to escalate a vulnerability issue? <ul style="list-style-type: none"><li>Out of character behaviours</li><li>Report of sudden stopping / lateness of premiums</li><li>Shortness of breath</li><li>Agitation/stress</li><li>Repetition – concealing lack of understanding</li><li>Confusion, distraction, being upset</li><li>Conflicting responses</li><li>Mention of newly prescribed/existing medication</li><li>Memory challenges/difficulty understanding instruction</li><li>Unexpected/uncharacteristic decision making</li><li>History of physical or mental impairment</li><li>Uncommunicative</li></ul>	<input type="radio"/>

Summary – in each section, how many potential areas for review have been identified?	Action needed
Policy	/9
Approach	/9
Training your teams	/15
Effective client communication	/12
Systems, processes and reporting	/15
Recognising vulnerability	/4
TOTAL	/64

FT ADVISER

FOR MORE INFORMATION

Call: 0345 302 2287 Email: support@wearejust.co.uk Or visit: justadviser.com  
Lines are open Monday to Friday, 8.30am to 5.30pm  
Please note your call may be monitored and recorded and call charges may apply.  
Please contact us if you would like this document in an alternative format.



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# APPENDIX E

## Appendix E: Examples of Demographics in Customer Base

### Elderly clients

The typical demographic of wealth managers and financial advisers tends to have a higher incidence of older customers (55+ but often also 75+). Age in itself is not a characteristic of vulnerability, and in fact, the FCA has warned against a generalised approach, indicating that automatically assessing all customers over a certain age as vulnerable is not appropriate.

Whilst clearly, there can be older customers who continue to be very capable and in good health well into their old age, there undoubtedly is an increased risk and incidence of vulnerabilities in this particular age group. Firms should, therefore, be more vigilant with older customers and consider whether it would be appropriate to review them more regularly or, for example, establish a six-month well-being call. This could be assessed on a case-by-case basis.

### Health issues

Life expectancy has increased, but there is also a higher likelihood of living with impaired health for longer and potentially coping with multiple health conditions. The Financial Lives Survey indicates that 20% of +75 are affected by poor health or have a long-term health condition. The current healthy life expectancy is 62.4 years for males and 62.7 years for females in England (ONS)<sup>59</sup>.

Elderly customers are more likely to have accessibility issues or difficulties related to physical impairments.

Old age can also be associated with declining cognitive abilities and the development of Alzheimer’s disease and dementia. The number of people estimated to be living with dementia in the UK in 2021 was 944,000, with 1 in 14 over 65-year-olds affected.<sup>60</sup>

Dementia can affect everyone differently, but common symptoms are:

- memory loss – for example, problems recalling things that happened recently.
- difficulty concentrating, planning or organising –for example, struggling to make decisions, solve problems or follow a series of steps.
- problems with language and communication – for example, difficulties following a conversation or finding the right word for something.
- misunderstanding what is being seen – for example, problems judging distances (such as stairs) or perceiving the edges of objects and misinterpreting patterns or reflections.
- being confused about time or place – for example, losing track of the time or date or becoming confused about where they are.
- mood changes or difficulty controlling emotions - for example, becoming unusually anxious, irritable, sad, or frightened, losing interest in things, or having personality changes.<sup>61</sup>

Being aware of the possible symptoms and knowing how to respond and provide appropriate support is very important.

### Mental capacity/cognitive impairment

Mental capacity is the ability to understand information and make decisions about your life. Capacity can vary depending on the time the decision needs to be made and the type of decision that needs to be made. Loss of capacity can be permanent or short-term (for example, due to a temporary illness). Someone may have the capacity to make a simple, straightforward decision, but not to make a more complicated decision.

<sup>59</sup> [https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/between-2011to2013and2020to2022#:~:text=Healthy%20life%20expectancy%20\(HLE\)%20at,%2C%2060.3%20years%20for%20females](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/between-2011to2013and2020to2022#:~:text=Healthy%20life%20expectancy%20(HLE)%20at,%2C%2060.3%20years%20for%20females)

<sup>60</sup> Dementia Statistics: [https://dementiastatistics.org/about-dementia/prevalence-and-incidence/?\\_gl=1\\*8dav3d\\*\\_gcl\\_au\\*MTcwODAyMjgzMC4xNzE2MjA4NjA5\\*\\_ga\\*ODAzNDczNTg5LjE3MTYyMDg2MDC.\\*\\_ga\\_TR76MGPH49\\*MTcxNjIwODYwOS4xLjAuMTcxNjIwODYwOS42MC4wLjA](https://dementiastatistics.org/about-dementia/prevalence-and-incidence/?_gl=1*8dav3d*_gcl_au*MTcwODAyMjgzMC4xNzE2MjA4NjA5*_ga*ODAzNDczNTg5LjE3MTYyMDg2MDC.*_ga_TR76MGPH49*MTcxNjIwODYwOS4xLjAuMTcxNjIwODYwOS42MC4wLjA)

<sup>61</sup> Alzheimer’s Society: <https://www.alzheimers.org.uk/about-dementia/symptoms-and-diagnosis/dementia-symptoms>



The legal test for capacity set out in the [Mental Capacity Act 2005 \(MCA\)](#)<sup>62</sup> is a two-stage test:

- does the person have an impairment or disturbance in the functioning of their mind?
- does this impairment make them unable to make a decision for themselves?

The default assumption is that someone has capacity unless the converse can be established.

There is a distinction between not having mental capacity (as defined by the MCA) and having cognitive difficulties. A customer may still have the capacity and be able to provide instructions relating to their financial affairs but might require additional or different support in order to do so. Training and support from relevant charities can help here.

Examples of steps that can help are:

- breaking down the information into smaller soundbites that may be easier for the customer to understand.
- delivering information over a series of shorter meetings.
- asking additional questions to ensure clarity regarding the customer’s requirements.
- testing the customer’s understanding.
- offering the customer a copy of the meeting notes by way of a summary.

Where a customer has cognitive difficulties, the adviser should consider and discuss with the customer whether there is a family member or trusted friend who could join the customer in meetings and provide assistance or act on their behalf. In such cases, the adviser should always obtain signed authority from the customer, which

authorises the adviser to share information and take instructions from a third party. In such circumstances, it would also be advisable for the customer to put in place a Lasting Power of Attorney (LPA). The customer must have the mental capacity to make an LPA, as this will be tested as part of the application, so it is best to act as soon as possible. If the customer is deemed not to have sufficient mental capacity to make an LPA, then the customer’s family must apply to the Court of Protection for a Deputyship Order instead - a far more expensive and complicated process. Having a policy in place where all customers are strongly advised to set up LPA at onboarding would overcome these issues.

It is also important to note that just because someone has been diagnosed with a mental health condition, it does not mean that they do not have the capacity. If there are doubts about the customer’s capacity, then a capacity assessment should be carried out by a medical professional. If it is determined that the customer does not have mental capacity, then the adviser can only accept instructions that are provided by a third party that has the legal authority to do so (under an LPA or Court of Protection Deputyship).

Loneliness

Whilst loneliness can affect anyone, it is particularly prevalent in older age groups. According to Age UK, more than 2 million people in England over the age of 75 live alone and more than a million older people say they go over a month without speaking to a friend, neighbour or family member.<sup>63</sup> Customers who are vulnerable because of loneliness may be easily manipulated and are more likely to be victims of scams.

Triggers of loneliness may be any of the following:

Isolating circumstances	Life events
Health conditions Depression/mental health Inability to take part in activities they enjoy Reduced mobility Low self-confidence Reactions to trauma No family or friends Being a carer or single parent Experiencing abuse	Bereavement – loss of a spouse Retirement Redundancy Divorce/ relationship breakdown

Retirement

Retirement is a major life event and means a change in routine and purpose. The individual may find themselves in a vulnerable situation as a result of this and possible loss of social networks. Individuals may experience deterioration in physical and cognitive abilities, and the impact of life events may be more severe. The FCA indicated in its Thematic Review on retirement income advice that ‘for customers in decumulation there is a higher likelihood that they have characteristics of vulnerability. So, it is important that firms have a plan to ensure services are proactively delivered.’<sup>64</sup>

In retirement, factors such as changes in income needs, health, risk profiles, objectives and broader family circumstances can change quickly. People in retirement may have more caring responsibilities and are also more likely to be targeted by fraudsters and scammers. Finally, bereavement of close loved ones tends to happen more frequently at this stage of life.

