

The purpose of this process is to ensure that vulnerable clients receive appropriate care and that the firm continues to deliver good outcomes in line with the FCA Consumer Duty.

**Regulatory basis:** FCA Consumer Duty · Vulnerable Clients Guidance (FG21/1) · Treating Customers Fairly (TCF) · PRIN 2A

## IDENTIFICATION OF VULNERABILITY

Vulnerability may be identified during any stage of the advice process, including:

- initial enquiry
- fact find discussions
- needs analysis
- medical questionnaires
- policy explanation
- post-sale communication

*Advisers should follow the firm's Vulnerable Client Identification Guide when assessing potential vulnerability.*

## INITIAL ADVISER ACTION

If a potential vulnerability is identified, the adviser should:

- remain calm and supportive
- avoid making assumptions
- allow additional time for communication
- ensure explanations are clear and easy to understand

At this stage the adviser should consider whether additional support may be required.

## RECORDING VULNERABILITY

Where vulnerability is identified, the adviser must:

- record the vulnerability in the Pro System CRM
- note the circumstances affecting the client
- document any support provided during the meeting

This ensures the firm maintains an appropriate record of vulnerability considerations.

## ESCALATION CRITERIA

Cases should be escalated to management or compliance if:

- the client appears unable to fully understand financial decisions
- vulnerability may affect suitability of the recommendation
- the client is under significant emotional distress
- there is evidence of third-party pressure or influence
- the adviser is unsure whether the advice remains appropriate

## ESCALATION PROCEDURE

Where escalation is required:

1. Adviser records the vulnerability in the CRM system
2. Adviser notifies their manager or the Compliance Director
3. The case may be reviewed before proceeding with advice
4. Additional guidance may be provided to the adviser
5. Where necessary, additional explanation or documentation may be provided to the client

## COMPLIANCE REVIEW

The Compliance Director may decide to:

- review the client file
- confirm suitability of the recommendation
- provide guidance on additional support measures
- approve continuation of the advice process

This ensures appropriate oversight when vulnerability may impact client outcomes.

## SUPPORTING THE CLIENT

Following escalation, advisers may be asked to:

- provide additional explanation to the client
- arrange a follow-up meeting
- provide written summaries of advice
- allow a trusted third party to participate in discussions

These steps help ensure the client fully understands the advice being provided.

## DOCUMENTATION

All actions taken as part of the escalation process must be clearly documented in the client file and CRM system. Documentation should include:

- vulnerability indicators
- actions taken by the adviser
- escalation details
- compliance guidance (if applicable)

## IMPORTANT PRINCIPLE

**Identifying vulnerability does not prevent a client from receiving financial advice or products.**

However, it requires the firm to ensure that additional care and oversight are applied to protect the client's interests.

## POLICY REVIEW

This process will be reviewed periodically to ensure it remains aligned with regulatory expectations and the firm's internal procedures.

Impact Financial Services Ltd is committed to ensuring that vulnerable clients receive appropriate care and support throughout the advice process. This escalation process ensures that all cases of potential vulnerability are identified, recorded and managed in line with the firm's regulatory obligations.