

1 POLICY STATUS & PURPOSE

This document sets out the Protection Advice Policy of Impact Financial Services Limited, defining principles, controls, standards and governance applied to all protection advice.

This policy:

- establishes how compliant, suitable protection advice is delivered,
- ensures alignment with FCA rules and Consumer Duty,
- sets enforceable standards that advisers must follow.

2 REGULATORY CONTEXT & SCOPE

Impact Financial Services Limited is authorised and regulated by the Financial Conduct Authority.

This policy supports compliance with:

- FCA Principles for Businesses
- ICOBS
- PRIN 12 – Consumer Duty
- Financial Crime and Conduct rules

3 ADVISED-ONLY MODEL

The firm operates an **advised-only protection model**.

All protection recommendations must:

- be based on a full assessment of customer needs,
- be suitable for the client's circumstances,
- be documented and justified.

Non-advised or execution-only protection sales are not permitted.

4 FACT FIND & NEEDS ANALYSIS

Advisers must complete a full and accurate fact find covering:

- personal and financial circumstances,
- dependants and liabilities,
- existing protection arrangements,
- affordability considerations.

✓ Example: Good Practice

Adviser completes full fact find: client is 35, married with 2 children, £50k salary, £200k mortgage. Documents all income, debts, existing cover (workplace scheme only). Identifies gaps in CI and family income protection. **Thorough needs analysis enables suitable recommendation.**

✗ Example: Poor Practice

Adviser asks only about mortgage amount and recommends life cover to match. No discussion of income, family situation, existing workplace benefits or affordability. **Incomplete fact find – recommendation cannot be demonstrated as suitable.**

5 RESEARCH & PRODUCT SELECTION

Product research must be:

- appropriate to the client's needs,
- drawn from a range of available providers,
- free from provider bias or inappropriate influence.

6 AFFORDABILITY & SUSTAINABILITY

Premium levels must be:

- affordable for client's current income,
- proportionate to benefits,
- sustainable considering foreseeable changes.

7 SUITABILITY & RECOMMENDATION

A suitability report must be provided confirming:

- the client's needs and objectives,
- why the recommended product meets those needs,
- why alternatives were discounted,
- key exclusions, limitations and affordability.

✓ Example: Suitable Recommendation

Client needs family protection. Adviser recommends decreasing term life cover matching mortgage, plus level term for family income. Explains why CI wasn't recommended (budget constraints, agreed priority). Documents client's understanding of exclusions. **Clear rationale linked to client's stated needs.**

✗ Example: Unsuitable Recommendation

Adviser recommends whole-of-life policy to 25-year-old single renter with no dependants. No clear protection need identified. Client doesn't understand product or why it's needed. **Product not matched to client's circumstances or needs.**

8 REPLACEMENT BUSINESS

9 DISCLOSURE & REMUNERATION

Where existing cover is replaced:

- clearly demonstrate client benefit,
- compare existing and proposed arrangements,
- highlight any loss of benefits.

Never driven by commission.

Clients must be informed:

- that commission is received,
- of the nature of remuneration,
- that this does not affect advice given.

10 CONSUMER DUTY ALIGNMENT

Products & Services: Advice suitable and targeted

Consumer Understanding: Clear explanations provided

Price & Value: Affordability and value considered

Consumer Support: Ongoing post-sale support

11 RECORD KEEPING

All advice recorded in Pro System. Records must be complete, accurate and retained per regulatory requirements.

12 POST-SALE SERVICE

Confirm policy commencement, provide documentation, ensure clients know how to claim or make changes.

13 SUPERVISION

Subject to risk-based file checking, structured supervision, and monitoring of advice quality and trends.

14 Governance & Accountability

Overall accountability rests with Managing Director. Includes review of MI, approval of remediation, escalation of material risks, FCA notification where required.

15 Breaches & Escalation

Failure to comply may result in: enhanced supervision, restriction of advisory activity, disciplinary action, escalation to Compliance or FCA.