



Looking after your vulnerable clients

Quick hints and tips

Helping your clients during times of difficulty

Your relationship with your clients will last for years, possibly decades. During that time, life can throw up some challenges which may lead to some of your clients finding themselves in a vulnerable situation. This is when your clients will need you more than ever, but it can be difficult to know how to handle these situations, and what to say.

To make this easier, our vulnerable customer experts have provided some hints and tips to help guide you through conversations you may have with clients who are (or have become) vulnerable, to ensure they have the support they need.

What does the FCA say about its expectations for advisers?

In its 2021 paper, '**FG21/1: Guidance for firms on the fair treatment of vulnerable customers**', the FCA reiterates and expands upon its expectations for advisers to be able to identify clients who may be vulnerable.

The guidance states that firms should:

- understand the needs of their target market/customer base

- ensure their staff have the right skills and capability to recognise and respond to the needs of vulnerable customers

- respond to additional customer needs throughout product design, flexible customer service provision and communications

- monitor and assess whether they are meeting and responding to the additional needs of customers with characteristics of vulnerability and make improvements where this is not happening.

Spotting the signs

As the FCA points out, "Not all customers with characteristics of vulnerability will be vulnerable, but they may be more likely to have additional or different needs which, if not met by firms, could limit their ability to make decisions or to represent their own interests."

It's important not to assume a client is vulnerable or otherwise; instead, it's about understanding the circumstances that might cause a client to be vulnerable and spotting the signs so that you can support your clients in achieving their goals.

What makes a client vulnerable?

The FCA identifies four key drivers of vulnerability that it's important to bear in mind:



Health

Health conditions or illnesses that affect ability to carry out day-to-day tasks.



Life events

Life events such as bereavement, job loss, or relationship breakdown.



Resilience

Low ability to withstand financial or emotional shocks.



Capability

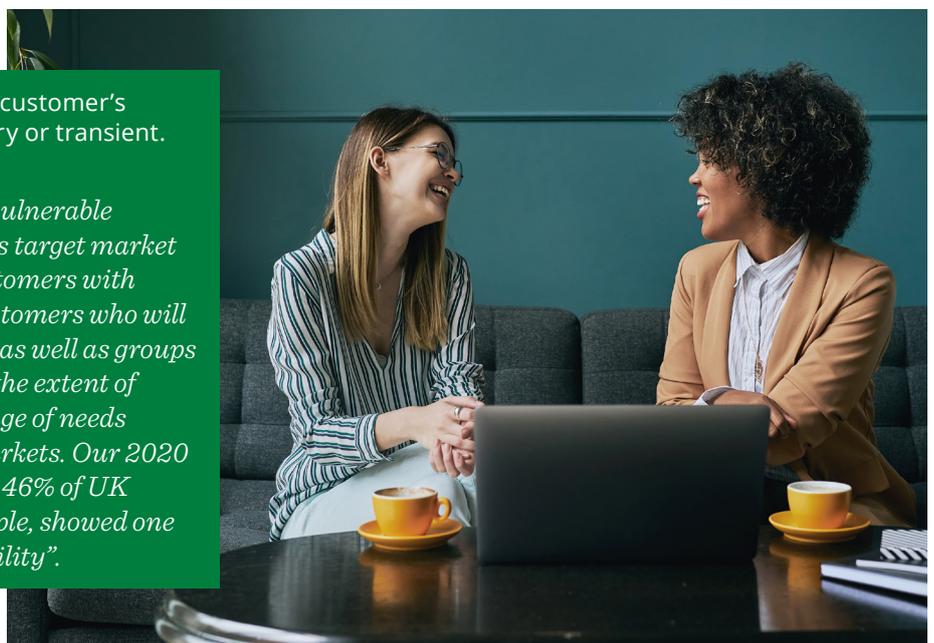
Low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy or digital skills.

What are some of the signs that indicate somebody could be, or become, vulnerable?

- ▶ A difficult or distressing life event that might lead to a vulnerable situation.
- ▶ A carer, attorney or family member contacting you indicating that you should explore your client's situation further to see if they have any additional needs.
- ▶ Wider circumstances that may mean that your client could benefit from additional support, such as expenditure outside of their normal pattern, life events (e.g. bereavement), and income shocks (e.g. unemployment).

