

A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are constructed with glass and steel, featuring a grid-like pattern of windows. The sky is a pale, overcast blue with soft white clouds. The perspective creates a sense of height and scale, with the buildings converging towards the top of the frame.

Feeling Vulnerable

**The Case of Vulnerable Customers And
How To Identify Them**

Another Compliance Consultant Document

Vulnerable Customers

"Vulnerability" can not be ignored.

Because of the FCA declaring that most users of consumer credit might be considered to be "vulnerable" to some extent due to their financial circumstances, it is really an area firms should never get wrong.

It is not limited to Consumer Credit customers though, and anyone could fall into the category of "Vulnerable" in any financial dealings with any type of firm from payday loans through to banking and sophisticated trusts and investment arrangements.

Have you been providing your vulnerable customers with appropriate safeguards?

The FCA promises proactive supervision of firms in this subject.

Staff should receive specific lessons in this specific area and firms should have proper documented procedures and processes to assure compliance.

The FCA has developed the following definition to guide work in this area:

"A vulnerable consumer to be someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care¹."

Vulnerability occurs in a variety of which may be permanent, temporary, or even sporadic, dependent on its nature. In many circumstances the individual may not recognise themselves as 'vulnerable'.



¹ [occasional-paper-no-8](#)

We recognise that vulnerability may not be simply due to the situation of the consumer but caused or aggravated by the actions or processes of the firms they may deal with.

Christopher Woolard, Executive Director of Strategy and Competition said in July 2019:

“Protecting vulnerable consumers is a key priority for the FCA and we want to see firms explicitly embedding the fair treatment of vulnerable consumers into their culture. Where we find that firms are not doing enough to ensure that consumers are treated fairly, we will take action.

“Firms need to take particular care to ensure that vulnerable consumers are treated fairly as they may be more likely to experience harm. The guidance should drive improvements across the industry, improving outcomes for millions of vulnerable consumer”.

The first part of a Guidance Consultation in 2019 can be found at <https://www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf>.

Customers who might be considered as being in vulnerable circumstances could include but not limited to:

1. Clients with mental capacity deficiencies (including language or communication), including mental illness and dementia
2. Clients under stress or subject to financial shock of all types, such as employment concerns, bereavement (or potential bereavement), marital or relationship difficulties
3. Clients with a physical impairment that may not allow them to engage with automated, or other standard process requirements (such as photographic ID, phone keypad recognition, or internet applications);
4. Clients with severe and long-term illness (both life-limiting and where recovery is expected)
5. Clients who are “under banked” or “financially unsophisticated”
6. Clients with low income

7. Clients already in a distressed financial situation
8. Those acting on behalf of others as 'carers', including those operating a power of attorney
9. Those without access to the internet or other digital media
10. Clients who are financially inexperienced
11. Those with poor language skills

Vulnerability is broad and may occur at any time. It will usually involve the interplay of characteristics of the individual, their circumstances, and static or transitory status.

It is important that when any firm deals with customers in vulnerable circumstances, they are aware of the customer's needs:

1. Mental capacity deficiencies – The FCA provides clear guidance on the identification of mental capacity issues in their Handbook, specifically under CONC 2.10.8G indications that a person may have some form of mental capacity limitation
2. Stress or financial shock – may be identifiable (facial expression, posture or stance etc.), but otherwise may be revealed through conversation before and during interview
3. Physical impairment – may be identified visually, or through interview
4. Severe and long-term illness – may be identifiable through conversation or through interview
5. "Under banked" or "financially unsophisticated" – may be identified through interview and their credit profile
6. Low income – may be identified through interview and credit profile
7. In financial distress – may be identified through interview and credit profile
8. Carers – may be identified through interview or conversation
9. Digital exclusion – identifiable through interview or via routes of engagement with firm
10. Inexperience – age may be a factor in exposure to financial products
11. Poor language skills – may be audible or identifiable via routes of engagement with firm

The nature of the need area to be addressed e.g. in connection with arranging mortgages and / or home finance, equity release, sale and rent back, right-to-buy, or where the main purpose of raising funds is to consolidate debt, or advising on and / or facilitating the provision long-term care may also indicate vulnerability. Here additional safeguards will be applied as appropriate to ensure fair treatment.

The following guide constitutes a vulnerable person; however, it should be noted that it is not limited to:

- A person who is 18 or older
- Older people who have reached or are in receipt of state pensions
- Who is, or may be in need of community services due to age, illness or a mental or physical disability?
- A person with issues of literacy
- Who is, or may be, unable to take care of his or herself, or unable to protect themselves against significant harm or exploitation?
- A person suffering with terminal illness
- A person in remission from terminal illness
- A person who may have served and recently been discharged from HM Forces
- People with mental health problems
- Disabled people
- People with acquired brain damage
- People who misuse substances



Vulnerable Customers

Listed here are some tips for dealing with vulnerable customers:

1. Have a vulnerable customer policy

An extensive policy that explains just how a customer who discloses any sort of vulnerability is going to be treated by your firm, and just how that information will likely be used and shared is vital. This also demonstrates to the regulator that your firm takes this condition seriously.