Resources

Just and SOLLA have created a free online training module on ‘[Consumer Vulnerability in later life.](#)’

Inter-generational issues

It is important to bear in mind that within intergenerational planning there can often be specific triggers of potential vulnerability. For example:

- The implications when wealth is inherited by those with a lack of financial experience.
- The effects of acting as an attorney or caring for others. This can create significant pressure on the carer/attorney, leading to a lack of focus on their own finances.

<sup>62</sup> <https://www.legislation.gov.uk/ukpga/2005/9/section/2>

<sup>63</sup> <https://www.ageuk.org.uk/cambridgeshireandpeterborough/about-us/news/articles/2022/mental-health-awareness/#:~:text=According%20to%20Age%20UK%2C%20more,friend%2C%20neighbour%20or%20family%20member>

<sup>64</sup> <https://www.fca.org.uk/publications/thematic-reviews/thematic-review-retirement-income-advice>

- Emotional and practical difficulties for the bereaved. In addition to coping with the loss of a loved one, the bereaved may also be responsible for dealing with their estate.
- The loss of a life partner who may have been responsible for managing the household finances.

Advisers and investment managers should develop processes and policies to identify these customers and properly support them.

**Young adults and first-time customers**

Young people who are benefiting from a Bare Trust arrangement at 18 or any form of inheritance under 25 are likely to have little experience or knowledge of financial matters.

There may also be issues around JISA's set-up for minors, particularly where children have health or capability vulnerabilities. When these children reach maturity, the parents may be unprepared for the fact that the account converts to adult status and becomes the property of the "new" adult. Firms should mark these customers as vulnerable and flag to the parents, in plenty of time, that this change will occur, so they can get prepared as there may be situations where the Court of Protection may need to be involved.

Younger people with less experience in life and financial issues are also more likely to fall victim to scams and fraud. Advisers should also be aware that young people are likely to rely on advice given by unqualified influencers rather than professional publications.

**Case Study: Young adults and first-time customers**

We are rolling out opportunities for formal education for our younger clients and the children of our clients, including seminars and videos on topical issues such as interest rates and inflation.

Clarity of communication is key, whilst avoiding appearing patronising and infantilising younger clients. We should assume zero knowledge of any financial terminology or economic theory and a limited understanding of budgeting. Recent experience also suggests that we may struggle to engage with young clients who are busy at university or travelling and do not keep to regular hours or a fixed timetable. It is essential that we establish contact and regularly update our records as circumstances can change dramatically, so

consider focusing attention on a time that the individual may be home for holidays and asking parents or grandparents to help with reminders.

Of course, there are confidentiality issues, but simply letting Mum know that we need to speak to her son to update our records urgently feels relatively benign and also potentially highly effective. It may be sensible to suggest a form of third-party authority is given by the child to another family member. This can be in the standard form, whereby only information is shared. We have also developed a form which enables a third party to give full instructions over a child's account, including risk profile, mandate, and income.



# APPENDIX F

**Appendix F: FCA Practitioner Pack for Identifying Vulnerability**

[FCA Practitioners Pack](#)

(a) A non-exhaustive list of risk factors for consumers of financial services:

- low literacy, numeracy and financial capability skills.
- physical disability.
- severe or long-term illness.
- mental health problems.
- low income and/or debt.
- caring responsibilities (including operating a power of attorney).
- being ‘older old’, for example, over 80, although this is not absolute (may be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, the onset of ill-health, and not being comfortable with new technology).
- being young (associated with less experience).
- change in circumstances (e.g. job loss, bereavement, divorce).
- lack of English language skills.
- non-standard requirements or credit history (e.g. armed forces personnel returning from abroad, ex-offenders, care-home leavers, recent immigrants).

(b) Payment-related triggers to support staff on the frontline:

- payments stopping suddenly.
- late or missed payments.
- regular unarranged overdrafts and charges.
- unusual activity on an account.

Other triggers may occur during a phone call and include phrases such as:

- I can’t pay.
- I’m having trouble paying.
- I can’t read my bill.
- I can’t understand the letter you sent me.
- I can’t hold on all day.
- I hate these press buttons.

Staff could also be on the lookout for:

- shortness of breath or signs of agitation.
- asking for repetition (a sign that the customer is not retaining information).
- signs that the consumer has not understood or signs of confusion.
- mention of medication.

# APPENDIX G

## Appendix G: Use of DRILLS

TEXAS Drill<sup>65</sup>.

The TEXAS protocol can help all frontline staff manage disclosures effectively which is a key part of creating an organisation where customers are confident to disclose. It can be used as a training tool for managing initial conversations.

- **Thank** them (what they have told you could be useful for everyone involved) *“Thanks for telling me, as it will help us deal with your account better”*.
- **Explain** how their information will be used *“Let me just explain how we’ll use that information, so you know”* - NB This includes 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.
- **eXplicit** consent. Now ask the individual for permission to use their information in this way: *“Are you happy for me to make a note of what you have shared today?”*
- **Ask** questions to help you understand the situation better:
  - *“Is there anything you’d like us to do which will help?”*
  - *“Are you getting any help from anywhere – for example family?”*
  - *“Does the issue affect your ability to deal or communicate with us?”*
- **Signpost** to internal or external help (where this is appropriate). At this point, staff and organisations might signpost or refer directly to a company specialist or third party:
  - o NHS 111 (dial 111) for more help with a mental health problem.
  - o The Samaritans (08457 90 90 90) for suicidal or despairing people.

## IDEA Protocol

Specialist staff can use the IDEA protocol to help structure and manage in-depth conversations, ask the right questions, and identify relevant information.

- **Impact**—Staff should ask what the mental health problem either stops the customer from doing in relation to their financial situation or makes it harder for them to do. This will help provide insight into both the severity of the condition and its consequences. *“What are you finding hard?” “What has been the impact on your day-to-day living?”*
- **Duration**—Staff should discuss how long the customer has been living with the reported mental health problem, as the duration of different conditions will vary. This can inform decisions about the amount of time someone needs to be given to retake control of their situation. *“How long have you been experiencing this?”*
- **Episodes**—Some people will experience more than one episode of poor mental health in their lives. *“Does this happen often?”*
- **Assistance**—Firms should consider whether the customer has been able to get any care, help, support or treatment for their condition. This may help in relation to collecting medical evidence. *“Are you receiving any support/assistance?”*

Throughout, firms should consider not only the commercial outcomes they wish to achieve but also the steps that would bring about better customer outcomes for their health and financial well-being.

<sup>65</sup> <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-8-practitioners-pack.pdf>



CARERS Drill

This 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.

- **Check** for authority – if the carer can supply evidence of their authority to act on the customer’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 customer now, the following steps should be taken:
  - o **Avoid** discussing any account details, making sure to explain to the carer why this isn’t possible.
  - o **Reassure** the carer that their concerns can still, however, be recorded as observations (unverified) on the customer’s account, and these can be looked into.
  - o **Explain** to the carer that their observations will need to be shared with the customer, colleagues, and potentially any clients. Carers will need to give their consent for this.
  - o **Record** the carer’s observations, listening carefully and ensuring:
    - You have checked why the customer is unable to speak directly about these issues (is there, for example, a communication issue?)
    - You are clear how the customer’s mental health problem affects their ability.
    - 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.
  - o **Summarise** the available next steps, which might include: you (or a colleague) speaking with the customer concerned to establish if

there is a problem, including checking the unverified observations made by the carer; the carer discussing with the customer a potential mandate to act on their behalf; and the carer and customer working together to collect supporting medical evidence.

BRUCE Drill

The Bruce drill has been designed to remind staff of the key aspects of decision-making and can be used when the customer has mental capacity limitations.

- **Behaviour:** Monitor a customer’s behaviour and speech – these may suggest a customer is struggling with decision-making.
- **Remembering:** is the customer exhibiting any problems with their memory or recall? Possible questions:
  - o "Would it be helpful if I went over that again?"
  - o "Would it be helpful if I put that in writing?"
  - o "Is there someone that usually helps you with your finances?"
- **Understanding:** Does the customer grasp or understand the information given to them? Possible questions:
  - o "Do you want to tell me what you’ve understood so far and I can fill in the gaps?"
  - o "Would it help if I explained that again?"
  - o "Is there someone that usually helps you with your finances?"
- **Communication:** can the customer share and communicate their thoughts, questions, and decisions about what they want to do? Possible questions:
  - o "Is there another way you’d like us to communicate with you?"
  - o "Is there another time when it would be better to have this conversation?"

- o "Take your time."
- **Evaluation:** Can the customer ‘weigh-up’ the different options open to them? Possible questions:
  - o "Would it be helpful to go through each option again?"
  - o "Do you have someone you normally talk these things through with?"

