



Vulnerable Clients Policy

Updated: January 2024



Introduction

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

Policy Objective

The objective of this policy is to:

- understand the needs of our target market/customer base.
- make sure our staff has the right skills and capability to recognise and respond to the needs of vulnerable customers.
- respond to our customer needs through product design, flexible customer service provision, and communication.
- monitor and assess whether we are meeting and responding to the needs of our customers with characteristics of vulnerability and make improvements where this is not happening.

Implementing our policy

We have appointed a “Champion” within the practice to be available to discuss and promote cases involving vulnerable clients and to promote staff awareness, staff training and have a proactive approach within the practice to this issue. The champion is Darren McCabe our Practice Manager.

We will be undertaking additional CPD activity annually to keep our knowledge of vulnerable clients up to date including using the below websites to help broaden our knowledge of vulnerability:

- www.gov.uk meeting the needs of vulnerable clients
- government advice on Equalities act 2021
- (Alzheimer’s Society) How to help people with dementia: a guide for customer-facing staff
- (Marie Curie) When someone dies: practical and emotional help at a difficult time
- Regular reference to relevant updates on FCA website
- Holding regular team meetings to discuss cases and outcomes from dealing with vulnerable clients.

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/may be vulnerable.

In particular, we will listen and look out for signs such as clients having:

- Heightened stress levels due to difficult, or different, personal circumstances.
- Increasing time pressures due to additional responsibilities.
- Increasing preoccupation (“brain is elsewhere”) limiting their ability to manage.
- Processing power and ability decreasing due to competing pressure, for example, due to the side effects, or emotional toll, of receiving medical treatment.

- Lack of perspective especially when experiencing something for the first time, not fully understanding the broader implications, being unable to make comparisons, or seeing the big picture.
- Changing attitudes toward taking risks; people often become more reckless and/or careless under stress.
- Payments missed, late, or stopped suddenly.
- Completed unusual activity within their portfolios e. g., unexpected withdrawals.
- Used phrases such as “I can’t pay, “I am having trouble paying”, I don’t understand what you have sent me.
- Shortness of breath or signs of agitation.
- Signs of confusion, or where they are asking us to repeat information.
- Mentioned that they are taking medication.

Note: Add Wealth Management will NEVER use the term ‘vulnerable’ with their clients. Identification of a vulnerable, or potentially vulnerable client is for the firm’s internal reference only, primarily to allow the firm to focus on what potential harm or disadvantage the customers may be vulnerable to and how we can respond appropriately.

How do we identify or define a client as vulnerable?

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.

The Regulator has identified four key ‘drivers’ of potential vulnerability. These areas are:

- **Health** – health conditions or illnesses that affect the ability to conduct day-to-day tasks.
- **Life events** – life events such as bereavement, job loss, or relationship breakdown.
- **Resilience** – low ability to withstand financial or emotional shocks.
- **Capability** – low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy, or digital skills.

Whilst the firm will not, as a matter of course, automatically designate a client as vulnerable, the following considerations are likely to lead the firm or adviser to apply such a designation:

- Evidence of any physical disability, including hearing or visual impairment.
- Evidence of a mental health condition or disability, including low mental capacity, cognitive disability, or memory loss.
- Severe or long-term illness.
- Addictions, including substance addiction or abuse, but also gambling.
- Evidence of domestic abuse (mental or physical).
- Poor literacy or numeracy skills, or limited understanding of the English language.

- Victims of a relationship breakdown, bankruptcy or other financial difficulties, high levels of debt, low self-esteem, recent redundancy, bereavement or other income shock, reliance on state benefits.

The above considerations should not only be applied to new customers of the firm – but existing clients of the firm may also become vulnerable, or potentially vulnerable, because of traumatic changes in their circumstances or life events. Staff should be constantly aware of the above vulnerability ‘symptoms’ when dealing with any of the firm’s clients or prospective clients.

If staff are in any doubt about whether a client should be classed as vulnerable, they should refer to Darren McCabe in the first instance.

Clients are automatically categorised as vulnerable.

As well as those clients we may assess as vulnerable/potentially vulnerable, the FCA requires the mandatory categorisation of some clients as vulnerable. As such, we will automatically categorise the following clients as vulnerable clients:

- Equity Release Clients
- Debt consolidation
- Right to buy clients

Other clients, we may automatically categorise as vulnerable.

Add Wealth Management Ltd will also treat the following categories of clients automatically as vulnerable:

- Clients who take their mortgage term past their scheduled retirement date
- Clients with interest-only mortgages without a repayment vehicle

Clients designated as vulnerable.

In meeting the Regulator’s intentions for vulnerable clients, and in line with their High-Level Principles for Business, the firm will take action to:

- **understand the needs** of our target market/customer base.
- make sure our staff have the right **skills and capability** to recognise and respond to the needs of vulnerable customers.
- **respond to customer needs** throughout product design, flexible customer service provision, and communication.
- **monitor and assess** whether we are meeting and responding to the needs of our customers with characteristics of vulnerability and make improvements where this is not happening.

