

Supporting  
your clients  
when they need  
you most





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## Why is it important to consider clients who may be in a vulnerable situation?

*It's more important than ever to identify and provide support to clients who may be in a vulnerable situation.*

Spotting that someone may be in a vulnerable situation, and making adjustments around how advice is provided, not only leads to better financial outcomes, it is also an opportunity to look beyond the transactional and connect with clients on an emotional level and build trust.

There are seven main areas that illustrate the importance of considering vulnerability.

- 1. Scale of vulnerability*

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- 2. Regulatory & Legal Responsibilities*

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- 3. Deeper client relationships*

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- 4. It's just the right thing to do*

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- 5. Enhanced reputation*

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- 6. Operational costs*

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- 7. Good client outcomes*





## Scale of vulnerability

You might be surprised by how broad the topic of vulnerability is considered to be. The FCA defines a vulnerable client as;

*Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care*

'Detriment' can be financial detriment that can be caused by poor investment decisions or being a victim of a financial crime. It can also be about a person's mental wellbeing, feeling overwhelmed or living with stress and anxiety.

Physical impairments, diagnosis of ill health or just a lack of financial awareness and experience can also mean that someone may be susceptible to detriment.

Changes in people's circumstances, such as bereavement, loss of income or a divorce are also the sorts of things we mean when talking about vulnerability.

72%

**of people say their mental health problems had made their financial situation worse**

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

2 million

**people live with significant sight loss**

(RNIB, 2018)

Approx

850,000

**people live with dementia, 42,000 of which are under 65**

(Alzheimer's Society, Factsheet 400LP, 2017)

1/4

**people will experience domestic abuse in their lifetime**

(Office of National Statistics)

Approx

1/3

**of parents talk to their children about money**

(Money Advice Service)

Approx

13.3 million

**people live with a disability**

(Scope UK)