It's important to consider whether a customer's vulnerability is permanent, temporary or transient. The FCA Guidance states that;

"Customers may move in or out of vulnerable circumstances at any stage. A firm's target market is likely always to include some customers with characteristics of vulnerability, customers who will experience vulnerability over time, as well as groups with other diverse needs. However, the extent of consumer vulnerability and the range of needs present will vary between target markets. Our 2020 Financial Lives Survey found that 46% of UK adults, equivalent to 24 million people, showed one or more characteristics of vulnerability".*



Asking clients about their vulnerabilities

In their guidance, the FCA states that advisers and support staff should encourage clients to disclose vulnerabilities by aiming to “actively listen out for information that could indicate vulnerability and, where relevant, seek information from vulnerable consumers that will allow them to respond to their needs”.

Here are four questions you can ask when talking to a client who discloses a vulnerability or who you think may be vulnerable. You can remember them by using the acronym ‘idea’:

I

Impact

What are you finding hard? How has this affected your personal and financial circumstances?

D

Duration

How long have you been experiencing this? When did this first start to happen?

E

Episodes

How does this impact you? Is it something that fluctuates? Have you experienced this before?

A

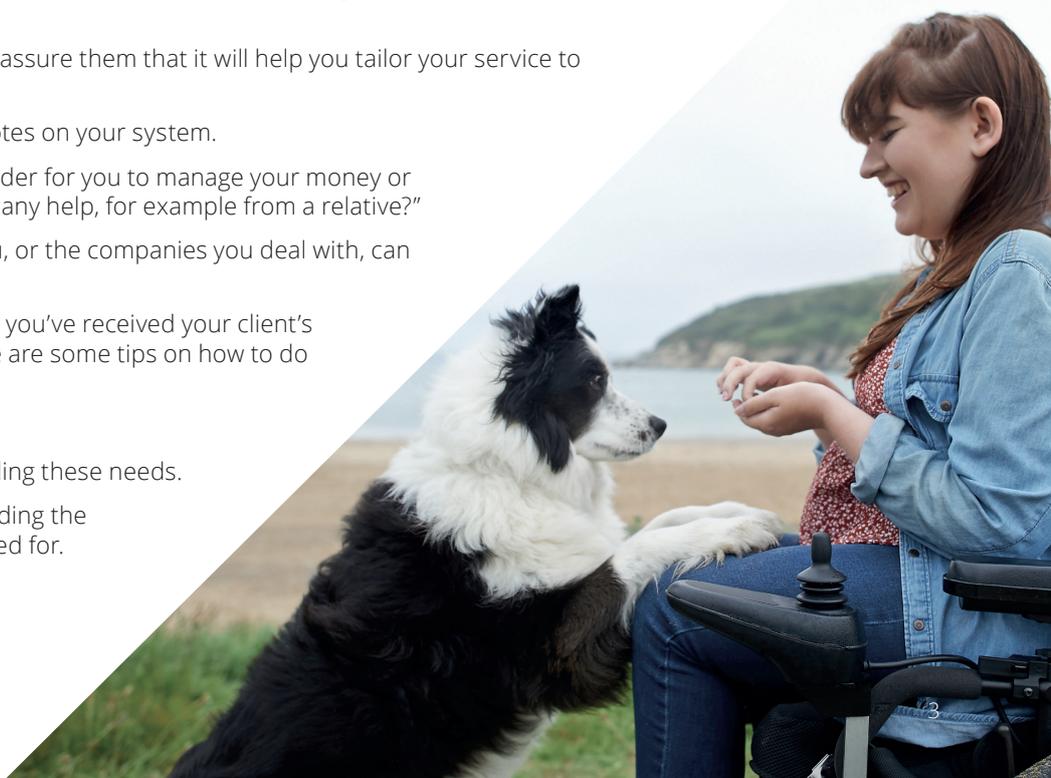
Assistance

Is there anything else I should know about any support, treatment or care you’re receiving that could help me to support you better?

