



THE NAME YOU  
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## Vulnerable Client Policy

Prepared: 1 May 2021  
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## Contents

Objectives of this policy

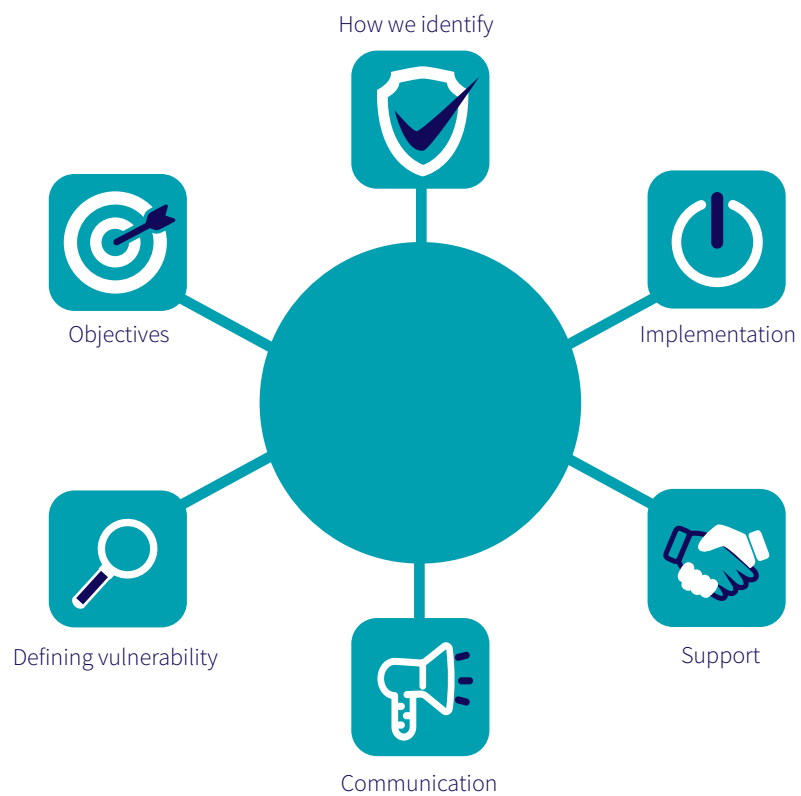
The implementation of this policy

Communication of the policy to staff

Defining vulnerability

How we identify a vulnerable client

Support we can provide to vulnerable clients



## Objectives of this policy

At Smith & Pinching we recognise that the vulnerability of our clients is an important issue and we take this responsibility seriously. This policy recognises the guidance consultation published by our regulator the Financial Conduct Authority (FCA).

The FCA define a vulnerable consumer as “someone who, due to their personal circumstances, is especially susceptible to detriment when a firm is not acting with appropriate levels of care”. We understand from The FCA “Financial Lives Survey” that 50% of the UK adult population display one or more characteristics of being vulnerable.

As a provider of financial advice, we have the objective of ensuring that all elements of our work are consistent with our core values and we put in place appropriate support mechanisms to take account of any additional needs, and we ensure our clients are not at risk of undue detriment from the advice and services we provide.

We recognise that all our employees who have contact with clients need to have an awareness of the signs of vulnerability. We provide training for these people and have processes for recording relevant client information on our systems. The training we provide is ongoing and our processes are overseen and reviewed by Senior Managers and Directors within the business.

## Implementation of this policy

This policy sets out how all staff within our practice will identify clients who, due to temporary or permanent circumstances may be classed as “vulnerable”.

We have appointed a Vulnerability Champion and four support staff to be available to discuss individual cases involving vulnerability and to promote staff awareness, staff training and a proactive approach to this issue.

All staff will receive training and updates so that they can have a better understanding of vulnerability issues, be able to identify clients with vulnerabilities and able to deal with these effectively.

Where vulnerability is apparent, we will confirm this in writing and agree how this should be addressed in each individual circumstance.

Our systems will record the need for any additional care or support which is required for the client’s needs. These will be updated to reflect any changes in circumstances.



## Policy reviews

- Seek feedback on the policy and its effectiveness from clients, staff and appropriate third parties.
- Review and update the policy each year, reflecting on experience gained from using the policy .
- Ensure that training is evidenced, and updates are based on changes in compliance standards as well as from experience of using the policy.
- Directors will review Management Information quarterly and act accordingly to improve how we are dealing with vulnerability.

## Communication of this policy

All new staff will be issued with a copy of this policy upon induction and asked to sign the staff declaration. We will ensure all staff are fully aware of this policy and ask them to sign the staff declaration each year to confirm their understanding.

## Openness

This Vulnerable Client Policy is available on our website or in hard copy.

## Defining vulnerability

In identifying who may be considered vulnerable, we have adopted the FCA's definition of vulnerability. The FCA definition is: "someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care".

This can be expanded to include a client, who, as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment:

- Has limited ability to maximise his or her wellbeing.
- Has difficulty understanding information.
- Is less able to buy, choose or access suitable products.
- Is at higher risk of experiencing negative market outcomes.
- Is more susceptible to certain market practices.

Any definition of a vulnerable client needs to reflect the fact that vulnerability can display itself in either physical or mental form, either knowingly or otherwise, and can be short lived, longer term or permanent and may fluctuate over time.

The need for a solid vulnerable client process to provide additional assistance is necessary to ensure that any such clients are treated fairly.

The FCA sets out the following key principles that all firms must adhere to when dealing with vulnerable clients:

### Skill, care and diligence

A firm must conduct business with due skill, care and diligence.