46%

of adults report low knowledge about financial matters

*(Financial Lives survey, FCA, 2017)*

28%

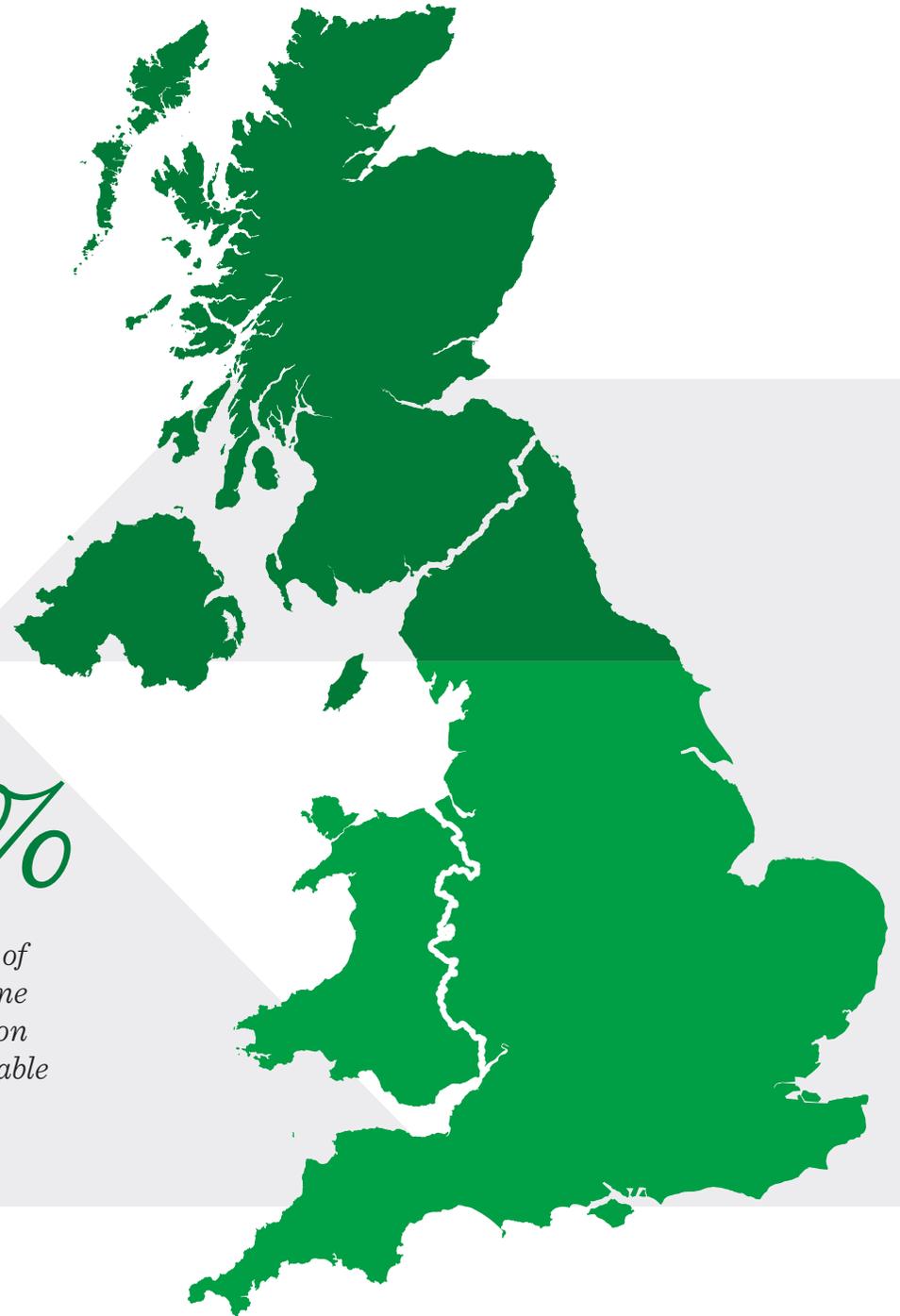
of people at retirement have any form of plan for funding long-term care

*(Financial Capability Strategy, Key Statistics)*

50%

*According to the FCA, 50% of the UK population at any one time is living with a situation that could make them vulnerable to detriment.*

*(Financial Lives Survey, FCA, 2017)*





## Scale of vulnerability (continued)

Identifying whether or not a client may be in a vulnerable situation may at first seem fairly straightforward.

It's common to assume that vulnerability is about being elderly, frail or having a physical disability; things that can often be easily seen and can be immediately more obvious.

The Quilter Honeycomb on the next page gives a good starting point around how wide-reaching the subject of 'vulnerability' can be. The list is not exhaustive, of course, but provides a context to ensure the full breadth of vulnerability is considered when identifying and responding to vulnerability.

It's also worth bearing in mind that vulnerability isn't always a constant or permanent situation for a client. For some, it will be, however, other clients may move in and out of vulnerability. For example, if a client is taking certain medicines, they can be more vulnerable at particular times of the day, depending how strong their medication might be. Another example could be a client who loses their job but quickly finds another job; they may be vulnerable only for a short period of time.

Vulnerability can also have impacts across families. For example, someone may need to reduce their working hours, or give up work, in order to care for an elderly relative.

This change in family income can lead to someone using savings or withdrawing money from their investments in order to pay the bills, which, in some cases can lead to getting into debt. It's sometimes the changes in people's behaviour that can indicate vulnerability.

As we know, when completing a client Fact Find, or periodically reviewing a client's financial goals, clients may also disclose a vulnerable situation themselves. These can be life-changing situations such as a sudden loss of income, bereavement or a diagnosis of illness. These are the moments that really matter and an opportunity to consider any additional needs a client may have and adapt advice accordingly.



