

## 1 PURPOSE

The purpose of this guidance is to ensure that advisers at Impact Financial Services provide clear and appropriate Suitability Letters following advice provided to clients.

The Suitability Letter explains:

- the advice given
- the reasons for the recommendation
- how the recommendation meets the client's needs

This document forms an important part of the firm's advice documentation and regulatory record keeping.

## 2 WHEN A SUITABILITY LETTER MUST BE PROVIDED

A Suitability Letter must be provided whenever:

- protection advice is given
- a mortgage recommendation is made
- an existing policy is replaced
- a client proceeds with a recommended product

The letter should be provided after the advice has been agreed but before the policy is implemented where possible.

## 3 PURPOSE OF THE SUITABILITY LETTER

The Suitability Letter ensures that:

- the client understands the recommendation
- the rationale for the recommendation is documented
- the adviser demonstrates that the recommendation is suitable

The letter also provides a written record of the advice given.

## 4 INFORMATION THAT MUST BE INCLUDED

A Suitability Letter should include the following sections.

### Client Details

- client name
- date of advice
- adviser name

### Client Circumstances

A summary of the client's situation including:

- employment status
- income level
- financial responsibilities
- dependants

This information should reflect the fact-find completed with the client.

### Client Objectives

The Suitability Letter must clearly describe the client's objectives. Examples include:

- protecting family financial security
- protecting mortgage repayments
- providing income protection in the event of illness

The recommendation must clearly relate to these objectives.

### Existing Arrangements

Where relevant, the letter should summarise any existing arrangements including:

- existing protection policies
- existing mortgage arrangements

If replacement of a policy is recommended, this must be clearly explained.

### Recommended Solution

The letter must clearly explain the recommended product including:

- provider
- type of policy
- cover amount
- policy term
- premium

The adviser should explain how the recommendation meets the client's needs.

#### **Reasons for the Recommendation**

The adviser must explain why the recommended product is suitable. Reasons may include:

- meeting the client's protection needs
- affordability
- appropriate policy features

The explanation should demonstrate that the adviser has considered the client's circumstances.

#### **Risks and Limitations**

The Suitability Letter must highlight any important risks or limitations such as:

- exclusions
- waiting periods
- medical underwriting
- policy conditions

Clients should understand any limitations of the product.

#### **Replacement Explanation (Where Relevant)**

If an existing policy is being replaced, the letter must explain:

- details of the existing policy
- the reasons for recommending replacement
- risks associated with cancelling the existing policy

Replacement must only be recommended where it is clearly beneficial to the client.



## **SUITABILITY LETTER GUIDANCE**

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### **5 CLARITY AND CLIENT UNDERSTANDING**

Suitability Letters should be written in clear and simple language.

Advisers should avoid overly technical terms and ensure that clients can easily understand the explanation.

The letter should support the firm's Consumer Duty obligations by ensuring the client understands the advice provided.

### **6 USE OF PRO SYSTEM**

Suitability Letters may be generated through the firm's CRM system Pro System.

Advisers must ensure that:

- all relevant information from the fact-find is accurately recorded
- the recommendation details are correct
- the letter reflects the advice given during the meeting

### **7 MONITORING AND FILE REVIEWS**

Suitability Letters may be reviewed as part of file reviews conducted by the T&C Manager.

File reviews may assess:

- clarity of explanation
- link between client needs and recommendation
- completeness of documentation

Where issues are identified, advisers may receive additional supervision or training.

### **8 GOOD PRACTICE**

Examples of good practice include:

- clearly explaining how the recommendation meets the client's needs
- linking the recommendation to the fact-find
- explaining risks and limitations
- writing in clear, understandable language

### **9 POOR PRACTICE**

Examples of poor practice include:

- generic letters that do not reflect the client's circumstances
- failing to explain the reasons for the recommendation
- failing to explain risks or exclusions

- recommending replacement without justification
- Such practices may result in compliance concerns.

## 10 RECORD KEEPING

Suitability Letters must be retained within the client file. They may be stored within:

- Pro System
- document storage systems used by the firm

Maintaining accurate records supports regulatory oversight and internal supervision.

## 11 REVIEW OF GUIDANCE

This guidance may be reviewed:

- following regulatory changes
- following advice process updates
- following findings from file reviews

Impact Financial Services remains committed to maintaining high advice standards and clear communication with clients.