### Management and control

A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems being in place.

### Clients' interests

A firm must pay due regard to the interests of its clients and treat them fairly.

### Communications with clients

A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

## Clients: relationships of trust

A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any client who is entitled to rely upon its judgement.

Under the Principle “Clients’ interests” the guidance sets out six outcomes that firms should strive to achieve. These are:

**Outcome 1:** consumers can be confident they are dealing with firms where the fair treatment of clients is central to the corporate culture.

**Outcome 2:** products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

**Outcome 3:** consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

**Outcome 4:** where consumers receive advice, the advice is suitable and takes account of their circumstances.

**Outcome 5:** consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

**Outcome 6:** consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

We also take into account the FCA identification of the four drivers of vulnerability:

- 1) Health
- 2) Life Events
- 3) Resilience
- 4) Capability

The table below, which is not exhaustive, gives examples of each of these:

Health	Life Events	Resilience	Capability
Physical disability	Caring responsibilities	Low or erratic income	Low knowledge or confidence in managing financial matters
Severe or long-term illness	Bereavement	Over indebtedness	Poor literacy or numeracy skills
Hearing or visual problems	Income shock	Low savings	Low English language skills
Mental health problems	Relationship breakdown	Low emotional resilience	Poor or non-existent digital skills
Low mental capacity or cognitive disabilities	Non-standard requirements, such as ex-offenders, care leavers, refugees	Lack of support structure	Learning impairments

Beyond specific interactions with clients, the guidance says that firms should integrate an understanding of the needs of vulnerable clients into their business. This means ensuring the business and staff have the necessary knowledge and skills to treat vulnerable clients fairly, and that there are adequate processes and control systems in place to ensure the firm is mitigating the risk of harm to them.

At Smith & Pinching we recognise vulnerability and understand our clients' needs. Our processes include:

- Training our staff to identify and be sympathetic to the individual needs of the client.
- Ensuring our staff are knowledgeable and recognise that some clients need a different approach and more time than others.
- Adapting the way we communicate with clients, taking into account that vulnerable clients may require additional information and alternative methods of communication.

### How we identify a “vulnerable client”

We will be proactive in looking for clues from the client that may lead us to determine that they should be treated as “vulnerable”. We believe that this is most likely to be from the information gathered during our Fact Finding process, but all staff will be listening and looking for any indicators that may lead us to the conclusion that our client is vulnerable.

It may be evident that some clients require additional support (e.g. a client with impaired vision). For other clients it may be less obvious, but we attempt to be aware of circumstances, behaviours and actions which may indicate or result in vulnerability (e.g. loss of a partner/family member).

This applies to all staff who may deal with clients. For example, a client may indicate to a receptionist that they cannot use the stairs to a first-floor office, or a colleague processing financial information may identify that a client has cancelled several policies. These could be indicators of physical disabilities or financial pressures respectively.

### Additional indicators

We will ensure we consider common indicators of circumstances where additional support may be required. No list can be exhaustive, but examples could include:

- Observing changes in circumstances for an existing client e.g. loss of partner/family member.
- Verbal indications e.g. “can’t come into office”; “are there any stairs”.
- Communication difficulties e.g. clients who are uncomfortable with email or technology, or asking for help reading and understanding documents.
- Changes in client paying premiums, payments stopping suddenly, late or missed payments.
- Physical indications e.g. shortness of breath, signs of agitation, need for medication.
- Client understanding e.g. client asking for repetition (a sign they are not retaining information), or other signs of confusion.

Actual vulnerability could be permanent or temporary because circumstances constantly change. This can cause clients who had not previously been vulnerable to become so at some stage of their life, e.g. through bereavement, divorce or unemployment.

Other clients may be potentially vulnerable. Although not currently vulnerable, they may be more susceptible than others, due to certain characteristics, for example, someone with a history of stress-related illnesses.

## Support we can give to vulnerable clients

### When may a client need additional support?

We may identify that the client needs additional support at any time during the relationship with the client. For example:

- First contact – prior to any advice.
- Throughout the advice process during discussions and meetings.
- Post advice – for example, if a policy has lapsed or premiums have been missed.
- Protection claims – a stressful time, when the client may need additional support.
- Dealing with correspondence – for example, if a client has difficulty understanding details, requires correspondence in a larger font size.

### Methods of support

The support required will of course depend on the individual client and their circumstances. Solutions may include:

- Listening to the client's needs and if relevant any special or additional needs that they may have in order for them to make any financial decisions.
- Arranging for a third party to be present at the meetings (e.g. family member, companion).
- Discussing and agreeing the most appropriate form(s) of communication that we might use with the client to be most effective (for example, braille, large print, email (which could be turned into voice)).
- Organising for a qualified "signer" for clients with impaired hearing.
- Allocating additional time for appointments; spreading the advice process over several shorter appointments.
- Deferring a review of the client's circumstances until they have had time to come to terms with their situation.
- Changing the venue of meetings to assist clients who have difficulty with mobility, or conducting "virtual" meetings through video calls.
- Taking care to ensure that the features and risks of all our advice are explained in a manner and format that the client may understand.
- If the client is mentally incapacitated and not able to make a decision for themselves, advice will be given to a verifiable attorney or court appointed deputy and a full copy of the paperwork (e.g. lasting power of attorney) will be maintained on file.
- Where advice is given to the attorney or deputy, the file will evidence that the advice is based on the requirements, circumstances and assumed risk profile/capacity for loss of the client.
- Contacting the client after the advice to ensure they understand the suitability report and other documentation, and to offer further explanation or support as required.



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