

Vulnerable Customers Policy

Contents:

- 1 Introduction
- 2 Our policy
- 3 Who may be vulnerable?
- 4 How to identify a "vulnerable customer"
 - 4.1 Additional support indicators
- 5 When may a customer need additional support?
- 6 Examples and relevant support
 - 6.1 Elderly customers
 - 6.2 Students and very young customers
 - 6.3 Recently bereaved customers or those diagnosed with serious illness
 - 6.4 Customer dealing with major life changes
 - 6.5 Customers with conditions or disabilities
 - 6.6 Customers whose first language is not English-
- 7 Methods of support
- 8 Documentation
 - 8.1 Fact find and suitability report
 - 8.2 Other documentation

1 Introduction

The FCA aim to make financial advice accessible to everyone regardless of their financial and personal circumstances.

The FCA defines a vulnerable customer 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'

'Occasional Paper No 8 - Consumer Vulnerability' states:

"Much consumer protection legislation is underpinned by the notion of the average or typical consumer, and what that typical consumer might expect, understands or how they might behave. However, consumers in vulnerable circumstances may be significantly less able to represent their own interests, and more likely to suffer harm than the average consumer. Regulators and firms need to ensure these consumers are adequately protected."

FCA has published their analysis and guidance on dealing with vulnerable customers.

We believe that as a business that we should have a dedicated policy in place to ensure that such customers are afforded appropriate protection by the use of training, adequate policies and other control/oversight mechanism both in the identification and methods of dealing with this type of individual.

This is our policy which describes how to identify vulnerable client types and our expected methods for dealing with such.

2 Our policy

It is our policy to conduct all business in an honest and ethical manner. It is important to have in place appropriate processes, training and policies to protect the customer, this policy will cover the considerations to be made when dealing with each category of vulnerable client.

All staff have a responsibility to identify when a client is vulnerable, and it is the firm's responsibility and duty to manage the risk of incorrectly treating a vulnerable client, through the development and maintenance of effective systems and controls.

3 Who may be vulnerable?

Anyone may be vulnerable at different stages in life depending on their circumstances. Customers may require varying levels of support through these different life stages. There is no exhaustive list of customers who are vulnerable and we need to be observant for indications of where our customers may need support.

Examples of customers who may potentially be vulnerable are:

- The elderly, including those suffering from dementia
- The very young, and students
- The recently bereaved
- Customers who have been diagnosed with serious and/or life threatening conditions
- Customers dealing with life changes or stressful situations (e.g. divorce, moving home, job changes, financial pressures)
- Customers with conditions or disabilities
- Customers who do not have a full understanding of the English language

'Occasional Paper No 8 - Consumer Vulnerability' states:

"Vulnerability affects us all. Vulnerability can affect any of us, at any time. We, or our family and friends, can all face times of stress and difficulty, when our abilities to cope may be compromised. For example, we may experience a change in circumstances such as job loss or bereavement, or onset of a serious illness. In some cases these difficulties may be short lived, but for many they may be longer term or permanent. Large numbers of people have longstanding physical or mental conditions that can make interacting with financial firms challenging."

4 How to identify a "vulnerable customer"

It may be quickly evident that some customers require additional support (for example, a customer with a guide dog, or a customer using a wheelchair). For other customers it is important to be conscious of the indicators that may suggest they would benefit from additional support.

This applies to advisers and all other colleagues who may deal with customers. For example, a customer may indicate to a receptionist that they cannot use the stairs to a first floor office; a colleague processing financial information may identify that a customer has cancelled several policies. These could be indicators of physical disabilities or financial pressures respectively.

4.1 Additional support indicators

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

- Observing changes in circumstances for existing customer
- Verbal indications - e.g. "can't come into office"; "are there any stairs"
- Communication difficulties - e.g. customers who are uncomfortable with email or computer, or asking for help reading documents
- Changes in client paying premiums, payments stopping suddenly, late or missed payments
- Physical indications - e.g. shortness of breath or signs of agitation, or mention of medication
- Customer understanding - e.g. customer asking for repetition (a sign that the customer is not retaining information), other signs that the consumer has not understood, or signs of confusion.

5 When may a customer need additional support?

We may identify that the customer needs additional support at any time during the relationship with the customer. It is not solely during the advice process. For example:

- First contact - prior to any advice
- Throughout the advice process during discussions and meetings
- Post Sale - for example, if a policy has lapsed or premiums have been missed

- Claims - a stressful time when the customer may need support
- Dealing with Correspondence - for example, if a customer has difficulty understanding details

6 Examples and relevant support

6.1 Elderly customers

Why may a customer be vulnerable?

