

VULNERABLE CONSUMER POLICY

1. AIM OF THIS POLICY

The aim of this policy is to outline the practice and procedures for staff in Forward Financial Planning contribute to the prevention of detriment to clients who find themselves in vulnerable circumstances.

The policy covers all staff within the firm, and in particular those operating in areas that deal directly with customers.

2. DEFINITION OF VULNERABLE

The Financial Conduct Authority (FCA) has developed the following definition to guide work in this area:

“A vulnerable consumer to be someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care¹.”

Vulnerability occurs in a variety of which may be permanent, temporary, or even sporadic, dependent on its nature. In many circumstances the individual may not recognise themselves as ‘vulnerable’.

We recognise that vulnerability may not be simply due to the situation of the consumer but caused or aggravated by the actions or processes of the firms they may deal with.

Forward Financial Planning is a Financial Advisory Firm

Clients who might be considered as being in vulnerable circumstances could include:

1. Clients with mental capacity deficiencies (including language or communication), including mental illness and dementia;
2. Clients under stress or subject to financial shock of all types, such as employment concerns, bereavement (or potential bereavement), marital or relationship difficulties;
3. Clients with a physical impairment that may not allow them to engage with automated, or other standard process requirements (such as photographic ID, phone key pad recognition, or internet applications);
4. Clients with severe and long-term illness (both life-limiting and where recovery is expected);
5. Clients who are “under banked “or “financially unsophisticated”;
6. Clients with low income;
7. Clients already in a distressed financial situation;
8. Those acting on behalf of others as ‘carers’, including those operating a power of attorney;
9. Those without access to the internet or other digital media;
10. Clients who are financially inexperienced; and
11. Those with poor language skills.

¹ FCA Occasional Paper No.8 Consumer Vulnerability - February 2015

The nature of Forward Financial Planning business makes it unlikely that new customers will be in vulnerable circumstances or that the nature of their circumstance may limit or remove the availability of facilities to the extent that the firm might be unable to accommodate their requirements.

As a firm, however, we must remain mindful of the potential for enquiry by these clients and the potential for any change of circumstance in respect of existing customers.

3. IDENTIFICATION OF CLIENTS IN VULNERABLE CIRCUMSTANCES

Vulnerability is broad and may occur at any time. It will usually involve the interplay of characteristics of the individual, their circumstances, and static or transitory status.

Forward Financial Planning may only deal with customers in vulnerable circumstances where we are aware of their needs.

1. Mental capacity deficiencies - The FCA provides clear guidance on the identification of mental capacity issues in their Handbook, specifically under CONC 2.10.8 Appended to this policy.
2. Stress or financial shock - may be identifiable (facial expression, posture or stance etc.), but otherwise may be revealed through conversation before and during interview
3. Physical impairment - may be identified visually, or through interview
4. Severe and long-term illness - may be identifiable through conversation or through interview
5. "Under banked" or "financially unsophisticated" - may be identified through interview and their credit profile
6. Low income - may be identified through interview and credit profile
7. In financial distress - may be identified through interview and credit profile
8. Carers - may be identified through interview or conversation
9. Digital exclusion - identifiable through interview or via routes of engagement with firm
10. Inexperience - age may be a factor in exposure to financial products
11. Poor language skills - may be audible or identifiable via routes of engagement with firm.

The nature of the need area to be addressed, for example, in connection with arranging mortgages and/or home finance, equity release, sale and rent back, right-to-buy, or where the main purpose of raising funds is to consolidate debt, or advising on and / or facilitating the provision long-term care may also indicate vulnerability. Here additional safeguards will be applied as appropriate to ensure fair treatment.

4. ASSESSMENT AND MANAGEMENT OF RISK

Forward Financial Planning will not discriminate against clients in vulnerable circumstances by way of adjustment to fees or any refusal to assist purely on the grounds of the client's circumstance (unless that circumstance creates a situation which is likely to lead to detriment or a risk that removes the availability of any finance facility).

We will review our practices periodically for consistency and to determine adherence to the stated policy.

The following table illustrates mitigating actions for clients with mental capacity deficiencies (for the avoidance of confusion “competent person” means an individual without the limitation presented by the client):

Capacity Issue	Risk	Mitigation
Language	Client cannot fully understand important features of their agreement with Lexington Wealth Management Limited, their recommendation or the consequences of that recommendation	Client to instruct a competent person to act as interpreter.
Other communication problem created by disability	As above	Client to instruct a competent person to act as interpreter. Client to nominate a reasonable communication medium suitable for their disability.
Mental incapacity (temporary) e.g. intoxication, mental illness	As above plus the potential for reckless disregard for consequence	Client to instruct a competent person to communicate on their behalf. Legal agreement must be reached outside of any period of incapacity. Client should be encouraged to seek independent professional advice. If legal agreement cannot be reached outside of any incapacity, client must provide “Power of Attorney” for a competent individual to act on their behalf.
Mental incapacity (Permanent)	As above plus the possibility that any agreement might be unenforceable as a result of known incapacity.	Client must provide “Power of Attorney” to a competent individual to act on their behalf

5. **RIGHTS & RESPONSIBILITIES**

Responsibilities of Forward Financial Planning

- a. To abide by the FCA's principles and rules in this area
 - FCA Principles for Business 6 & 7
 - ICOBS 2.2.2R; and 6.1.5R;
 - CONC 8.2.7;
 - DEPP 6.5A.2 (calculation of enforcement fines); and
 - Individual conduct rules (treating customers fairly).
- b. To ensure staff are aware of this policy and are adequately trained to identify and deal with clients who are or may appear "vulnerable"
- c. To support individuals in relation to identified risk and vulnerability
- d. To provide means of reporting any instance where they believe that a client might be in vulnerable circumstance.

Responsibilities of Forward Financial Planning employees

- a. To be familiar with this policy and procedures, and be able to recognise where additional support or sign-posting to other agencies may be required
- b. To take appropriate action in line with the policies of Forward Financial Planning
- c. To report any instance where they believe that a client might be in vulnerable circumstance, and act accordingly in line with the policy.