

Your Industry May 23 2022

## Practical ways advisers can deal with vulnerable

- Describe the FCA's stance on vulnerability
- Explain the acronyms associated with helping vulnerable clients
- Describe when to outsource to a specialist



CPD

Approx.  
30min



(Huy Phan/Unsplash)

By **Mark Greenwood**

**A**s the Financial Conduct Authority begins to set clearer and higher standards for business culture and behaviours, advisers are going to need practical and effective steps to deal with vulnerable customers.

My colleague Karl Dines, head of business consultancy at SimplyBiz, and I have previously covered the regulator's finalised guidance on the fair treatment of vulnerable customers, as well as the new consumer duty where the fair treatment of vulnerable customers is woven throughout the entire document.

Both of these regulatory publications give an insight into the FCA's mindset and its expectations on businesses in regards to vulnerable clients and client outcomes.

What is crystal clear from both of the publications is that these expectations are most definitely not a one-off supervisory exercise.

For anyone not familiar with the FCA finalised guidance, I would encourage you to read this paper and benchmark your systems, controls and processes against the examples of good and poor practice.

The regulator expects businesses to improve the skills and capability of their staff in a way that is proportionate, and gives an example in its finalised guidance in which a smaller business may choose to share existing materials on vulnerabilities with their staff, such as those from professional bodies and trade associations or charity and consumer organisation websites.

The guidance also contains some practical examples for businesses, such as a customer who has a sum of money to invest as a result of a negative life event, which could be a life insurance payout or compensation for a life-changing accident.

It highlights that this client may need more time and help to consider all the information and their options to ensure they reach a conclusion that is best for them in the long term.

## Different types of vulnerability

We all know that the fair treatment of vulnerable customers is not something that businesses must integrate into their systems and business models.

When we look at practical ways in which businesses and advisers can help vulnerable customers, I feel a good starting point is understanding the different types of vulnerability.

You may deal with customers who at the outset are in a permanent or temporary state of vulnerability. You may also deal with someone who would not be considered to be in a vulnerable position but changes to their personal circumstances could, in turn, change that status.

Therefore, to understand vulnerability it is important to identify some of its drivers.

While it is very difficult to create an exhaustive list, here are some of the factors that could help you identify potential vulnerability:

- Age.
- Being in care.
- Poor health.
- Mental health issues.
- Learning difficulties.
- Physical disabilities.
- Being a carer.
- Low literacy.
- Language barriers.
- Low income.
- Living conditions.
- Cultural barriers.
- Poor communication skills.
- Being subject to abuse.

I think it is worth reiterating that displaying a characteristic does not automatically mean an individual is vulnerable.

Once a vulnerable characteristic has been identified and understood, your business may deem that specialist support, which is not within your own capabilities, expertise or resources, is necessary.

At that point, your business can cease to act on behalf of the customer and may wish to refer them on to a suitably qualified and experienced company. A business may take this decision if it believes it cannot act in the client's best interests.

If you have identified a vulnerability, the next step is to consider how it is recorded and what, if any, changes you make to your sales or service processes and outcome.

When dealing with the client there are a number of academic theories that are widely used when handling certain types of vulnerabilities. This article is not designed to provide you with the skills to apply these in practice, but simply to make you aware of some of the approaches that you can take.

The use of these theories is often recognised by way of their acronym

- Bruce.
- Idea.
- Texas.

Each of these theories adopt a different type of questioning to understand people in areas of health and mental health.

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## Articulating questions on vulnerability

**Bruce** – When your client has mental capacity limitation

- Behaviours: Consider the things a customer says or does. These may be triggers that suggest they are struggling with decision making.
- Remembering: 'Would it be helpful if I went over that again?', 'Would it be helpful if I put that in writing?', 'Is there someone that usually helps you with your finances?'
- Understanding: 'Do you want to tell me what you have understood so far and I can fill in gaps?', 'Would it help if I explained that again?'
- Communicating: 'Is there another way you'd like us to communicate with you?', 'Is there another time when it would be better to have this conversation?', 'Take your time'.
- Evaluate (or weigh up options): 'Would it be helpful to go through each option again?', 'Do you have someone you normally talk these things through with?'

**Idea** – When talking to a customer about their situation or health condition

- Impact: 'What are you finding hard?', 'What has been the impact on your day-to-day living?'
- Duration: 'When did this first start to happen?', 'How long have you been experiencing this?'
- Experience: 'Is this happening often?', 'Have you experienced this before?', 'Could it happen again?'
- Assistance: 'Are you receiving any support/assistance/medication?', 'Have you asked about whether you're entitled to more support/assistance/benefits?'