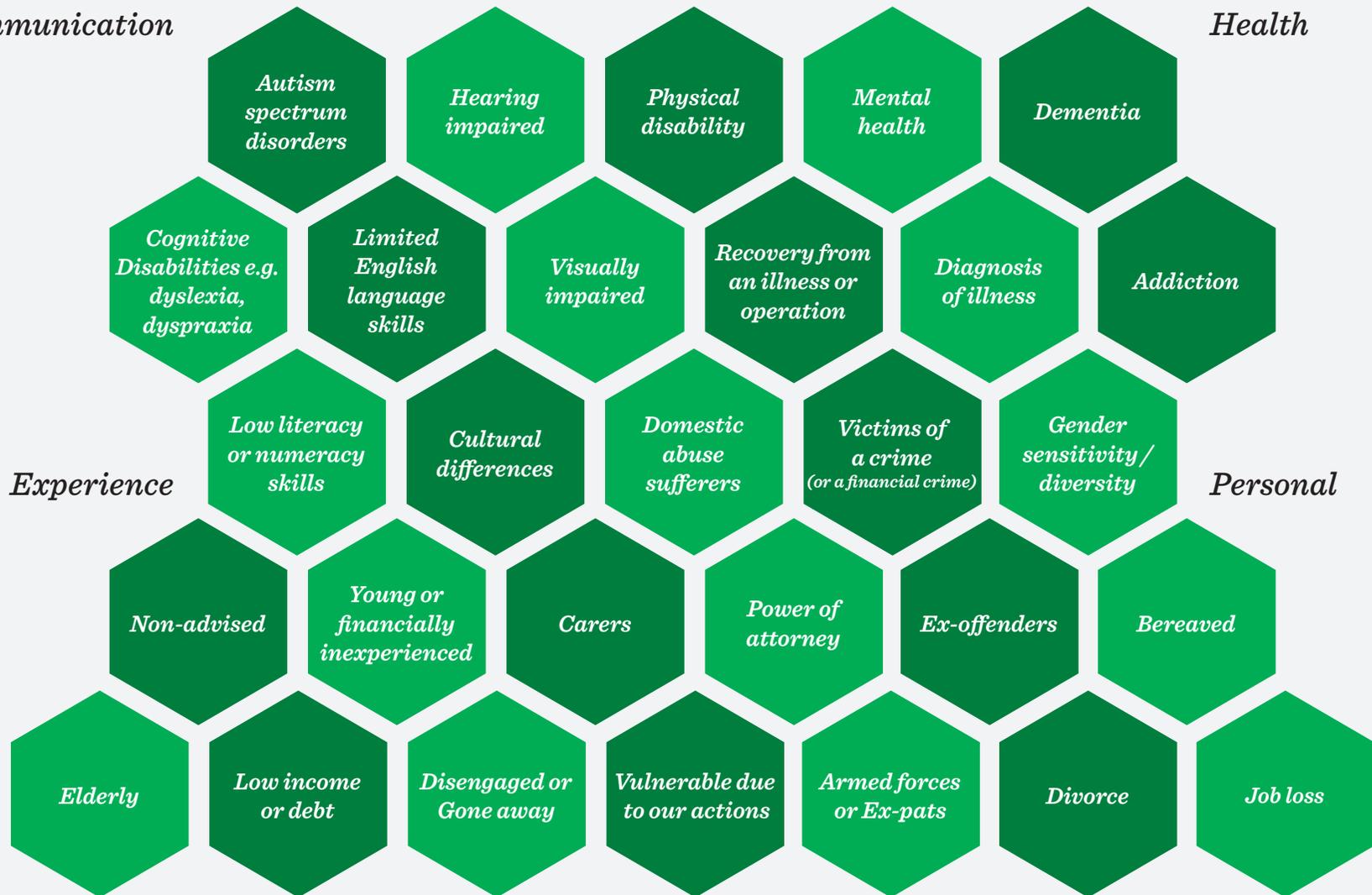
*The Quilter Honeycomb gives a good starting point around how wide-reaching the subject of 'vulnerability' can be*



# The Quilter Honeycomb

*Communication*

*Health*



*Experience*

*Personal*



## Scale of vulnerability (continued)

# 1

At Quilter, we also use the Honeycomb (see previous page) to give our people additional information and context when supporting customers who may be in a vulnerable situation. Each vulnerability segment has further guidance around the sorts of things to consider when providing additional support and this forms part of us being able to evidence that our people are suitably trained and supported.