When using BRUCE, four golden principles should be taken into account:

1. Never presume customers have the mental capacity to make the decision in question.
2. Always provide reasonable support to individuals to make their own decisions.
3. Remember that the decision is always the customer’s to make.
4. Avoid guessing what is ‘wrong’ with a customer – focussing instead on the decision making difficulties a customer may have.

Farrer’s Suggestions of Typical Warning Signs of Vulnerability<sup>66</sup>:

1. Dramatic departure from previously stated (and often long-standing) intentions, particularly when new instructions come about abruptly and without explanation.
2. Making decisions that would lead to a negative outcome, as this may indicate that they are in a position of vulnerability – either due to health issues impairing their cognitive function or due to undue influence from third parties.
3. Rambling or incoherent instructions, particularly if they seem incapable of giving clear instructions even after attempts at clarification
4. Heightened and erratic emotions which are incongruent with the situation or the client’s usual disposition.
5. Instructions being given through a third party, particularly if the client is not copied into emails or if the third party is resistant to allowing the client to attend calls or meetings with the advisers directly.

<sup>66</sup> <https://www.farrer.co.uk/news-and-insights/advising-vulnerable-clients-red-flags-and-best-practice/>

# APPENDIX H

## Appendix H: Vulnerabilities and Categorisation Framework

The framework below outlines the four high-level types of vulnerabilities and how they might be categorised and supported. For further examples of support frameworks, please see guidance provided by [LV=Adviser<sup>67</sup>](#) and [Comentis<sup>68</sup>](#).

Vulnerability	Comments	Support
<b>F Health</b>		
Operations	Customers may have difficulties in accessing or processing information (auditory, visual or sensory) or understanding it.	Clear benefits in encouraging all customers to nominate a third party to give instructions if they become ill/go to hospital (could be included in the Fact Find process).
Illness		
Accidents	There may be difficulties with memory or retention of information or a struggle to focus.	Setting up an LPA at onboarding also strongly advised.
Addiction		Offer to call the customer back another time or break the call down into bite size chunks.
Physical disability (hearing/ vision loss, paralysis, mobility issues)	In some situations, customers may experience intense emotional reactions, and they may be upset, confused, or frustrated. They may also have other things on their minds and not be able to give the adviser their full attention.	Use clear and simple language.
Degenerative disease (Alzheimer's, dementia, Parkinsons, MS)		Ask whether you can do anything differently to help them and show empathy.
Mental Health issues (depression, anxiety, bipolar, schizophrenia, PTSD, OCD, paranoia)	Customers with mental health issues may appear down, upset or tearful; they may be agitated and have low self-esteem (may mention they are not eating/sleeping well).	For visual or hearing impairments offer alternative methods of communication.  Follow up with an email or letter summarising the call if you feel this would help.
Serious/terminal disease (cancer, heart disease, AIDS)	Customers with dementia could display memory problems such as: forgetting your name and the purpose of the call; asking a number of questions that they should know the answer to; taking more time to process the information you provide; getting confused and finding it difficult to articulate themselves; displaying a low attention span; struggling to process complicated information with lots of numbers and terminology; repeating their questions a number of times.  If there is an active LPA, the customer should be automatically categorised as vulnerable.	If they're struggling to hear you, speak slowly and more clearly.  Always display patience and allow the customer to conduct the call at their own pace.  Adopt an understanding manner, and make sure you repeat your questions clearly and slowly.  Offer the customer some time to write down important points if this would help them.  Avoid using jargon or abbreviations, and always double-check that they're comfortable with the progress of the call.

<sup>67</sup> <https://www.lvadviser.com/service/documentlibrary/get/ba2e32bd1a7e455487ab81de8c7f6db3/vulnerable-customer-guide-for-advisers.pdf>

<sup>68</sup> [https://www.comentis.co.uk/files/ugd/d11a2b\\_e2b2a6407bc84a8eb075d82cf8e063dc.pdf](https://www.comentis.co.uk/files/ugd/d11a2b_e2b2a6407bc84a8eb075d82cf8e063dc.pdf)



	<p>If the customer has lost mental capacity and has not signed an LPA, a deputyship under the Office of the Public Guardian may be necessary.</p> <p>Note that physical health issues may trigger resilience or capability vulnerabilities which may then overlap and compound issues.</p>	<p>Confirm you're happy to repeat points as needed.</p> <p>Consider asking for family or trusted friends to participate and help with financial affairs.</p>
<b>Life Event</b>		
Bereavement	<p>Any customer can experience a life event, and this should be ascertained through the Fact Find and at any contact point by encouraging disclosure.</p>	<p>Remain patient and ask if there is a better time for the call to take place.</p>
Miscarriage	<p>These are often delicate issues that have to be approached with care.</p>	<p>Ask whether you can do anything differently to help them and show empathy.</p>
Divorce/relationship breakdown	<p>Individuals may struggle to make a plan or may have a highly charged emotional response. They may be less focused on their conversations with you as they focus on other things.</p>	<p>Follow up with an email or letter summarising the call if you feel this would help</p>
Victim of a natural disaster/fire		<p>In the case of the death of a loved one, try to acknowledge the bereavement at the earliest opportunity.</p>
Serious crime (assault, domestic violence, financial abuse)		<p>In the case of abuse, if appropriate, ask them if they have spoken to anyone else, such as a family member or friend. You may wish to signpost your client to the authorities or external support services.</p>
Becoming a carer		
Childbirth		

<b>Resilience</b>		
Over-indebtedness	<p>Whilst less likely to impact wealth management/advisory customers, it is important to consider this. It is also important to note that resilience issues will often trigger health-related vulnerabilities (depression/anxiety).</p>	<p>Remain calm and help the customer to see the bigger picture by explaining what solutions are available to them.</p>
Low savings		<p>Break the call up into more manageable chunks to ease their understanding.</p>
Low income		
Emotional fragility	<p>Customers, especially elderly ones, may have limited emotional resilience and, if they have no family/support system, may be vulnerable due to loneliness – this will often expose them to a greater chance of scams/fraud and may also precipitate other health vulnerabilities.</p>	<p>If they are too upset, offer a call back at another time.</p>
No friends/family		
Isolation/no support	<p>Customers with low emotional resilience may react poorly to negative news, struggle to see a solution to an issue, not be able to make decisions</p>	
<b>Capability</b>		
Learning difficulties (dyslexia, low reading level)	<p>Capability vulnerabilities may impact the ability to concentrate or understand, to process information or to make judgments.</p> <p>This vulnerability is often linked to or precipitated by another trigger (health or a life event). For example, bereaved customers make poor financial judgments following the death of a loved one and capability issues following a diagnosis of dementia.</p>	<p>Use clear and accessible language. Avoid jargon or long words. Bring to life what you're explaining by giving a scenario.</p> <p>Ask if they have anyone who can help them.</p>
Numerical and financial illiteracy	<p>Customers who have English as a second language may struggle with complex terminology.</p>	<p>Ask the customer to repeat back information.</p>
Language disability (stammer)		<p>Offer to send a follow-up email or letter summarising the call.</p>
Poor English language		<p>Listen to what the customer is saying and observe their behaviour for any clues or indicators of a possible decision-making limitation.</p>
Neurodiversity (Autism or Aspergers/ ADHD)	<p>Firms should classify customers who have been victims of fraud or who have been hacked as vulnerable.</p>	<p>Customers may struggle to explain their points or answer questions.</p>
Victims of fraud/financial crime		