What to do when a client has shared information about a vulnerability

You will already have a trusted relationship with your clients, so they are likely to share sensitive information about themselves with you. This can still be a difficult thing for them to do, so to reassure them, try the following tips:

- ▶ **Thank the client for telling you.** Reassure them that it will help you tailor your service to their needs.
- ▶ **Explain** that you may make some notes on your system.
- ▶ **Ask** “Does your situation make it harder for you to manage your money or communicate with me? Do you have any help, for example from a relative?”
- ▶ **Signpost** any additional support you, or the companies you deal with, can offer your client.
- ▶ **Record** their additional needs. Once you’ve received your client’s authority to record their needs, here are some tips on how to do so sensitively:
 - List their additional needs.
 - Only use their words when recording these needs.
 - Reassure them why you are recording the information and what it will be used for.



Tips for dealing with particular types of clients and third parties

Talking to people who care for your client

There may be occasions when someone else who cares for your client, such as a family member, contacts you on your client's behalf. Here are four things you can do as a starter. It's helpful to remember this using the acronym 'carers'.

C	C heck you have your client's authority to talk to the person
A	A void discussing your client's details, explaining why this isn't possible (until authority has been given).
R	R eassure the person that their concerns can still be recorded as unverified observations.
E	E xplain that their observations may need to be shared with other people/companies.
R	R ecord these observations: <ul style="list-style-type: none">- Check why the client is unable to speak directly to you about these issues.- Confirm what has been recorded and how long it will be kept for.
S	S ummarise the next steps, such as arranging a follow-up call or speaking with your client to establish any additional support they may need.

Supporting older clients

As we live longer, our cognitive wellbeing can decline, and it can be more difficult to take in and remember key information. Here are some pointers to bear in mind when supporting older clients:

- ▶ **Older people are not necessarily always vulnerable** – it's important to assess each client individually and adapt and personalise your service to their additional needs.
- ▶ **Take extra time** – try not to rush ageing clients and give them time to find the information you need from them. Also, give them time and space to consider any recommendations you may offer, to help them feel in control. It's especially helpful to take time when talking through matters that are new or unfamiliar to your ageing clients.
- ▶ **Repeat and confirm** – to help ageing clients understand key information, offer to summarise any key points in writing.
- ▶ **Seek to understand their additional needs** – we're all different and we all have different additional needs. Your support can help your clients to think clearly and make decisions.



Helping clients with limited mental capacity

Some people may have a limited mental capacity. This can be after an accident or illness, or due to taking medication. In these situations, it's useful to consider the points below.

- ▶ **Behaviour**
Look for clues of a limitation in behaviour and speech.
- ▶ **Remembering**
Repeat what you've said to the client and ask what you can do to help. It's also helpful to put information in writing so that the client doesn't have to remember everything you talked about.
- ▶ **Understanding**
Ask your client to summarise their understanding of key information to make sure that you have explained things in a way they understand.
- ▶ **Communication**
Ask your client how they would prefer to communicate, allowing enough time and pausing regularly.
- ▶ **Weighing up**
Because financial issues can be complex, help your client by discussing each option as simply as possible and ask if anyone usually supports them and if putting the pros and cons in writing would help.

How to give bad news gently

Naturally there are times when you'll need to give a client potentially bad news. Here are some ways you can do this whilst minimising the stress they may feel:

- ▶ **Set the scene**
Take the time to ensure your client is fully prepared.
- ▶ **Perspective**
Put yourself in the client's shoes to understand their perspective, how they're feeling, and what options they need to consider.
- ▶ **Keep it simple**
Give your client the information in simple, jargon-free language and break it down into bite-size sections, giving them time to digest it. Then give them the time and space to think about their options.
- ▶ **Empathise**
News can sometimes be disappointing. Listen and talk your client through their options, giving them time to express how they feel.
- ▶ **Agree next steps**
Ask what they would like the next steps to be; for example, whether they need information in a different format or to talk at another time.
- ▶ **Recap**
Summarise and recap to check your client has understood. Ask them if they are ready to make a decision or take action. If they are not, offer to arrange another time to talk.



Points above are references from Huntswood CTC Ltd, Royal College of Psychiatrists, The MoneyAdvice Trust, The Financial Conduct Authority (UK).

Important information

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