There are 3 key areas that we would recommend you include when writing your own internal support materials:

### *Quick reference material for each vulnerability*

Using information provided by relevant charities and bodies. This is to give your employees a summary of a vulnerability and the sorts of things to consider when supporting a client. For example, for Dementia, you might include tips for holding a face-to-face meeting, such as body language and eye contact, using short simple sentences, listening skills and summarising key points in writing, amongst other things.

# 2

### *Use Real-life cases*

Bring each vulnerability to life for people at your firm. Sharing real stories as part of your training and support materials can support company-wide learning and improvement. Just be careful to remove any client personal details.

# 3

### *Include useful facts and statistics*

Provide people with a context, as well as aiding a better understanding of each vulnerability.

# Regulatory Responsibilities

◆ *February 2015*  
The FCA published Occasional Paper 8



◆ *May 2016*  
The FCA OP17 – Access to Financial Services in the UK

◆ *November 2018*  
The FCA publishes its Future Approach to Consumers paper

◆ *July 2019*  
The FCA published Guidance Consultation GC19/3 – Guidance for Firms on the Fair Treatment of Vulnerable Customers

◆ *February 2016*  
The FCA Financial Services Vulnerability Taskforce report

◆ *September 2017*  
The FCA published OP31 – Ageing Population and Financial Services



◆ *April 2019*  
FCA consultation on customer vulnerability

◆ *H2 2020*  
FCA to consult on revised draft Guidance



## Regulatory responsibilities (continued)

*A client in a vulnerable situation is significantly less able to engage with financial services and, if not suitably supported, can suffer disproportionately.*

In the FCA's 'Occasional Paper 8', the FCA made it clear that both financial services providers and adviser firms must have a vulnerability strategy and policy in place that's both robust and embedded into the everyday.

The FCA has a range of expectations that they expect firms to have considered and be able to evidence.

At Quilter, these have been condensed into ten key areas that may be useful for you to use at your firm.

**1** Identifying vulnerable customers.

**2** Protect customers from poor outcomes. Particularly, protect vulnerable customers with the understanding that anything put in place will protect all customers.

**3** Record vulnerability, with permission and so that a customer doesn't have to repeat themselves.

**4** Identify and support potentially vulnerable customers throughout the life of a product, from sale and servicing through to the end of the contract.