# APPENDIX I

Appendix I: Related Charities and Societies

Charity	Description	Website
Age UK	The leading charity for older people	<a href="http://ageuk.org.uk">ageuk.org.uk</a>
Anxiety UK	Charity for people affected by anxiety, stress, and anxiety-based depression	<a href="http://anxietyuk.org.uk">anxietyuk.org.uk</a>
Alcoholics Anonymous	Charity to help people with a drinking problem	<a href="http://alcoholics-anonymous.org.uk">alcoholics-anonymous.org.uk</a>
Alzheimer’s Society	Charity supporting those with dementia and their families and carers	<a href="http://alzheimers.org.uk">alzheimers.org.uk</a>
Andy Man’s Club	Charity that focuses on men’s mental health	<a href="http://andysmanclub.co.uk">andysmanclub.co.uk</a>
British Deaf Association	Charity for deaf or partially deaf people	<a href="http://bda.org.uk">bda.org.uk</a>
Blue Ribbon Foundation	Charity raising awareness of male health issues	<a href="http://blueribbonfoundation.org.uk">blueribbonfoundation.org.uk</a>
Citizen’s Advice	Advice charity on consumer rights	<a href="http://citizensadvice.org.uk">citizensadvice.org.uk</a>
Cruse	A bereavement support charity	<a href="http://cruse.org.uk">cruse.org.uk</a>
Dementia UK	A charity that provides support to families affected by dementia	<a href="http://dementiauk.org">dementiauk.org</a>
Disability Rights UK	Disability charity to represent the needs of disabled people	<a href="http://disabilityrightsuk.org">disabilityrightsuk.org</a>
Gamblers Anonymous	A fellowship of people who have joined together to do something about their own gambling problem and to help others	<a href="http://gamblersanonymous.org.uk">gamblersanonymous.org.uk</a>
Mankind	Charity helping male victims of domestic abuse	<a href="http://mankind.org.uk">mankind.org.uk</a>
Marie Curie	Charity providing support for the terminally ill and their families	<a href="http://mariecurie.org.uk">mariecurie.org.uk</a>
Maternal Mental Health Alliance	Charity supporting women suffering from maternal mental health difficulties	<a href="http://maternalmentalhealthalliance.org.uk">maternalmentalhealthalliance.org.uk</a>
Mermaids	Charity providing support for transgender, non-binary and diverse youth	<a href="http://mermaidsuk.org.uk">mermaidsuk.org.uk</a>
Mind	A mental health charity in England and Wales	<a href="http://mind.org.uk">mind.org.uk</a>
Mental Health UK	Charity to help deal with all types of mental health	<a href="http://mentalhealth-uk.org">mentalhealth-uk.org</a>
Men’s Health Forum	Charity to improve the health of men and boys in the UK	<a href="http://menshealthforum.org.uk">menshealthforum.org.uk</a>
Macmillan Cancer Support	UK leading cancer charity	<a href="http://macmillan.org.uk">macmillan.org.uk</a>



Mencap	Charity for people with a learning disability	<a href="https://www.mencap.org.uk">mencap.org.uk</a>
Money Advice Trust	Charity helping people tackle their debts and manage their money	<a href="https://www.moneyadvicetrust.org">moneyadvicetrust.org</a>
Money and Mental Health	Charity that aims to break the link between financial difficulty and mental health problems	<a href="https://www.moneyandmentalhealth.org">moneyandmentalhealth.org</a>
National Debt Helpline	Charity to give free and independent debt advice	<a href="https://www.nationaldebtline.org">nationaldebtline.org</a>
Refuge	Charity supporting women, men and children experiencing domestic violence	<a href="https://www.refuge.org.uk">refuge.org.uk</a>
Relate	Charity providing relationship support	<a href="https://www.relate.org.uk">relate.org.uk</a>
Royal National Institute Of Blind People (RNIB)	A leading sight loss charity and the largest community of blind and partially sighted people	<a href="https://www.rnib.org.uk">rnib.org.uk</a>
Samaritans	Charity aimed at providing emotional support to anyone in emotional distress or struggling to cope	<a href="https://www.samaritans.org">samaritans.org</a>
Step Change	A debt charity	<a href="https://www.stepchange.org">Stepchange.org</a>
Surviving Economic abuse	A charity to help people respond to financial abuse	<a href="https://www.survivingeconomicabuse.org">survivingeconomicabuse.org</a>
Talk to Frank	Advice service about drugs and their effects	<a href="https://www.talktofrank.com">talktofrank.com</a>
Victim Support	Charity dedicated to supporting victims of crime and traumatic incidents in England and Wales	<a href="https://www.victimsupport.org.uk">victimsupport.org.uk</a>
Women’s Aid	Charity providing services and support to victims of domestic abuse	<a href="https://www.womensaid.org.uk">womensaid.org.uk</a>
Young Minds	A mental health charity for children and young people	<a href="https://www.youngminds.org.uk">youngminds.org.uk</a>

# APPENDIX J

## Appendix J: Power of Attorney

A power of attorney (POA) allows the individual to give one or more trusted friends or family members the legal authority to make decisions on their behalf.

It gives individuals the peace of mind that their assets can continue to be managed and that their wishes can be communicated to their financial advisers/wealth managers in the event that they lose the capacity to do so themselves.

When should a POA be set up?

Setting up a POA should not be an arrangement that customers leave to the last minute – firms should have a policy in place where all customers are strongly advised to set up a POA at onboarding.

The customer must be 18 and must have the mental capacity to make a POA, as this will be tested as part of the application, so it is essential to act as soon as possible. If the customer is deemed not to have sufficient mental capacity to make a POA, then the customer’s family must apply to the Court of Protection for a Deputyship Order instead – a far more expensive and complicated process.

What are the different types of POAs?

There are different types of POAs. The most current is a Lasting Power of Attorney (LPA), which replaced the Enduring Power of Attorney in 2007. It must be registered with the Office of the Public Guardian (OPG) at the outset and has two versions:

- 1. Property and financial affairs LPA:** this covers all aspects of someone’s financial well-being. This may include managing their bank accounts, paying bills, making gifts on their behalf, or selling property.
- 2. Health and welfare LPA:** this allows someone to make, or help the individual make, decisions around how they’re cared for. This could include anything from deciding where they live or arranging for carers to help the individual.

The person who wants to create the LPA (the ‘donor’) selects the appropriate type and appoints one or more ‘attorneys’ to conduct their affairs if they are unable to do so themselves. The LPA then needs to be registered with the OPG.

The application form can be completed online at:  
<https://www.lastingpowerofattorney.service.gov.uk/home>

or downloaded to be filled out manually:  
<https://www.gov.uk/government/publications/make-a-lasting-power-of-attorney>.

The government website provides further guidance on how to complete.

Matters to consider:

*Has the LPA been registered?*

An LPA cannot be used until it has been registered with the OPG. When the process has been completed, the registered LPA will have its own unique number.

Customers can supply the firm with an access code, which allows the third party to view a summary of the LPA, check whether the LPA is valid and check who the attorneys are on the LPA. Most firms are happy to access the electronic record but please note that if an LPA was registered before January 2016, customers will need to provide a paper copy instead.

Firms can make an online search to find out whether an LPA has been registered in complete confidence at <https://www.gov.uk/find-someones-attorney-deputy-or-guardian>. If an LPA exists, firms will receive contact details for the attorney(s) and information about the type of LPA in place.



Who is the attorney?

The attorneys must be 18 or over and have the ability to make decisions for the customer. It is advisable for an LPA to have at least two attorneys as the whole arrangement will fail if there is only one attorney and they themselves become unable to continue to act in that capacity for any reason. In selecting attorneys, the focus should be on finding people that the customer trusts and can rely upon. They should understand the clients' views and priorities and, ideally, their preferences in matters that they may have to decide upon in the future.

If the donor has appointed more than one attorney, they are required to specify in section 3 of the LPA whether their attorneys are appointed jointly (which means the attorneys must act together) or jointly and severally (which means they can act together or independently). This will determine whether the adviser can take instructions from just one attorney or if they need confirmation from all of them.

It is possible that the donor requires some decisions to be made jointly and others jointly or severally. If this is the case, continuation sheet 2 to the LPA will detail the decisions that must be made jointly.

Not all attorneys are necessarily in possession of the skills needed to carry out their role, whether in terms of common sense, financial experience, or general organisational abilities. There can also be circumstances of attorneys bringing great pressure or abusing their position for their own personal gain. If there are any concerns about someone who is the subject of an LPA, firms should contact the Office of the Public Guardian and request that they investigate.

Is the attorney's power exercisable immediately?

Section 5 of the LPA specifies whether the donor wants their attorneys to be able to make decisions as soon as the LPA has been registered or only if the donor loses the capacity to make decisions themselves.

If the attorneys are permitted to act concurrently with the donor, it is advisable to agree with the customer in advance with whom the adviser will communicate. If the attorneys are only permitted to act once the donor has lost capacity, then the adviser should request evidence of the donor's lack of capacity before taking instructions from them.

Are there instructions for discretionary fund management?

In 2015, the OPG published guidance saying that if an individual wanted to allow an attorney to engage the services of a discretionary fund manager, they would need to include specific wording in the POA. If the wording wasn't in the LPA, the attorney could not use the services of an investment manager. If the client still had capacity, this could be remedied by putting in place new LPAs. If they did not, then an application to the Court of Protection would be needed.

In March 2022, the OPG revisited its guidance, and it no longer says an individual needs to include the wording, but it does still say that legal advice may be necessary. The position, therefore, remains unclear. The current advice appears to be to seek legal advice or put the wording in there anyway.

