

# Vulnerable Customer Policy

## **Purpose**

The purpose of this policy is to ensure that the way in which the Firm offers its financial services does not have any negative impact upon vulnerable consumers.

For the purposes of this policy vulnerable consumers are defined as customers and prospective customers of the Firm whose ability or circumstances require the Firm to take extra precautions in the way that it sells and provides its services in order to ensure that they are not disadvantaged in any way.

## **Identifying a vulnerable consumer**

When engaging with customers over the internet it is impossible for the Firm to identify a vulnerable consumer because it cannot view see any personal characteristics, such as body language and facial expressions, which may help identify whether the prospective customer requires additional information and guidance to enable them to make an informed decision.

The Firm therefore identifies vulnerable customers in three ways;

- Those direct clients that self-notify the Firm that they are vulnerable;
- Those direct clients that through personal communication with the Firm, it identifies may be or are vulnerable; and
- Advised clients who are identified as being vulnerable by their adviser.

It is critically important for the Firm when personally interacting with all customers for it to listen carefully and identify those that may be classed as vulnerable.

Typical telephone characteristics may include:

- An inability to hear or understand what is being said;
- Repeated questions of a similar nature;
- Comments or answers which are inconsistent with the telephone discussion or which indicate that the Customer may have not understood the information which has been provided;
- Verbal confirmation that the Customer does not understand or that they require the assistance of somebody else when making a decision.

As a sometimes an online business the Firm engages with customers face to face when onboarding them. If this does happen, the same characteristics are likely to be evident, but body language and facial expressions may also assist in identifying the vulnerability.

## **What to do if the Firm engages with a vulnerable consumer?**

Just because somebody is vulnerable it does not automatically preclude them from investing in the products and services the Firm provides.

When speaking to a vulnerable consumer the Firm is committed to:

- providing additional opportunities for the customer to ask questions about the information we have provided.
- continuously seeking confirmation that customers have understood the information that has been provided.
- asking the customer if there is anybody with them who is able to assist them, and offer them the opportunity to have a family member or friend present during the conversation.
- offering the customer, the opportunity to complete the transaction after a period of further consideration.

If for any reason the Firm thinks the customer does not understand the service which is being offered to them, it will not proceed with the transaction and advise the customer that we will write to them with further information about the product or services they are seeking.

### **What is mental capacity?**

Mental capacity is a person's ability to make an informed decision. Whether or not a person has the ability to understand, remember, and weigh-up relevant information will determine whether he is able to make a decision based on that information. The person will also need to be able to communicate their decision.

### **Making decisions**

Mental capacity is always defined in relation to a specific decision at a specific time. Consequently, when considering an application for a product the Firm should take account of the customer's circumstances at the time at which the application or request is made.

The Firm should take appropriate steps to identify whether or not the customer appears able to understand, remember, and weigh-up the information and explanations provided to them, and, when having done so, make an informed decision.

Mental capacity limitations can be either permanent or temporary (or be fluctuating over time). Consequently, the fact that a person may not have had the mental capacity to make a particular type of decision in the past, does not necessarily mean that they currently do not have, or will never have, the capacity to make such a decision.

Mental capacity limitations may also be partial. Under such circumstances the person concerned is likely to be able to make certain decisions but not others. Decisions that may require the understanding, remembering and weighing-up of relatively complex information, are likely to be more challenging for many individuals with mental capacity limitations than more straightforward spending decisions.

Amongst the most common potential causes of mental capacity limitations are the following (this is a non-exhaustive list):

- mental health condition;
- dementia;
- learning disability;
- developmental disorder;
- neuro-disability/brain injury;
- alcohol or drug (including prescribed drugs) induced intoxication.

A customer may be understood to have, or suspected of having, any of these (or other) conditions which are potential causes of mental capacity limitation (for example, a mental health condition) but that does not necessarily mean that they do not have the mental capacity to make an informed decision.

In some instances, it may constitute disability discrimination for the purposes of the Equality Act 2010 (EA) to decline a customer's application for a product on a presumption that he doesn't have the mental capacity to make a particular decision based solely on the knowledge that he has a condition of the type listed above.

### **Financial literacy**

Mental capacity is not the same as financial literacy although, in practice, it may often be difficult for us to differentiate a limitation of one from a limitation of the other. In terms of a limitation of mental capacity, the customer has some impairment of mind or brain function.

There are only likely to be limited circumstances in which the Firm will have substantive evidence that a customer has such an impairment and, in the absence of such evidence, can reasonably be expected to (proactively seek to) establish whether or not a customer has such an impairment of mind or brain function.

In the alternative, a limitation in financial literacy is likely to result from inadequate financial education rendering a customer unable to, or feeling insufficiently empowered to, manage their finances, engage confidently with firms, and make informed financial decisions.

Those with limitations in financial literacy and those with limitations in mental capacity can both be classified as groups of actual or potentially 'vulnerable customers' by virtue of their respective limitations. Given that customers with either form of limitation (or both forms) might have difficulty making informed decisions – rather than taking steps with a view to seeking to differentiate between the two categories of persons the Firm will apply this Policy in both circumstances.

While acknowledging that there are limits that the Firm can reasonably be expected to undertake when seeking to form a view as to whether or not a customer has, or may have, some form of capacity limitation, prior to providing any product or services the Firm expects customers to make it aware (on a voluntary basis) of whether there are any issues relating to their health or general well-being which may be relevant to the Firm's assessment of the suitability of its services for that customer.

If a customer provides information which indicates that he does, or may, have some form of mental capacity limitation that might impact on his ability to make an informed decision, this should not lead to him automatically being denied access to the product or service being sought.

It should act as a trigger for us to consider what reasonable steps might be taken in order to amend our ordinary processes to ensure that the customer is treated fairly and a positive outcome results for the customer.