As customers reach key stages in life and their circumstances change they may need additional support to understand the implications and the advice given.

In particular when customers reach retirement age additional support is commonly required. We need to pay particular attention to the customer's individual circumstances as retirement ages vary. State retirement age (SRA) has undergone review for a number of years, firstly to equalise the female/male SRA to 65, and then to further raise the SRA.

It is also possible elderly customers may require support to deal with conditions or illnesses which become more common with age. For example, customers may require assistance due to poor hearing or eyesight. Customers who may be suffering from the early stages of dementia could have difficulty recalling facts or understanding advice.

What support may be required?

For customers with hearing, sight or any mental impairment, we should ask for an independent person to be present at the meetings. This could be a close relative or a responsible person (for example, a nursing home representative).

For customers dealing with changes to circumstances (e.g. retirement), we may need to allocate additional time to appointments to ensure all circumstances are fully discussed and the customer has sufficient time to carefully consider our advice, and decide if any of the advice should be deferred until circumstances are more settled.

6.2 Students and very young customers

Why may a customer be vulnerable?

Generally speaking customers who have just started earning and students have modest income and little (if any) experience in organising their finances. For example, students may be dealing with student loans and living expenses; customers in their first jobs are dealing with new levels of income, emergency tax codes and often paying their first rent; funding their first home and may be considering things such as car finance.

Although younger customers rarely have long-term protection needs they will commonly need advice for such things

as contents cover - and often-have little knowledge or experience with insurances.

What support may be required?

For customers with limited or no experience of dealing with insurance we may ask for an independent person to be present at the meetings - for example a parent of the customer.

6.3 Recently bereaved customers or those diagnosed with serious illness

Why may a customer be vulnerable?

Customers who have been recently bereaved or diagnosed with serious/life threatening illnesses are often not in a position to consider long term planning objectively. The customer may be dealing with their own grief or the implications of a diagnosis. Understandably, customers often find it difficult to focus on technical information, facts/figures or to make decisions for their future.

What support may be required?

Often the support of a third party is essential. This helps both support the customer and enables us to double check that the customer is able to understand and deal with information.

Scheduling of advice and appointments should be carefully undertaken - and it is advisable to consider deferring any decision which does not need immediate action.

6.4 Customer dealing with major life changes

Why may a customer be vulnerable?

Customers may suffer from stress because of the pressures of major life events and find it difficult to deal with the complexities of financial advice. Everyone deals with situations differently and we should consider what support the customer may need if they are dealing with stress. For example:

- Divorce- We may be advising a customer on the purchase of a new home, or transfers of equity for existing mortgages/homes moving home, transfer of investment assets or pension decisions
- Job changes- customers may be taking advice regarding replacing protection benefits which were provided by previous employers; perhaps moving pensions as a result of a new employer. There may be additional pressures on a customer if job changes are as a result of redundancy.
- Moving home- moving home can be a very stressful experience. At this time of stress to unders1 "" : , detailed mortgage illustration, all of the relevant insurances which may be required, and deal with the costs involved, can be daunting.
- Financial pressures-a customer may be in arrears with a mortgage/ rent, or lapse an insurance policy due to financial pressures.

What support may be required?

Consider how much information can be comfortably covered during an appointment. Rather than one long meeting lasting a few hours, would it be in the interests of the customer to have a series of shorter meetings?

- Throughout the discussions we will regularly re-confirm the customer's understanding.
- Consider whether the customer may be more at ease in their home environment rather than an office.

6.5 Customers with conditions or disabilities**Why may a customer be vulnerable?**

We will ensure that we are aware of requirements under the Disability Discrimination Act. This obligates giving equal access to services irrespective of an individual's disability.

Customers with physical disabilities (for example, restricted mobility) may have difficulty travelling to our offices, accessing offices that have access via stairs, or may require disabled parking facilities.

Customers with conditions such as dyslexia or dyscalculia may have particular difficulty in dealing with the considerable written and numerical information that is involved in any advice process.

6.5.1 Not all disabilities are visible

Some disabilities are more easily identified and we will be able to quickly determine if the customer requires additional support - for example, blind or deaf customers. In these circumstances communication may be restricted, and the methods of presentation and explanation of advice will need to be reconsidered.

Where disabilities are not evident or visible it can sometimes be more difficult to identify where the customer may need additional support - for example, if a customer has learning difficulties. We will use our judgement on a case by case basis when considering if customers would benefit from additional support.