What is an Enduring Power of Attorney?

Enduring Powers of Attorney (EPAs) were the predecessors to LPAs. Since 1 October 2007, it has not been possible to establish a new EPA, but EPAs created before that date are still valid.

LPA Checklist:

- ✓ Ask the customer if they have an LPA in place.
- ✓ If the customer doesn't have an LPA in place, recommend that they set one up.
- ✓ If the customer does have an LPA in place, ask for a copy or the access code (in the OPG's 'Use a Power of Attorney Service').
- ✓ If there is more than one attorney, check whether they are appointed jointly or severally.
- ✓ Check whether the attorney(s) have concurrent authority or can act only if the donor has lost capacity.
- ✓ Record who you will communicate with when giving advice or taking instructions.
- ✓ Check if there is wording relating to discretionary investment management.

LPA Resources:

- ✓ Office of the Public Guardian: <https://www.gov.uk/government/organisations/office-of-the-public-guardian>
- ✓ Register a POA: <https://www.gov.uk/power-of-attorney/register>
- ✓ Application forms:  
  
<https://www.lastingpowerofattorney.service.gov.uk/home> <https://www.gov.uk/government/publications/make-a-lasting-power-of-attorney>.
- ✓ Find out if there is a POA in place: <https://www.gov.uk/find-someones-attorney-deputy-or-guardian>
- ✓ The Guide on Powers of Attorney: <https://ukrn.org.uk/app/uploads/2019/05/OPG18-UKRN-guidance-final-20190502.pdf>

# APPENDIX K

## Appendix K - FCA Customer Vulnerability Reference Index

This is a single index of FCA references to Vulnerable Customers from previous multi-firm reviews, thematic reviews, discussion papers, guidance, and policy statements. It is intended to assist firms with locating regulatory references to specific areas of managing Vulnerable Customer processes and procedures.

Vulnerability Aspect	Reference
FG 22-5 Finalised Guidance Consumer Duty	
Expectations of firms under Consumer Duty (CD).	1.9
Specific references to vulnerable customers (VC) and the expectation they will benefit from the overall improvements in outcomes.	1.25-1.27
Interaction with FCA FG 21-1 on consumers in vulnerable circumstances (and diversity and inclusion DP 21-2).	1.23-1.30
Firms purchasing a product or service book: consider relevant contact with customers with characteristics of vulnerability	3.26
Target market (TM): pay appropriate regard to the nature and scale of characteristics of vulnerability that exist.	4.14-4.22
Avoiding foreseeable harm: the need to adopt a flexible approach to accommodate VC needs.	5.23-5.36
Enable and support customers to pursue their financial objectives.	5.38
Manufacturers must consider the needs of customers with characteristics of vulnerability in its TM.	6.26-6.37
Design products and services to meet the needs characteristics and objectives of the TM.	6.38 – 6.49
Information sharing to allow distributors to understand & consider the needs, characteristics and objectives of VC.	6.54-6.59
Data and monitoring: ensure consideration of VC when determining frequency of reviews.	6.65, 6.67
Compliance with data protection and competition laws can be achieved without identifying VC with specific needs when sharing information.	6.73-6.74
Mitigate the risks to which VC would likely be exposed (good practice example).	6.79
Identifying risk or harm for VC & any changes required (key questions for firms).	6.80-6.81
Give consideration to VC in TM given that CD is broader than PROD (interaction with other regulations).	6.87
Price & Value: consider VC when designing charges and charging structures	7.27, 7.30
Price & Value: assess if fair value (FV) is impacted by pricing groups and whether VC are disadvantaged.	7.38 -7.42
Price & Value: justify the fair value of each product or service offered to each customer group.	7.52



<b>Developing communications:</b> consider the vulnerability of intended recipients and tailor them to meet their needs.	8.31- 8.32
<b>Consumer Understanding:</b> tailor communications with consideration of characteristics of vulnerability and the scope for harm.	8.40, 8.42
<b>Testing communications:</b> to support understanding aim to carry out testing with a group including VC.	8.50
<b>Adapt communications</b> to mitigate the risk of harm that could arise if the information provided is not understood (good practice example).	8.57
<b>Use of proactive communication:</b> monitor the understanding of VC and ensure they are supported in making effective decisions (good practice example).	8.68
<b>Consumer Support:</b> ensure design and delivery does not disadvantage customers, including VC.	9.3
<b>Avoid causing foreseeable harm:</b> ensure support processes avoid causing harm.	9.10
<b>Channels of support:</b> ensure the channels of support offered meet the needs of customers, including VC.	9.11
<b>Meeting the needs of VC:</b> consider FG 21-1 examples of channels of and the need for flexibility to meet the needs of VC.	9.13-9.16
<b>Limited channels of support:</b> be alert to vulnerabilities being transient, temporary or permanent.	9.18
<b>Customer representatives</b> (e.g. POA): be flexible and ensure representatives receive appropriate standard of support.	V9.37
<b>Assess customer support and communications</b> in meeting the needs of VC and consider adaptations (key questions for firms)	9.54
<b>Actions consistent with CD</b> require a flexible approach to support provided.	9.57
<b>Monitoring of VC outcomes</b> will help firms identify and address any worse outcomes for VC.	11.11
<b>Sources of data</b> to monitor VC outcomes should help identification of outcomes and inform any changes required.	11.34-11.36
<b>Staff training</b> to identify and support VC, and capture information about their needs.	11.37
<b>Data protection considerations:</b> refer to Appendix 1 of FG 21-1	11.41
<b>Customers with protected characteristics:</b> insights and experiences (list of examples such as an audit of customer journeys)	11.42
<b>CD and Equality Act 2010:</b> be proactive in addressing any harms identified for customers with protected characteristics whilst meeting other obligations.	11.43

<a href="#">FG21-1 The fair treatment of vulnerable customers</a>	
<b>FCA definition VC</b>	Chapter 1 (1.1.)
<a href="#">FCA Vulnerability guidance infographic</a>	
<b>Develop Monitor Analyse Learn:</b> FCA advice on skills and capability, monitoring and evaluation and communications	<b>1/1</b>
<a href="#">FS 21-4 GC20/3 feedback - fair treatment of vulnerable customers</a>	
<b>Requirements on firms</b> to comply with obligations under the Principles for Businesses and ensure VC are treated fairly.	1.5
<b>Fair treatment of VC</b> to be embedded as part of a healthy culture - into business models, culture, policies and processes throughout the whole customer journey.	1.6
<b>Fair treatment of VC</b> should lead to more effective decision making and result in better outcomes for VC.	1.22 -1.23
<b>Create and maintain a culture</b> that enables and supports staff to take responsibility for reducing the potential for harm to VC.	1.25
<b>FCA application of a ‘vulnerability lens’</b> to supervision and enforcement of the standards set by the Principles.	1.33
<b>Key consideration:</b> what harm or disadvantage consumers are vulnerable to.	2.30
<b>Spectrum of vulnerability:</b> the key consideration is that consumers receive the right outcomes, regardless of where they are on the spectrum of vulnerability.	2.31
<b>Staff training and support:</b> identifying vulnerability and ease of disclosure.	2.41-2.44
<b>Recording and sharing data about consumers’ needs:</b> Guidance requirements not intended to conflict with GDPR or DPA.	2.45-2.49
<b>Practical actions for firms:</b> design.	2.56- 2.58
<b>Practical actions for firms:</b> customer service.	2.64.2.67
<b>Practical actions for firms:</b> communications.	2.71-2.76
<b>Practical actions for firms:</b> monitoring and evaluation.	2.104-1.106
<b>Types of information and reporting requirements:</b> continuous monitoring and improvement is a key area of focus.	2.112-2.115