**Texas** – To gain consent to record sensitive information shared by your client

- Thank them: 'Thank you for sharing', 'I appreciate you telling me what is going on for you', 'I appreciate you sharing how you are feeling'.
- Explain how the information will be used: 'I can make a note on our records', 'This will mean you will not need to keep repeating yourself', 'It will help us support you better', 'We can see what we can do to help', 'This information will only be shared within our organisation'.
- Gain explicit consent: 'Are you happy for me to make a note of what you have shared today?'
- Ask: 'Is there anything you would like us to do which will help?', 'Are you getting any help from anywhere – for example family?'

You can also use Idea for additional help on asking questions.

Additionally, it is helpful to signpost: 'Some of our customers have found it helpful to speak to...', 'Do you have a list of external experts we can signpost to?', 'Leave it with me and I'll see what more we can do to support you'.

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The regulator has reinforced the importance of embedding the fair treatment of vulnerable customers within a business numerous times, and also that all relevant staff should understand how their role affects the fair treatment of vulnerable customers.

The regulator's expectations for relevant staff within a business are:

- Ensuring that frontline staff have the necessary skills and capability to recognise and respond to a range of characteristics of vulnerability.
- Offering practical and emotional support to frontline staff dealing with vulnerable customers.

I also believe that requiring staff to undertake training around the fair treatment of vulnerable customers is an excellent way for senior managers at a business to demonstrate that they have taken reasonable steps to embed it into their business's policies and culture.

Dealing with vulnerable customers can be a complex area and some businesses may need specialist support, either in the long or short term.

In my role at SimplyBiz, I have been working closely with our partner organisations to develop a wide range of solutions to support them in their work with vulnerable customers.

We have details of, and resources and support material from, third-party organisations to provide expert advice and guidance to assist the businesses that use our services.

I am conscious that everyone reading this article does not use the services of SimplyBiz, and for those readers I would recommend the Financial Vulnerability Taskforce as a useful source of information.

The FVT is an independent professional body covering the personal finance, insurance and wider financial services sector. Its purpose is to promote greater understanding, encourage appropriate behaviours and establish good practice in respect of consumer vulnerability.

FVT's website has a wealth of information, and a resource library where you can find useful material and support related to vulnerability.

We know that the fair treatment of vulnerable customers is a key area of focus for the regulator, and it has produced a lot of guidance for businesses, but we also know that the FCA has not – and will not – make specific rules to address each area of vulnerability.

The FCA guidance does not cover every scenario and does not really provide businesses with potential responses to assist businesses at a client level.

As a result of this I would recommend businesses utilise the wealth of support and resources out there from organisations like the FVT and ensure they undertake staff training in this area.

*Mark Greenwood is director of compliance services at SimplyBiz*

CPD

Approx.  
30min

Please answer the six multiple choice questions below in order to bank your CPD. Multiple attempts are available until all questions are correctly answered.

**Q1** The FCA will be treating vulnerability as a one-off exercise, true or false?

- True
- False

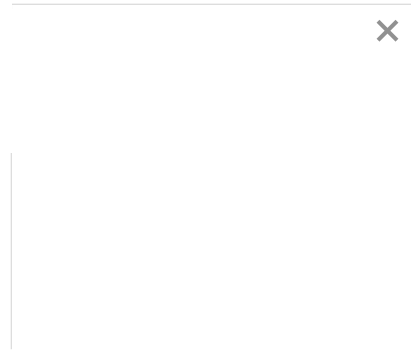
**Q2** Which of the following is NOT considered a vulnerability factor?

- Age

- Being a carer
- Subject of abuse
- Three months' outgoings in savings

**Q3** When is it best to outsource a vulnerable client to a specialist

- When someone is pitching for the business
- When you are able to help, but not immediately available
- When you can no longer serve them
- When the FCA says you must



**Q4** Which of the following is NOT an acronym for asking questions of vulnerable clients?

- Bruce
- Texas
- Idea
- Help

**Q5** Which of the following is NOT an element of 'Bruce'?

- Consider the things a customer says
- Offer the customer a cup of tea
- Help them remember what they need to take in
- Making sure they have understood what you are saying

**Q6** The FCA expects that frontline staff have the necessary skills and capability to recognise and respond to a range of characteristics of vulnerability, true or false?

- True
- False