What support may be required?

The support required will, of course, depend on the individual customer's requirements. Considerations for customers with conditions or disabilities include:

- Providing relevant documents in Braille.
- A qualified sign-language interpreter for customers with impaired hearing.
- Arrange for a third party, such as a friend or relative of the customer, to be present. This can help with explanations, interpretations and to gain confirmation of understanding. It can also be of great reassurance to both the customer and their chosen third party that we are ensuring the customer is receiving the full benefit

of our advice, and they are not being excluded because of their disability. Any third party may be asked to review the fact find, and documents used in the presentation, with the customer. The third party should confirm (preferably in writing) that All appropriate information has been conveyed to the customer, and this has been fully understood by them

6.6 Customers whose first language is not English

Why may a customer be vulnerable?

We may advise customers whose first language is not English. We will make a judgement on whether the customer's command of English is sufficient to understand the advice we will provide, or whether additional support is needed.

Where we decide that the customer's English is sufficient to understand the advice then will proceed as normal.

Where we are unsure about a customer's ability to understand the advice process in English then further action will be needed. Without additional support we would not be able to confirm that we have accurate 'know your customer' information or demonstrate the accuracy of the advice. The customer may not be sufficiently informed and may then make decisions based on misunderstanding or misinterpretation. This scenario would not be treating the customer fairly.

What support may be required?

6.6.1 Where we are fluent in the customer's own language

Where we are able to communicate fully in the customer's first language we will provide information or advice to the customer in this language.

We will also try to obtain literature from the product provider in the customer's language. If the product provider does not produce literature in that language we will discuss the contents of the product literature with the customer fully to ensure they understand all aspects of the product or service before they purchase.

6.6.2 Where we are not fluent in the customer's own language

Where we are not able to communicate fully in the customer's first language we will consider whether we can arrange for an individual fluent in both languages to act as an interpreter. This could either be a professional interpreter, a friend or a relative of the customer.

In these circumstances, the interpreter should confirm (preferably in writing) that all appropriate information has been conveyed to the customer, and this has been fully understood by them.

Where we do not feel confident in a customer's ability to understand the advice after the above options have been explored, it may be necessary for us to refer the customer to another firm that is better equipped to cater for their specific needs. This would help to ensure that the customer receives a good outcome.

6.6.3 Correspondence

Written correspondence with the customer (for example, the suitability report) should be in English in the first instance. It is important to encourage all customers to ask any questions they have or seek clarification on anything they do not understand.

Where our customer has English as a second language, and we are unsure that the customer's command of English is sufficient to understand the advice, the encouragement to seek clarification should be confirmed in the suitability report in the customer's first language. This also should offer either to provide a translation of the report or suggest they obtain a translation from a third-party.

7 Methods of support

The support required will of course depend on the individual customer and their circumstances.

Solutions may include:

- Arranging for a third party to be present at the meetings (e.g. family member, companion).
- Obtaining relevant documents in Braille for customers with vision impairment
- Organising for a qualified 'signer' for customers with impaired hearing.
- Allocating additional time for appointments; spreading the advice process over several shorter appointments
- Deferring a review of your customer's circumstances until they have had time to come to terms with their situation.
- Changing the venue of meetings to assist customers who have difficulty with mobility.
- Post sale contact to ensure the customer understands the suitability report and other post-sale documentation and to offer further explanations or support as required.

8 Documentation

8.1 Fact find and suitability report

We will ensure that the fact-finding is thorough enough to be able to identify any vulnerability the A customer(s) may have. We will document within the fact find and suitability report any vulnerabilities identified and how these have overcome these (for example, if a third party was present or if we have provided information in Braille etc)

We will also confirm any actions we have taken in a suitability report.

8.2 Other documentation

In addition, where a customer has executed a Power of Attorney, a copy of this will be obtained and retained on the customer's file.

01792 85 00 17

info@selectmortgages.net

Brynhir Lodge, Brynhir
Penclawdd, Swansea, SA4 3JB

SELECT MORTGAGES & LOANS

It is important to check that the power of attorney deed is valid, and does not contain any restrictions that would prevent us from advising the attorney. It's also important to ensure that nothing has happened which would have the effect of revoking the arrangement, such as mental incapacity of the donor under a general power of attorney.

How To Complain

Select Mortgages & Loans

Brynhir Lodge, Brynhir
Penclawdd, Swansea, SA4 3JB

Tel: 01792 85 00 17

Email: info@selectmortgages.net