<a href="#">Guidance on the fair treatment of vulnerable customers FAQs</a>	
<b>Firms’ actions in treating VC fairly:</b> embed the fair treatment of customers in vulnerable circumstances in business models, culture, policies and processes	Page 2
<b>Application &amp; scope of the guide:</b> meet the standards set by the Principles and treat customers fairly.	Page 2-3
<b>FCA supervision:</b> the treatment of VC will be integrated into the supervisory approach – it will not be a one-off supervisory exercise.	Page 4
<b>Understanding customer needs:</b> consideration of vulnerability as a spectrum of risk.	Page 5
<b>Skills and capabilities of staff:</b> all relevant staff should also understand how their role can affect vulnerable consumers.	Page 7
<b>Consideration of VC:</b> practical actions in relation to comms, design, service, monitoring and evaluation.	Pages 8-11
<b>Data protection, GDPR</b> and other relevant obligations.	Pages 11-13
<a href="#">PS 22-10 Strengthening our financial promotion rules for high risk investments</a>	
<b>Consumers in vulnerable circumstances</b> and those least informed would be afforded the most protection from the appropriateness test.	3.56
<a href="#">PS 23-9 Guidance Financial Difficulty</a>	
<b>ICOBs amendment</b> regarding the level of support needed and ensuring firms act to deliver good outcomes for VC.	Annex 2.7.6 G
<b>Improvements needed</b> on identifying, recording and supporting VC.	1.8
<b>Expectation to consider support for VC</b> in line with FG 21-1.	1.11
<b>Expectation to meet the fair treatment of VC</b> (aligned to FG21-1) and customer support requirements under CD	2.17
<b>Signposting available support:</b> consider appropriate channels (e.g. a recorded message could create difficulties for VC)	2.27
<b>Communications:</b> individually tailored comms are not expected - messaging could be targeted at groups of customers, including VC	2.29
<a href="#">PS24/7: Implementing the Overseas Funds Regime</a>	
<b>Disclosures &amp; VC:</b> a respondent noted the need to consider those who are partially sighted when designing disclosure regimes.	1.38
<a href="#">PS23/16: Sustainability Disclosure Requirements (SDR) and investment labels</a>	

<b>Obtaining information from manufacturers:</b> Distributors must consider the needs, characteristics and objectives of any retail customers in the TM with characteristics of vulnerability	2A.3.16 R
<a href="#">PS 23/13 Introducing a gateway for firms who approve financial promotions</a>	
<b>Intended outcome of the s21 gateway:</b> fewer inappropriate financial promotions are communicated to consumers (including those in vulnerable circumstances)	1.31
<b>CD:</b> authorised firms should consider responsibilities and s21 approvers ensure promotions are tailored to characteristics of consumers intended to receive the promotion, including VC	1.21 and 14
<a href="#">PS 23/7: Broadening retail access to the long-term asset fund</a>	
<b>Consumer support:</b> firms required to consider needs of VC throughout the journey given that LTAFs may have complex features which require consumers to take action	2.12
<a href="#">PS22/13: Calculating redress for non-compliant pension transfer advice</a>	
<b>Issuing calculations and engaging consumers:</b> FG 21-1 referenced	6.22 and 6.32
<a href="#">PS 22/14 Consumer redress scheme for unsuitable advice to transfer out of the British Steel Pension Scheme</a>	
<b>Expectation on firms:</b> to identify and prioritise consumers who might be vulnerable because of their circumstances or might need fast access to redress	1.23
<b>Requirement to include:</b> details of whether the consumer had characteristics of vulnerability. and if this impacted suitability of advice	6.36 and 10.28.6 (vi)
<a href="#">PS22/11: Improvements to the Appointed Representatives regime</a>	
<b>CD:</b> notes firms should not seek to exploit customers’ behavioural biases, lack of knowledge or characteristics of vulnerability	3.87
<b>Consideration of VC</b> who may be at greater risk of harm is required	Annex B 12.4.4C G
<a href="#">PS 22/10 Strengthening our financial promotion rules for high risk investments</a>	
<b>Harm to VC:</b> noted as more likely to be acute hence the aim of a 50% reduction by 2025 in the number of VC investing in high-risk investments	1.22 and 1.24
<a href="#">PS 22/9 A new Consumer Duty</a>	
<b>CD rules:</b> require firms to consider the needs, characteristics and objectives of their customers, including VC, at every stage of the customer journey.	1.16
<b>Enabling consumers:</b> firms should take account of behavioural biases and the impact characteristics of vulnerability can have on consumer needs and decisions.	5.14



<b>Financial exclusion:</b> consideration of VC needs within TM required	6.9
<b>Communications:</b> firms should consider what they know about their customer base, consider characteristics associated with the drivers of vulnerability that may be present and have processes in place to support VC. Firms to tailor communications when dealing with customers on a one-to-one basis where it is appropriate to do so.	8.10
<b>Channels of support:</b> firms must ensure the channels of support offered meet the needs of their customers, including VC and be flexible to meet their needs	9.7
<b>Consumer needs:</b> do not need to be identified on an individual basis – firms should consider the range of needs in their TM, including characteristics of vulnerability, and factor this in to their design, offering and support.	10.10
<b>Clarity on characteristics of vulnerability:</b> The Duty requires firms to focus on the needs of customers in vulnerable circumstances and customers with protected characteristics under the Equality Act 2010.	10.19
<b>Special category data:</b> where firms hold data about customers’ protected characteristics, firms should use this as part of outcomes monitoring, in accordance with pre-existing legal obligations under the Equality Act 2010 and data protection law.	10.19
<b>Key expectations of firms:</b> firms should engage with the FCA if withdrawing or restricting access to products or services will significantly impact vulnerable consumers.	12.11 (5)
<b>Outcomes monitoring:</b> firms’ monitoring should identify if distinct groups of customers(e.g.VC) are receiving worse outcomes.	13.11
<b>Firm not acting in good faith:</b> taking advantage of a retail customer or their circumstances, for example any characteristics of vulnerability, in a manner which is likely to cause detriment	2A.2.3 G (c)
<b>Avoiding causing foreseeable harm:</b> ensuring that no aspect of the business involves unfairly exploiting behavioural biases or characteristics of vulnerability held by retail customers	2A.2.10 G (2)
<b>Enable and support retail customers:</b> e.g. taking account of retail customers’ behavioural biases and the impact of characteristics of vulnerability in all aspects of customer interaction.	2A.2.20 G (4)
<b>Guidance on the cross-cutting obligations:</b> Each of the cross-cutting obligations requires firms to understand and take account of cognitive and behavioural biases and the impact of characteristics of vulnerability and/or lack of knowledge on retail customers’ needs and decisions.	2A.2.25 G
<b>Manufacturers’ product approval process:</b> take into account particular additional or different needs, characteristics and objectives for VC in the TM, ensure that all relevant risks to the TM, are assessed, and that the design does not adversely affect groups in the TM, including VC.	2A.3.4 R (2) (3) (4)
<b>Closed products process:</b> manufacturer’s process must also assess and regularly review whether the closed product affects groups of retail customers and in particular whether any VC are adversely affected by any aspect of the product.	2A.3.6 R
<b>Product review:</b> assessment should include whether product meets the needs of the TM, including VC	2A.3.7 R (1)

<b>Testing products:</b> assessment should include whether product meets the needs of the TM, including VC	2A.3.9 R (2)
<b>Make changes to a product:</b> where testing shows the needs of the TM, including VC, are not met, firms need to make such changes as are necessary to meet those needs.	2A.3.10 R (2) (c)
<b>Distributors:</b> obtaining information from manufacturers to consider the needs, characteristics and objectives of any retail customers in the TM with characteristics of vulnerability.	2A.3.16 R (3)
<b>Fair value assessment:</b> should include any characteristics of vulnerability in the TM and the impact these characteristics have on retail consumers receiving fair value.	2A.4.8 R (4)
<b>Characteristics of retail customers:</b> manufacturers should have regard to whether any retail customers who have characteristics of vulnerability may be less likely to receive fair value.	2A.4.11 G
<b>Consumer understanding:</b> firms must tailor communications provided to retail customers, taking into account the characteristics of retail customers, including any characteristics of vulnerability.	2A.5.8 R (1)
<b>Interacting on a one-to-one basis:</b> where appropriate, the firm must tailor the communication to meet the information needs of that retail customer, taking into account whether they have characteristics of vulnerability.	2A.5.9 R (1)
<b>Testing communications:</b> firms should consider factors including the characteristics of vulnerability of retail customers.	2A.5.12 G (4)
<b>Where retail consumers do not experience good outcomes:</b> firms should adapt communications in accordance with PRIN 2A.5.10R(2)(b)(i) to support customer understanding.	2A.5.13 G (1) (b)
<b>Design and delivery of customer support:</b> to meet the needs of retail consumers, including VC.	2A.6.2 R (1)
<b>Expected standards under Principle 12 and PRIN 2A:</b> what is reasonable depends on all the relevant circumstances, including characteristics of vulnerability.	2A.7.2 G (2) (b)
<b>Protected characteristics and characteristics of vulnerability:</b> a firm should pay appropriate regard to the nature, scale and impact of characteristics of vulnerability, ensure systems are established to aid disclosure, and staff training to identify and actively respond to the needs of VC.	2A.7.4 G (1-5)
<b>Protected characteristics and overlap of vulnerability drivers:</b> firms should be mindful of compliance with Principle 12 and PRIN 2A and obligations under the Equality Act 2010 or equivalent legislation.	2A.7.5 G (1)
<b>Evidence:</b> any evidence that shows retail customers with specific protected characteristics are more likely to have characteristics of vulnerability should be considered by firms in meeting requirements under Principle 12, PRIN 2A & obligations under the Equality Act 2010.	2A.7.5 G (2)
<b>Sale and purchase of product books:</b> firm must carry out sufficient due diligence to understand whether any group or groups of retail customers have characteristics of vulnerability or have in common a specific protected characteristic.	2A.11.4 R (3)