To achieve the above High-Level objectives, where we have designated a client as vulnerable, we will (as appropriate):

- Listen to the client’s needs and if relevant any special or additional needs that they may require in order them to take any financial decisions.

- Invite the client to be accompanied with someone they trust and who can assist the client in making decisions.
- Take care to ensure that the features and risks of all our advice are explained in a manner and in a format that the client may understand.
- If the client is mentally incapacitated and not able to decide 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 customer.
- Ensure that the file fully evidences the steps we have taken.
- Each piece of advice will be pre-advised and checked by Darren McCabe or sent to Paradigm Consulting for an independent assessment if appropriate to do so or necessary.
- Offer shorter meetings to break down our advice process into more manageable steps.
- Discuss and agree 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) text, video chat/ online conference).

Applying our Vulnerable Client Policy

Embedding the fair treatment of vulnerable consumers across the workforce - Staff, from senior management through to frontline and relevant back-office staff, can influence outcomes for vulnerable consumers. We will ensure that all relevant staff have the appropriate skills and capability, as well as support from appropriate systems and processes, to understand and consider the needs of vulnerable consumers within the firm.

All relevant staff should understand how their role can affect vulnerable consumers. If staff do not feel they have a sufficient understanding of the needs of the firm's vulnerable consumers, they should refer to their Line Manager in the first instance.

The firm will endeavour to ensure that all relevant staff understand the potential needs of their identified vulnerable customers and what this may mean in practice for their specific role.

Ensuring frontline staff have the necessary skills and capability to recognise and respond to a range of characteristics of vulnerability – The firm will ensure that staff have suitable training to obtain the skills and capabilities required to recognise the vulnerability and respond appropriately to individual consumers' needs so they can treat them fairly. In particular, the firm expects that staff will be capable of recognising and responding to needs:

- where the consumer has told the firm about a need
- where there are clear indicators of vulnerability.

- where there is relevant information noted on the consumer's file that indicates an additional need or vulnerability.

Frontline staff should be capable of exercising additional care to adapt to the consumer's needs and be able to exercise judgment when it is necessary to do so. Where possible, staff should be able to respond to the consumer's needs promptly so that action is taken to ensure harm does not occur or become more severe. Adapting to consumers' needs may mean referring them to a colleague or specialist team that is able to help.

Staff should take steps to encourage disclosure by clients where they see clear indicators of vulnerability. Staff should also be able to recognise when it is appropriate to seek additional support, such as seeking additional help from specialist teams or referring a consumer to third-party support.

All new staff (if any) will be issued with a copy of this policy upon Induction and asked to sign the staff declaration below.

We will ensure all existing staff are fully aware of this policy and ask them to sign the staff declaration below on an annual basis.

How we will communicate this policy to our staff

All new staff (if any) will be issued with a copy of this policy upon Induction and asked to sign the staff declaration below.

We will ensure all existing staff are fully aware of this policy and ask them to sign the staff declaration below on an annual basis.

In addition, we will:

- Ensure that the main director will assess the effectiveness of the policy on an ongoing basis and discuss the effectiveness of the policy at team meetings where appropriate to do so.
- Carry out additional bespoke training for each member of staff to ensure that they understand how they may identify and deal with a vulnerable client when performing their specific role within the business if staff are employed by the firm.
- We will review and update the policy each year reflecting on experience gained from using the policy.
- Add Wealth Management appoint Darren McCabe to be the champion of this policy who will ensure that training is evidenced, and updates are based on changes in compliance standards as well as from experience using the policy.
- Use the MI within our business (e. g., vulnerable client register on Finplan)

Provision of staff support

This policy also recognises that the firm's front-line staff who deal with certain vulnerable clients may require their own practical and emotional support from the firm.

Firm staff may come across challenging situations when dealing with vulnerable clients. This policy recognises that the firm's front-line staff who deal with certain vulnerable clients may require their own practical and emotional support in this area. Line managers will be encouraged to look for signs of staff exposure in this area.

In such cases, the firm is committed to providing such support as is necessary for staff, including self-help information, time out following difficult or challenging phone calls or time for staff to share their experiences either in face-to-face meetings or via online forums. External specialist employee assistance service may be sought in extreme cases, if necessary.

By supporting and improving staff members' mental and emotional resilience, the firm hopes frontline staff feel able to engage with vulnerable consumers more sensitively.

Vulnerable Client 'Outcomes'

By identifying vulnerable, or potentially vulnerable, clients, the firm intends that such clients will experience outcomes as good as other consumers will receive a consistently fair treatment from the firm in all aspects of our advice and business activity.

How we will communicate this policy to our clients

We will inform our clients that we have a policy to support clients who we identify as needing a little extra help, via our disclosure document (and via our website, if applicable).

Where appropriate, we shall attempt to have the following tools available to assist our clients: large print/ braille/ audio.