

1. AIM OF THIS POLICY

The aim of this policy is to outline the practices and procedures that Impact Financial Services Limited staff must follow to protect and support clients who find themselves in vulnerable circumstances. This policy is designed with the client's welfare as the primary focus, ensuring that all clients, particularly those who are vulnerable, receive the care and consideration they deserve.

2. DEFINITION OF VULNERABILITY

The Financial Conduct Authority (FCA) defines a vulnerable consumer 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."*

Vulnerability can occur in various forms, which may be permanent, temporary, or sporadic. It is crucial to recognise that vulnerability may not only arise due to the consumer's situation but can also be caused or exacerbated by the actions or processes of the firms they engage with.

3. IDENTIFICATION OF CLIENTS IN VULNERABLE CIRCUMSTANCES

3.1 Types of Vulnerability

Vulnerability can arise from a range of factors, including:

- **Health:** Physical disabilities, mental health issues, sensory impairments, addiction, cognitive impairments.
- **Life Events:** Retirement, bereavement, income shock, relationship breakdown, domestic abuse, caring responsibilities.
- **Resilience:** Low or erratic income, over-indebtedness, low savings, low emotional resilience.
- **Capability:** Low financial capability, poor literacy and numeracy skills, low English language skills, poor digital skills.
- **Social Factors:** Social isolation, cultural barriers, homelessness, or insecure housing.
- **Age-Related Factors:** Older clients (e.g., over 75), younger clients (e.g., under 18).

3.2 Additional Considerations

Other factors indicating vulnerability may include advanced age, lack of standard documentation, or a poor credit history. We monitor for trends and understand how vulnerability characteristics change over time.

3.3 Identification Process

- **Know Your Client (KYC) Assessment:** Staff should be vigilant for indicators of vulnerability during standard KYC processes.
- **Vulnerable Client Assessment Form:** Specific vulnerability data should be recorded when identified.
- **Staff Awareness:** All staff are responsible for identifying and reporting vulnerable clients.

3.4 Examples of Vulnerable Clients in Our Firm

- 1. Senior Citizen with Cognitive Decline:** Mary, aged 78, has been a long-standing client. Recently, she has exhibited signs of memory loss and confusion during financial consultations. Her cognitive decline makes her vulnerable, necessitating additional care and possibly involving a family member in financial decisions.
- 2. Client Experiencing Severe Financial Shock:** John, a client who recently lost his job unexpectedly, is struggling to keep up with his mortgage payments. The sudden loss of income has put him in a financially vulnerable position, requiring us to offer more flexible solutions and additional support.
- 3. Client with Physical Impairments:** Sarah, who has a significant visual impairment, finds it difficult to engage with our standard online services. Her physical disability makes her vulnerable, and we need to provide alternative communication methods, such as phone consultations or in-person meetings.
- 4. Client Facing Bereavement:** Emily recently lost her spouse and is now solely responsible for managing the household finances. The emotional strain of bereavement, combined with a lack of financial experience, makes her vulnerable and in need of compassionate, clear guidance during this challenging time.

4. ASSESSMENT AND MANAGEMENT OF RISK

Engaging with a vulnerable client does not automatically mean they are unsuitable for advice or products. When engaging with a vulnerable client, we will:

- Provide additional opportunities for the client to ask questions.
- Continuously seek confirmation of understanding.
- Offer the presence of a family member or friend during important conversations.
- Refer the client to another firm or third-party organisation if we lack the expertise to appropriately support their needs.

5. SUPPORTING VULNERABLE CLIENTS

5.1 Capturing Data

We collect detailed information about vulnerable clients, particularly concerning their physical and mental health, in line with our data protection policy. This information is stored securely in our CRM system.

5.2 Empathy and Flexibility

We ensure that vulnerable clients fully understand the advice they receive. If there are concerns about a client's capacity to understand, and no legal representative is in place, the advice process will be paused, and the case referred to the Compliance Director for review.

5.3 Dealing with Vulnerable Clients

The Compliance Director is responsible for handling queries related to vulnerable clients. In their absence, the Deputy Compliance Officer will assume this role.

5.4 External Support

Where appropriate, we will provide clients with contact details for external organisations:

- **Citizens Advice:** www.citizensadvice.org.uk | 0800 144 8848
- **The Samaritans:** www.samaritans.org | 116 123
- **Age UK:** www.ageuk.org.uk | 0800 678 1602

- **Mind:** www.mind.org.uk | 0300 123 3393

6. HOW WE WILL REVIEW OUTCOMES

We will regularly monitor trends to understand how vulnerability characteristics change over time. We will use a 'client vulnerability record form' to assess whether we are meeting the needs of our vulnerable clients and to identify areas for improvement. This will form part of our periodic review of the vulnerable clients' policy.

7. UNDERSTANDING THE BENEFITS TO OUR FIRM

Supporting vulnerable clients is both a regulatory and moral responsibility. The benefits of adopting the right approach include:

- Reduction in complaints
- Greater client satisfaction
- Increased engagement from specific client groups
- Reputational benefits and positive publicity
- Improvement of overall firm culture

8. RIGHTS & RESPONSIBILITIES

Responsibilities of the Firm:

- Abide by FCA principles and rules, including the Principles for Business, TCF Outcomes, Consumer Duty, and Senior Manager Conduct Rules.
- Ensure all staff are trained to identify and support vulnerable clients.
- Provide clear processes for reporting instances of vulnerability.

Responsibilities of Employees:

- Familiarise themselves with this policy and recognise when additional support may be required.
- Take appropriate action in line with this policy when engaging with vulnerable clients.
- Report any instance of client vulnerability to the appropriate team.

9. CLIENT EVALUATION

All clients will be assessed against specific criteria to determine if they are in a vulnerable situation. These guidelines will be distributed to all staff, with training provided on relevant areas to ensure that every team member understands how to identify and support vulnerable clients effectively.

10. APPENDIX 1: OUR TARGET MARKET AND CUSTOMER BASE

We have carefully considered the characteristics of vulnerability likely to be present in our target market and customer base. This includes understanding the demographics and common circumstances that may lead to vulnerability within our clients. We have outlined steps to mitigate these risks and deliver positive outcomes for all our clients, especially those in vulnerable situations.

Policy Review and Approval:

This policy will be reviewed annually or more frequently if required by changes in regulations or the needs of the firm. All amendments will be documented and communicated to all staff members.