PS 22/4 Temporary asset retention requirements for certain firms (BSPS scheme)	
<b>Asset restriction:</b> will help ensure that the proposed scheme will positively impact consumers with protected characteristics as well as those in vulnerable circumstances.	31
PS 21/18 Restricting CMC charges for financial products	
<b>Access to redress:</b> All consumers have direct access to the redress system and the cap does not restrict the access of VC to CMCs.	2.31
<b>Communications:</b> communications can be more effective if they consider consumers in vulnerable circumstances, and where appropriate, testing and adapting communications to meet their needs.	8.9
PS21/5: General insurance pricing practices market study	
<b>Delivering fair value in a digital age:</b> VC should not be exploited or targeted with poor value products and services, and have fair access to key products and services.	1.8
<b>Pricing:</b> A firm should not increase the price (of an insurance product) based on the customer’s vulnerability or any protected characteristic(s)	4.2.14 M E (2)(b).
<b>Communications:</b> refers to FG21-1 and VC considerations when designing communications and ensuring they are understandable	5.5, 5.9
<b>Product governance (IDD and pathway investments):</b> firm should take into account the nature and complexity of the firm’s existing or intended customer base and whether it is likely to include a significant amount of VC	4.2.3A G (4) (b)
<b>Minimum review period:</b> when considering the frequency of reviews, firms should consider the nature of the TM and VC in the customer base	4.2.34C G (2), 4.2.34E G (3) (c), 7.2.40 R (1), 7.4.4 R (1)(a)
PS21/3: Building operational resilience	
<b>Intolerable harm:</b> to identify intolerable harm, firms should have regard to various factors including VC.	3.8
<b>Approach to vulnerable consumers:</b> Consideration of the needs of VC is central to a firm’s setting of an impact tolerance, and firms should also construct communications and alternative mechanisms to minimise harms arising for VC in the event of disruptions.	3.9
<b>Setting impact tolerances:</b> amendments to SYSC 15A.2.7G noted - express reference to VC in the guidance on factors to consider.	3.9
<b>Treatment of VC (communications):</b> note added guidance at SYSC 15A.8.2G(3) to clarify that firms should be mindful of access to different channels when identifying communications methods.	6.7
PS 21/2: Breathing Space Regulations - changes to our Handbook	
<b>Consumers facing financial difficulties:</b> considered carefully the protections necessary for VC and continue to treat this as a priority risk for VC.	3.6

FG24/1: Finalised guidance on financial promotions on social media	
<b>Approvers of financial promotions:</b> firms should consider the influencer’s audience demographics and whether they are likely to have characteristics of vulnerability.	4.13
G22/4: FCA’s approach to compromises for regulated firms	
<b>Assessment of compromise:</b> FCA will take into account the number of and any impact on VC.	29
FG21/3: Advising on pension transfers	
<b>Training and competence:</b> good practice example of advising VC on DB transfers	2.53
<b>Provisions in COBS 19.1B.:</b> Some vulnerable consumers have specific circumstances that are likely to make accessing advice particularly valuable for them.	4.70
DP23/1: Finance for positive sustainable change: governance, incentives and remuneration	
<b>Firm culture:</b> focus on how firm culture and behaviours support positive outcomes for consumers, including the most vulnerable.	3.23
<b>Actions to consider:</b> Deep dives’ could focus on specific topics e.g. how inclusive the design of products are, looking at age, disabilities, or other vulnerabilities.	Page 63
DP21/5: Compensation framework review	
<b>FCA Consumer Investment Strategy:</b> reduce investment scams and those investing in inappropriate high-risk investments who demonstrate characteristics of vulnerability.	Page 13
<b>FSCS protection:</b> should not be limited as it could result in poor outcomes, e.g. someone who may be in vulnerable circumstances being negligently advised to invest in a high-risk “excluded” investment and thereby not protected.	3.16
<b>Refining FSCS’s eligible claimant criteria:</b> e.g. by focusing FSCS protection to a greater extent on those who were in vulnerable circumstances during their interactions with the firm whose actions resulted in them suffering detriment.	4.10
DP21/2: Diversity and inclusion in the financial sector	
<b>Standard of care:</b> reference to expectations set out in FG 21- and the FCA consultation on a new CD (CP 21/13).	1.5, 2.8
Recognition of the importance of diversity and inclusion: ethnic minorities are disproportionately represented among the growing number of consumers with characteristics of vulnerability (FLS 2020).	1.19
<b>Monitoring:</b> expect firms to monitor that they are meeting the needs of customers in vulnerable circumstances, through product and customer service design and to monitor outcomes for different groups of customers.	4.9
<b>Principles for Businesses:</b> to comply firms should ensure that their business model, the actions they have taken and their culture ensures the fair treatment of all customers, including customers in vulnerable circumstances.	5.53



<b>Diversity:</b> The FCA's approach to diversity and inclusion will sit alongside FG 21- 1 Guidance on the fair treatment of vulnerable consumers.	5.78
<a href="#">DP 21/1: Strengthening our financial promotion rules for high-risk investments</a>	
<b>High risk investments:</b> despite widespread increase in consumer vulnerability	2.3
<b>Communications:</b> firms encouraged to understand customer needs and take practical action to meet their needs including VC – ensuring complex terms and concepts are communicated clearly. FG 21- 1 also referenced.	4.3
<a href="#">Call for Input: Pensions consumer journey</a>	
<b>Consumer support:</b> FCA wider work to make the consumer investment market function well and to protect the most vulnerable consumers - CFI complements the wider work.	2.5, 2.11
<b>Consumers vulnerability to scams:</b> having some characteristics of vulnerability also contribute to making some consumers more susceptible to scams.	4.5
<a href="#">TR24/1: Retirement income advice thematic review</a>	
<b>Regulatory framework: refers to FG21/1:</b> Guidance for firms on the fair treatment of VC.	1.19
<b>Risk of poor outcomes:</b> Firms must also ensure that VC are treated fairly and implement processes in a consistent and effective manner.	1.27
<b>VC policy:</b> (responses to the data survey indicated) most firms had implemented policies for identification and made reasonable adjustments to respond to the needs of VC.	1.50, 4.47, 4.48
<b>Periodic review of suitability:</b> Failure to review factors such as income needs, change in circumstances, objectives, risk profile and health conditions, and to put in place appropriate systems and controls to support those customers who are vulnerable, risks such customers not being treated fairly.	2.26
<b>Treatment of vulnerable consumers:</b> The firm ensures VC are treated fairly during the advice process: should be assessed as individuals without applying a one size fits all approach. Where potential vulnerabilities are identified, firms should be able to respond accordingly, making reasonable adjustments to support their needs.	4.43, 4.44, 4.45,
<b>CD:</b> expectation on firms to be able to identify when groups of customers, such as customers with characteristics of vulnerability, receive systematically poorer outcomes.	4.46
<b>Poor practice:</b> generic VC policy not tailored to firm or applied in practice and inability to properly monitor vulnerable customer outcomes.	4.49, 4.50
<b>Poor practice:</b> Failings in firms’ control frameworks are also likely to impact how effectively firms can monitor and respond to potential vulnerabilities.	4.51
<a href="#">Review of FCA requirements following the introduction of the Consumer Duty</a>	