**5** Learn from and work with experts.

**6** Ensure customers do not face barriers because their circumstances do not fit a policy mould.

**7** Protect customers from financial crime and scams.

**8** Designs and communications must meet the needs of vulnerable customers.

**9** Train staff to support vulnerable customers.

**10** Prompt escalations and authority to be flexible.



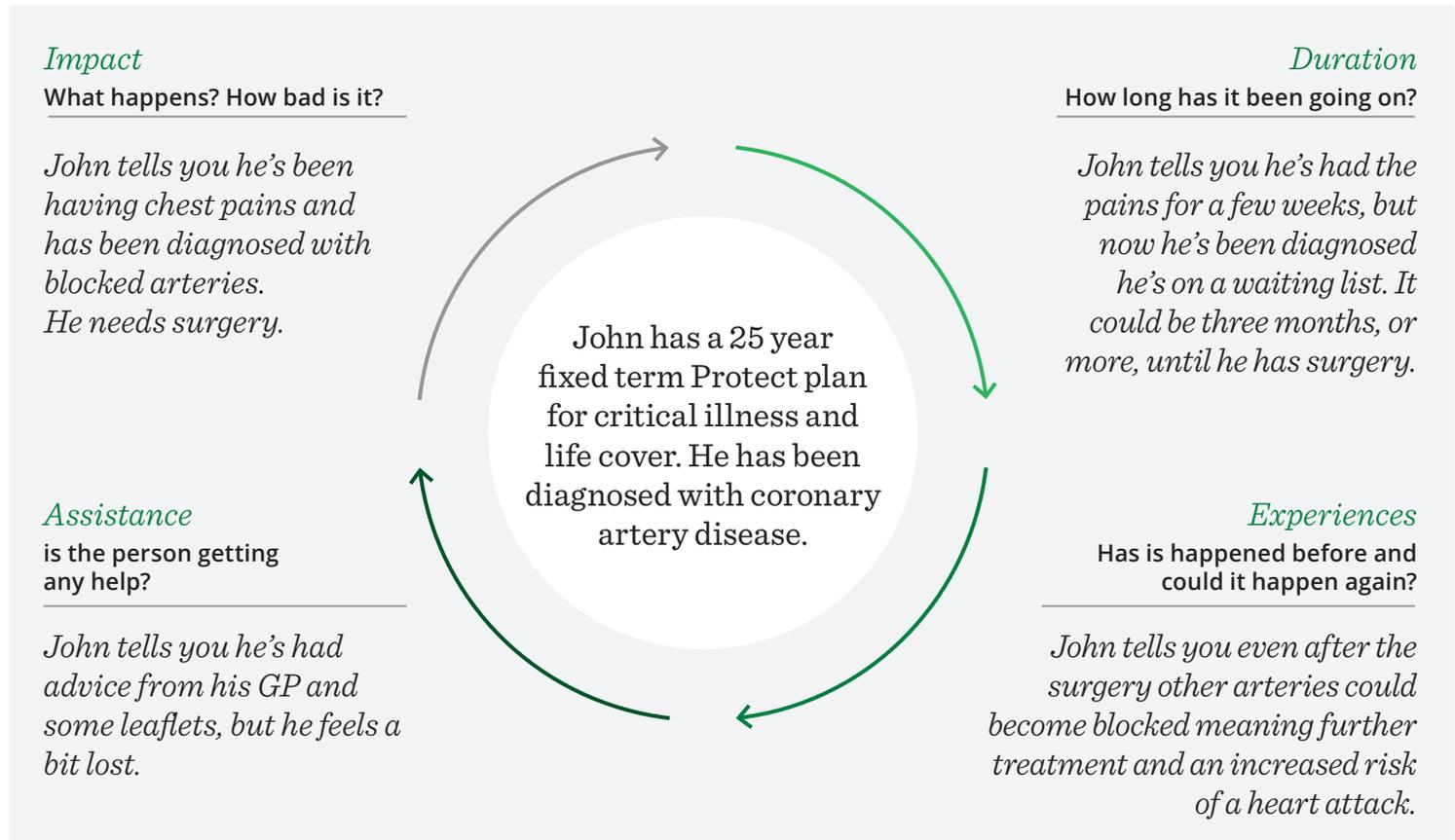
# Deeper client relationships

*As an adviser yourself, you will of course know already that the better we know a client, the better able we are to support them, achieve a good outcome and safeguard them from detriment.*

Connecting on an emotional level is also important as it enables us to build high-trust based relationships, ensuring we deliver the right support in the right way and when it matters most.

The Money Advice Trust has developed a useful tool to help navigate a conversation in order to get a better 'IDEA' about the customer's situation.

The purpose of the tool is to provide a framework around not just considering financial outcomes for clients, but also to identify health and social related outcomes so that you can better tailor your support.





## Deeper client relationships (continued)

John has given some clear opportunities to adapt support to better meet his needs and ensure he achieves the same outcomes as any other client.

