

## Vulnerability

The following Standards have been drafted to support Firms in identifying and addressing situations where an individual within a business either is, or the Firm has reason to suspect that they may be, vulnerable.

- Reference to *vulnerability* is in relation to the individual rather than the business itself, for example, a business in financial difficulty would not necessarily be considered to be vulnerable for the purposes of these Standards; and
- Reference to an *individual* means a person who, when taking into account information available to the Firm about the how the business is structured and operates, is able to exert significant control over the way in which it is run.

These Standards can be applied to a sole trader, partnership or to an individual within a limited company. The impact of the individual's vulnerability on the business customer's relationship with their Registered Firm will depend on a number of non-exhaustive factors such as: the legal structure of the business, its sophistication, the role and level of responsibility of the individual within it and the extent of the individual's vulnerability. Firms will be at different stages of developing an approach to business customers and vulnerability and the applicability of the following standards will depend on the individual circumstances of the person.

**Customer outcome:** inclusive products and services take into account the broad range of business customers to which they may apply, and contain appropriate flexibility to meet the needs of customers who may be, or are in, a vulnerable situation. Where customers are identified as, or the Firm has reason to believe that they may be, vulnerable, appropriate adjustments are made to ensure that their individual circumstances are accommodated to enable the customer, or their authorised third party, to manage their account(s).

**Firms will achieve this:** with systems and controls that are capable of assisting in the identification of customers who are, or may be, in a vulnerable situation, and having appropriate measures, training, referral points and skilled staff to deal appropriately with the customer once identified.

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1. Firms should have a vulnerability strategy, which defines its approach to the identification and treatment of individuals considered to be vulnerable, through whichever channel the customer chooses to engage.
  2. Firms should undertake appropriate monitoring and assurance work to ensure that the vulnerability policies, processes and controls are designed and operating effectively and delivering fair customer outcomes.
  3. Firms should have policies and processes governing the identification and fair treatment of individuals in vulnerable circumstances. These should take into account: the channel, where the individual is within the customer journey and the varying nature and degrees of permanence of different vulnerabilities.
  4. Firms should seek to ensure that where an intermediary identifies an individual as potentially vulnerable, this information is passed to the Firm, with the customer's consent, and it is taken into account during interactions with the individual.

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  - a. Firms should ensure that their employees are sufficiently trained to help them to identify vulnerability and deal with the individual in accordance with their policies and processes, with appropriate escalation points, where the circumstances require this.
  - b. When an individual is identified as potentially vulnerable, a Firm should ensure that its employees have appropriate referral and escalation points and are aware of how to access them.
6. Where appropriate, Firms should develop triggers and management information to assist employees in the identification and subsequent monitoring of individuals who may be vulnerable.
7. Where a Firm is developing a new product, or reviewing an existing product, it should consider vulnerability as part of the design or review process, paying regard to target market, clarity, accessibility and the operation of the product.
8. Firms' sales policies and processes should take account of the impact vulnerability may have on an individual's ability to make an informed decision about a product and provide relevant support during the application process.