2. Have a mental health policy

It really is fundamental that staff are sensitive to and comprehend the policy so

make certain it's clear and understandable and easily followed.

3. Create an expert designated team

You will want to set up an expert and designated team to manage vulnerable customers and make certain everybody knows who they are and precisely under what circumstances cases must be referred to them.



Figure 1 [Click Here to See What's Included](#)

4. Training

Ensure that your staff receive training in this specific area regularly and that this particular training isn't just generic training on mental health problems but in fact is pertinent "to the job" to make sure they feel fully equipped within their individual roles.

5. Keep current

Make sure you stay up to date using the latest industry suggestions for managing vulnerable customers. The Royal College of Psychiatrists as well as the Money Advice Trust provide extremely helpful guidance in this subject.

6. Offer a support network for staff

It could sometimes be distressing for staff to manage vulnerable customers. It is very important that there is a channel of communication for discussing the effect this might have on them personally.

7. Record and analyse MI about Vulnerable Customers

Your firm should record and analyse M I about vulnerable customers and mental health problems. This will assist you to determine the number of customers reporting problems and help with staff training in handling the various issues faced.

8. Carry out compliance audits

These may take various forms and differ in detail and frequency. These are an excellent way to check how effectively staff understand the policies and procedures associated with vulnerability and also to identify weaknesses and areas for improvement.

Vulnerable Customers? If you need further assistance, please call us on 0207 097 1434.

Dealing With A Niche Consultancy

My Promise To You (Lee Werrell)

1. You are always dealing with the principal when you are dealing with my firm. This means that I am the relationship manager and there is no junior partner to whom responsibility will be transferred. There is no decreased accountability, no "hand-off" to a less-informed colleague. If your interests are at stake continually, shouldn't you reasonably expect my continual involvement?
2. We can usually provide resources on a "just in time" basis. That is, our projects do not have to cover excessive overhead, such as multiple offices, large administrative backup, recruiting, partner perks, etc. We are organized to efficiently provide everything that you, as the buyer needs, but nothing more than that which means that you are paying for value and results and only minimum overhead.
3. There is more likelihood of your privacy and confidentiality being observed with fewer people working on the project. In addition, there are fewer "voices" in terms of differing consultants' and their differing perceptions (a very real problem in focus groups, interviews and work observations). I (and/or the few people I might also involve) are constant which means that there isn't the need to sift through dozens of differing perceptions.
4. We're faster. We can respond to requests quickly, and return all calls within four hours which means to you that there is no need to worry about a bureaucracy, delays and unknown people on the other end of the phone.

Compliance or Risk Assessment? Did You Know We White-label For Many Of The Big Names?

5. Since we handle fewer concurrent projects than larger firms, our attention is focussed on the job at hand. This means that you don't have to "compete" with another dozen or so of our clients, which may be larger, paying more or are more time demanding.

We structure our work so that every client receives maximum attention.

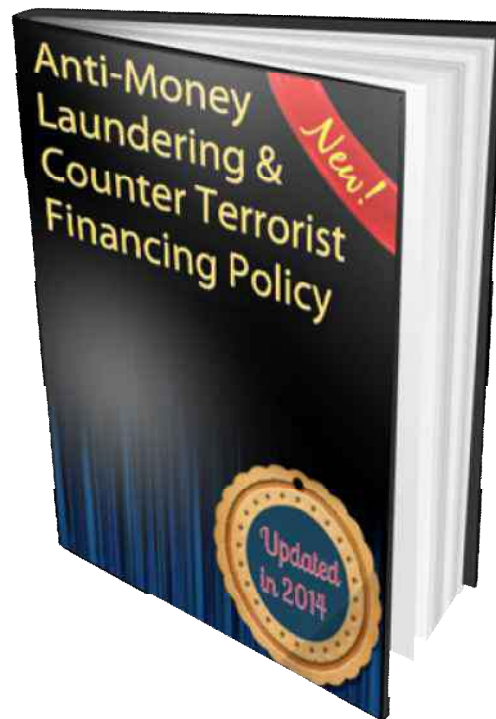
6. Your investment is controlled. There is no "meter running." We work for a fixed, value-based, project fee. Large firms can't afford to do that as readily because of all the people involved and their own insistence on measuring their success by billable hours. We measure our success by client objectives reached, not in "time units".

7. The expertise that larger firms use is often white-labelling for them by a pool of consultants available in the marketplace at any one time. We select our consultants from practising subject matter experts which means that you obtain the same or better expertise for less money, because;

8. Inevitably, we are less expensive. There are economies to using someone who can base their fees on each situation and not on a pre-determined service scale or need for reaching a practice quota. This means quite simply better value to you.



Call Us On 0207 097 1434 To Discuss Your Needs
Or visit us at <http://www.complianceconsultant.org>



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