### The sorts of things to consider here are:

✓ Create a vulnerability standard or policy at your firm. Consider how your clients will be assessed against this standard or policy. Ensure you have embedded your approach in your documentation and Communications.

✓ Map your current client journeys to make sure you are considering vulnerability in all stages of your advice and support processes.

Examples of things to consider when considering and documenting your approaches:

- ▶ When meeting with clients, are you meeting them at a place and time that is most suitable for them and would they benefit from being accompanied by a carer, family member or friend?
- ▶ If your client is driving, have you arranged parking for them? Are your offices accessible for those with health conditions/disabilities?

▶ Do you take into account the complexity of advice being given and adjust according to the client's needs? For example, are you flexible in approach, perhaps staggering the advice over more than one meeting to give the client more time to absorb and reflect on the information presented? Do you tailor your recommendations to products that may be more suitable for a client's vulnerable situation?

▶ If you are seeing a client at your offices, is your office environment friendly?

- If your client is living with dementia, are your signs clear, in bold face with good contrast between text and background?
- Are signs fixed to the doors they refer to?
- Are signs at eye level and well-lit?
- Are signs placed at key decision points for someone who is trying to navigate your premises for the first time?
- Are glass doors clearly marked?
- Do you have bold patterned carpets? Plain or mottled surfaces are easier as patterns can cause problems for people with perceptual difficulties.

- Do you have a quiet space available for someone who may be feeling anxious or confused?

- A full guide for supporting clients living with dementia can be found at [www.dementiaaction.org.uk/environments](http://www.dementiaaction.org.uk/environments).

▶ Do you have clear documented procedures around arranging alternative documentation that may be more suitable for a client? This can be anything from larger font, alternative coloured paper and formatting and braille.

▶ Do you have clear documented procedures around your approach to informing providers about any additional needs a client may have?

✓ When providing advice, have you thought about different ways of presenting information to the client?

✓ Is 'vulnerability' incorporated into your firm's ongoing learning and development framework? - Are you able to demonstrate that people who support clients are suitably trained to identify and adapt to different client vulnerabilities? Do front-line people know when to refer people for more specialist help? Are industry-wide tools, such as TEXAS, BRUCE and IDEA understood and used by people supporting clients?

✓ Define what good looks like and implement measures to keep track of progress.

# A guide to completing a gap analysis

*The FCA recommends (OP8 Appendix Practitioner's Pack) that firms begin their work towards requirements for vulnerable customers by auditing current practice with a gap analysis.*

A gap analysis can be a useful early step in identifying risk areas, opportunities, and priorities to meet the regulatory requirements.

*Assessing against your own vulnerable customer policy/ standards, or the regulatory paper, allows you to:*

Measure

Identify gaps

Prioritise

Action

Measure again

A gap analysis should be done collaboratively with any relevant colleagues around the firm. If you are able to, it can be useful to do as a group exercise.

A gap analysis is recommended as part of the first stage of work, as it establishes current position, identifies risks, and can drive the prioritisation of business focus and resource.

It is also useful to redo the exercise regularly over time to track progress or shifts. It also provides evidence of efforts for compliance and regulatory purposes.

There are many styles of gap analysis methods and templates available. It is something that can be done in house, or many external consultancy firms can complete this for you.

## A guide to completing a gap analysis (continued)

*Quilter's template can be a useful place to start. The next step is to score each requirement to establish where you think you are currently. Although you will need to tailor this to your own business, a suggested approach to scoring could be:*