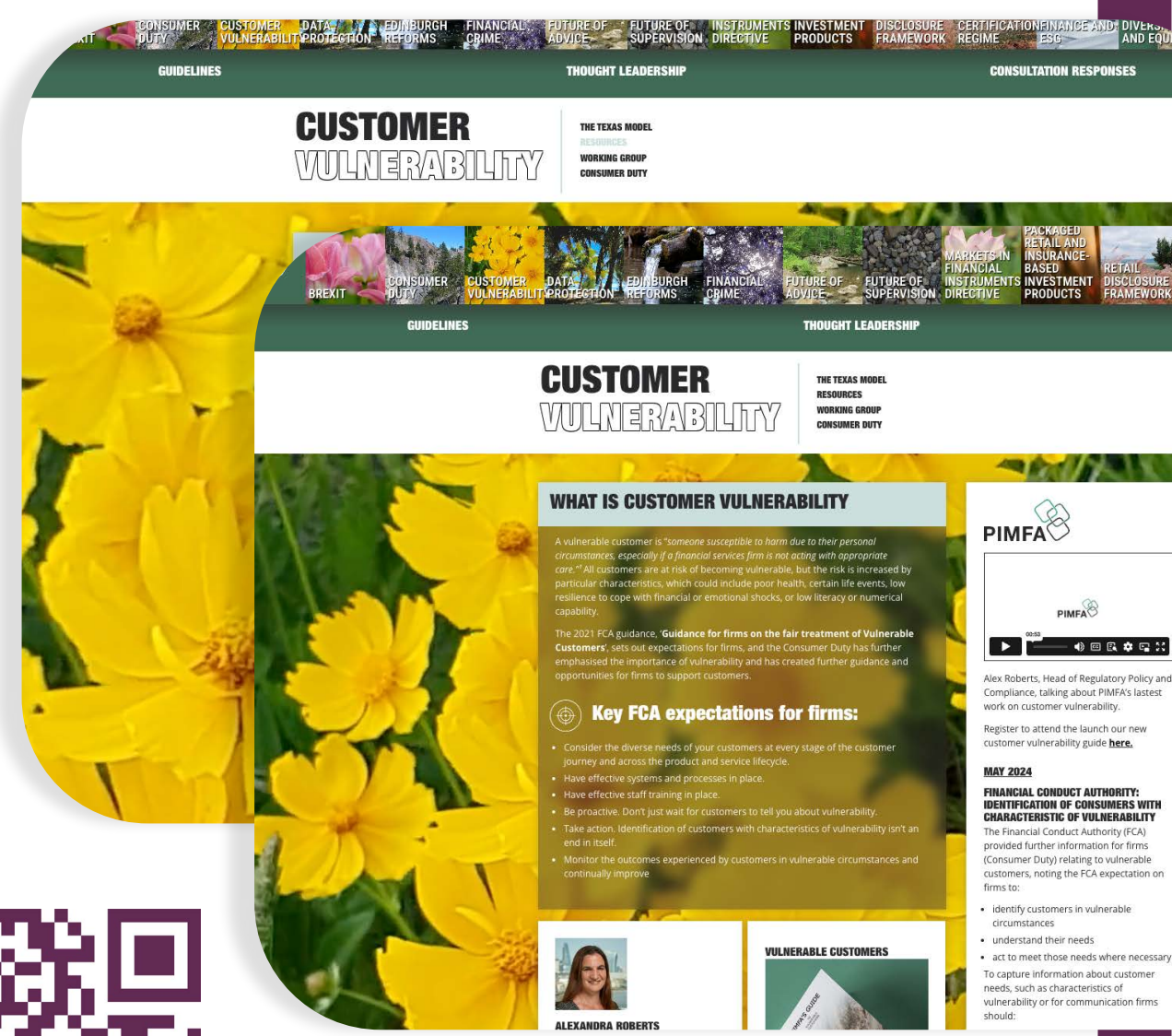
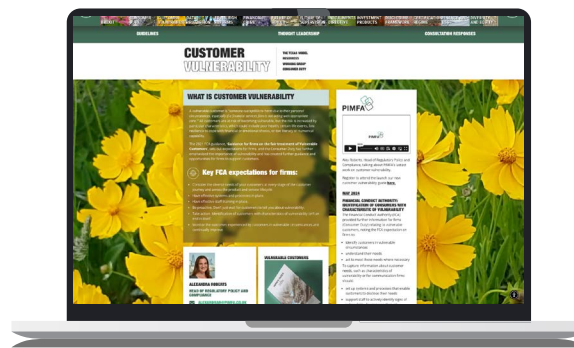
<b>Regulatory initiatives to review requirements on firms:</b> Consumer Credit Act 1974 example: Consumers should have sufficient information to understand their obligations and rights - this is particularly important where users may show characteristics of vulnerability or have low financial capability.	Page 10
<a href="#">Insurance multi-firm review of outcomes monitoring under the Consumer Duty</a>	
<b>Monitoring:</b> expectation that monitoring would identify whether distinct groups of customers, such as customers with characteristics of vulnerability, get worse outcomes than other customers for the same product.	Monitoring different groups of customers
<b>Delivering outcomes:</b> monitor, assess and provide the information used to monitor that outcomes are as good for VC as for all consumers.	Monitoring different groups of customers
<b>Pricing:</b> certain groups of customers were affected differently by pricing practices at that time based on their characteristics – such as age, vulnerability, and income.	Monitoring different groups of customers
<b>Fair treatment of VC:</b> produce and regularly review management information, appropriate to the nature of their business on the outcomes they are delivering for VC. FG 21- 1 referenced re. expectations on firms	Monitoring different groups of customers
<b>VC needs:</b> meet and respond to the needs of customers with characteristics of vulnerability and make improvements where this is not happening.	Monitoring different groups of customers
<b>Differential outcomes:</b> Monitor outcomes for VC across a wide range of metrics, conduct detailed analysis where poorer outcomes are identified, and take actions to mitigate. Conduct analyse outcomes of customers with different characteristics of vulnerability to better understand where issues stemmed from.	Good practice examples
<b>Monitoring data:</b> limited monitoring of outcomes for different groups of customers or for VC.	Poor practice example
<a href="#">Retail banking Consumer Duty multi-firm work review findings</a>	
<b>Treatment of VC:</b> firms should include VC when reviewing products and services. FG 21- 1 noted re. expectations on fair treatment of VC	Considering VC
<b>Identifying VC:</b> expect firms to be able to identify business current account customers in vulnerable circumstances to the same standard as they would for personal customers.	Improvements to specific products

<a href="#">Anti-fraud controls and complaint handling in firms (with a focus on APP Fraud) - multi firm review findings</a>	
<b>Deliver consistently good outcomes:</b> be particularly mindful of the needs of customers who may be more vulnerable.	What firms need to do
<b>Fraud:</b> Customers in vulnerable circumstances may be particularly susceptible to exploitation.	Why we did this work
<b>PSR Policy Statement PS23/3:</b> to provide additional protections for VC.	What else we and others are doing
<b>Expectations on firms:</b> appropriately take into account characteristics of vulnerability when making decisions about fraud claims and complaints. VC should receive good outcomes as and consistently fair treatment, with a level of care that is appropriate, given their characteristics.	Treatment of customers in vulnerable Circumstances
<b>Supporting VC:</b> firms should provide appropriate support to customers who display characteristics of vulnerability.	What we expect from firms
<a href="#">Consumer Duty implementation plans multi firm review</a>	
<b>Implementation programmes:</b> consider workstreams aimed directly at the Duty's four outcomes and closely related considerations like vulnerability.	Good practice
<b>Fair value:</b> give consideration to whether products and services offer fair value to different groups of customers, including those with characteristics of vulnerability or with protected characteristics.	Price & Value
<b>Support processes:</b> identify specific customer journeys that need to be improved to better support VC, including new mechanisms for customers to notify the firm of any additional needs or vulnerability. Consider focusing on bereavement, fraud and complaints processes.	Consumer Support
<b>Monitoring differential outcomes:</b> consider how to monitor outcomes for different groups of customers, including those in vulnerable circumstances.	Areas for improvement
<a href="#">CP24/13: New public offer platform regime</a>	
<b>Customer support:</b> firms must ensure they design and deliver customer support that meets the needs of retail customers, including those with characteristics of vulnerability.	5.40



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## PIMFA'S VULNERABILITY LEARNING PROGRAMME

To ensure your firm's approach to the identification, treatment, and outcomes monitoring of vulnerable customers meets the FCA's guidance and expectations, PIMFA has partnered with vulnerability experts from **The Money Advice Trust** to design a sector-specific learning programme that supports your firm:

- 1 Design, execute and transform your strategy and operating model to better deliver for customer vulnerability.
- 2 Align your approach to customer vulnerability with industry best practices.
- 3 Implement new approaches to understanding, managing, and serving customer vulnerability.
- 4 Create a plan for dealing with your firm's most critical vulnerable customer challenges.

**REGISTER YOUR INTEREST**



| Creating a UK Culture of Thriving Financial Health |

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# CREATING A UK CULTURE OF THRIVING FINANCIAL HEALTH

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