Score	Criteria
0	No knowledge, experience or evidence of this requirement across the business.
1	Requirement is understood by some employees or areas but there is no evidence of practical application.
2	There are some initiatives/processes happening that support this requirement. The link between what is happening and the requirements has not been made (it is happening by coincidence rather than by consciousness).
3	A conscious link has been made between what is happening in the business and this requirement. Discussions /changes in progress to make the requirement actions established.
4	Relevant process/procedure/governance has been created and signed off. Those directly involved/impacted are aware of the process/initiative but they have not been widely communicated or rolled out.
5	Communications to promote awareness of the actions to meet the requirement and the plan to implement as BAU have taken place for those directly involved and the rest of the business. There is a moderate level of awareness and some actions are in progress or complete.
6	The actions/policies/initiatives to meet the requirements have been communicated and everyone is aware of their role/responsibility and what they need to do. There is a high level of awareness but not all actions are complete.
7	The action/policy/initiative has been communicated and everyone is aware of their role/responsibility. All relevant actions have been implemented but have not been in place for more than 6 months.
8	Action/policy/initiative has been in place for more than 6 months and are routinely taking place in BAU. Awareness and engagement is high.
9	Concept/actions are routinely taking place in BAU and have been in place for more than 6 months. There is awareness and understanding of the process/initiative across the business as well as those directly involved. Evidence of regular and consistent demonstration of the practical application.
10	Implemented processes/actions are fully embedded and sustainable throughout the organisation. They have been active for a minimum of 12 months and are considered BAU not another initiative. They are regularly reviewed and developed. Continuous improvement and development of supplementary actions happens regularly.

By plotting your scores out of 10 for each requirement, you can then quickly see where improvements can be made and prioritised, as well as provide documented evidence of how you have considered vulnerability within your firm.

Quilter’s template

	Requirement summary	Actions and concepts	Score out of 10
1	<b>Identifying vulnerable customers</b>	<ul style="list-style-type: none"> <li>▶ Awareness of different vulnerabilities</li> <li>▶ Encourage disclosure of information</li> <li>▶ Training on how to identify a potential vulnerability</li> </ul>	/10
2	<b>Protect customers from poor outcomes. Particularly, protect vulnerable customers with the understanding that anything put in place will protect all customers</b>	<ul style="list-style-type: none"> <li>▶ Define how front line staff should handle insistent cases</li> <li>▶ Procedure for customers who are insistent on taking action which may be detrimental</li> <li>▶ Insert a number of ‘pauses’ in the customer journey for them to consider action/consequences, particularly in high risk processes</li> <li>▶ Particular consideration in areas with higher risk of potentially detrimental outcomes</li> </ul>	/10
3	<b>Record vulnerability. With permission and so that a customer doesn’t have to repeat themselves.</b>	<ul style="list-style-type: none"> <li>▶ Ensure all staff have understanding of data protection regulations</li> <li>▶ Record factual summaries in line with agreed guidance</li> <li>▶ Adhere to your firm’s recording standards</li> <li>▶ Policies for staff to check recorded information and act accordingly</li> <li>▶ Share data across businesses, with consent and when there is a customer benefit</li> </ul>	/10
4	<b>Identify and support potentially vulnerable customers throughout the life of a product.</b>	<ul style="list-style-type: none"> <li>▶ Consider vulnerability in product design and changes</li> <li>▶ Where additional touch points occur through the life of products</li> <li>▶ Consider vulnerability in all policies, procedures and products, new and changes to existing</li> <li>▶ Complaints should consider vulnerability and in turn best outcomes for all customers</li> </ul>	/10
5	<b>Learn from and work with experts</b>	<ul style="list-style-type: none"> <li>▶ Sign up to charters, charities and codes of conducts</li> <li>▶ Work with charities and third parties to better understand consumer vulnerability</li> <li>▶ Host staff from external organisations who can review and advise on current processes</li> <li>▶ Actively partake in relevant working groups</li> <li>▶ Use learnings to inform our strategy</li> </ul>	/10

## A guide to completing a gap analysis (continued)

	Requirement summary	Actions and concepts	Score out of 10
6	<b>Ensure customers do not face barriers because their circumstances do not fit a policy mould.</b>	<ul style="list-style-type: none"> <li>▶ Identify areas where flexibility may be needed and embed appropriate procedures</li> <li>▶ Processes for POAs, carers and friends and family. Offer options and encourage planning and provisions</li> <li>▶ Ensure vulnerable customers are not adversely impacted by operational and performance constraints</li> </ul>	/ 10
7	<b>Protect customers from financial crime and scams.</b>	<ul style="list-style-type: none"> <li>▶ Ensure all staff are trained to spot signs of fraud, scams and financial abuse</li> <li>▶ Work with public bodies to raise the profile of financial abuse and help with education and support</li> <li>▶ Have procedures which are effective for all customers, but particularly those who may be vulnerable.</li> <li>▶ Have an agreed approach for concessions which can be made for vulnerable customers around security, considering this is a high risk area</li> </ul>	/ 10
8	<b>Designs and communications must meet the needs of vulnerable customers.</b>	<ul style="list-style-type: none"> <li>▶ Customer test with a range of customers, including those in vulnerable circumstances</li> <li>▶ Aligned, clear, jargon-free language across our business. Easy to read communication.</li> <li>▶ Communications offered in alternative ways; e.g. Braille, Audio etc.</li> <li>▶ Offer and facilitate channel of choice</li> </ul>	/ 10
9	<b>Train staff to support vulnerable customers</b>	<ul style="list-style-type: none"> <li>▶ Staff are suitably trained and equipped to support vulnerable customers</li> <li>▶ Where relevant to your business, ensure consistency in training across multiple offices</li> <li>▶ Regular refresher training and awareness to maintain knowledge and focus</li> </ul>	/ 10
10	<b>Prompt escalations and authority to be flexible</b>	<ul style="list-style-type: none"> <li>▶ Empower colleagues to make decisions which are best for customers</li> <li>▶ Develop an internal escalation procedure</li> <li>▶ Have a risk based approach to flexibility of Terms and Conditions</li> <li>▶ Have individuals who have the relevant authority to offer flexibility</li> </ul>	/ 10



## A guide to completing a gap analysis (continued)

*If you decide to carry out a Gap Analysis yourself, rather than engage with an external consultancy, there are a number of key points that we would recommend you consider. The size of your firm will of course determine how you approach a Gap Analysis but the following might be useful for you to consider, in the context of your firm.*

- ✓ Give yourself enough time to carry out your analysis. We would recommend at least a day so that you have time to document your findings.

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  - ✓ Create a working group and make sure you have all voices across your firm represented, such as any administration employees.

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  - ✓ Use the Quilter Honeycomb to consider each vulnerability listed against each Gap Analysis step.

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  - ✓ Document your findings, along with any relevant processes, procedures and actions to be taken by your firm.

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  - ✓ Document your action plan. We have found it helpful to group actions into quick wins, medium term and longer term actions. Longer term actions tend to be those that have a larger budgetary impact. Review the action plan at least monthly.
- ✓ Make Vulnerability a standing agenda item. We would recommend this is for all team meetings at all levels at your firm.

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  - ✓ Redo your Gap Analysis regularly. Tracking your progress and documenting your effort helps build your evidence for compliance and regulatory purposes, as well as providing great insight into how well your firm is performing.

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  - ✓ Share real-life stories and case studies with colleagues. When reviewing client cases, you will no doubt come across success stories, along with opportunities to improve. Share the good, as well as the bad, so that you are supporting a culture of group learning and continuous improvement across your firm. Do remember to remove client personal information before sharing.

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  - ✓ Talk to clients you have identified as vulnerable to gather ideas and insight and inform your Gap Analysis and improvement plans. It can be useful to use the Vulnerability Toolkit to help guide these conversations.





*The purpose of this handout is to share examples of some of the tools and approaches we have used at Quilter, which may or may not be relevant for you to consider and adapt according to the context of your own business.*

It is therefore not a definitive guide and we hope it gives you some food for thought around the sorts of things you might want to talk to your compliance advisers about if you haven't already done so.

*[www.quilter.com](http://www.quilter.com)*

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