

# Financial Vulnerability Taskforce



Personal  
Finance  
Society

## The CHARTER in action

This guide explains how a financial adviser, planner or firm committed to the Financial Vulnerability Taskforce might apply the **CHARTER** to their professional activities.

## The CHARTER in action

The Financial Vulnerability Taskforce Charter underpins the Taskforce's work and sets out the commitments required by supporters in respect of how they will work with customers/clients in vulnerable circumstances.

This requires the use of best endeavours to provide a service that recognises and responds to those in vulnerable circumstances, ensuring as far as is possible that they receive as good an outcome following advice as everyone else.

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## The CHARTER in action

### 1.

### 'Safe pair of hands'



#### Your commitment

We acknowledge that as our services often involve the application of specialist and technical financial knowledge, this places many clients in a position of dependency and as such imposes upon us a greater moral duty to act in their best interests and as a 'safe pair of hands', especially to those who find themselves in vulnerable circumstances.



#### Applying the commitment

This commitment requires advisers to use accessible language in their dealings with clients wherever possible, and in the case of those in vulnerable circumstances to go the extra mile to do whatever is required to ensure the client fully understands the advice being given, the expected outcomes and all possible risks.

This means the adviser will only proceed with either a personal recommendation and/or facilitate a transaction once they and the client (or their attorney/deputy if applicable) are satisfied, and in the case of the adviser can evidence that the client fully understands the extent and implications of the advice given.

## 2. **Clients' interests above our commercial interests**



### **Your commitment**

We accept that our professional obligation to use 'best endeavours' and place our clients' interests above our commercial interests have a greater significance to clients who are in vulnerable circumstances and, therefore, at greater risk of detriment.



### **Applying the commitment**

This commitment requires the firm and adviser to seek the best outcome for their clients, and in the case of those in vulnerable circumstances use appropriate and personalised processes and services. All conflicts of interest should be identified, made transparent and mitigated.

For example, taking commission (however described) on a product transaction should never result in the client thinking that the advice is free and wherever possible should be avoided where a fixed or hourly rate fee and commission rebate is both more transparent and ultimately better value for the client.

# 3. Vulnerability



## Your commitment

We recognise that vulnerability can manifest itself in either physical, mental or emotional form (knowingly or otherwise), is dynamic in nature (short-lived or longer term, sometimes permanent, transient, recurring or fluctuating over time) and may be hidden.



## Applying the commitment

This commitment itself acknowledges that vulnerability is a complex issue and identifying those in vulnerable circumstances is not often an easy task, requiring all advisers to continue to widen their understanding of the subject.

Rather than seeking to identify, classify and label customers and clients, the possibility of vulnerability should be considered as an integral part of the actual process of delivering advice and ongoing services to all.

Where vulnerability is less obvious, this should require a growing understanding of how abuse and coercion can be subtly used to pressurise clients (that might not be in obvious vulnerable circumstances) into making decisions that are not in their best interests.

# 4. Avoiding client assumptions



## Your commitment

When working with clients who seek to access our services, we treat all fairly, regardless of their identity, age, gender, race, sexual orientation, disability, gender reassignment, religion or belief and guard against making assumptions about individuals.



## Applying the commitment

This commitment requires the adviser to make all reasonable adjustments in how they deal with those with protected characteristics, including the removal of any barriers in respect of the access and delivery of services and resultant good outcomes. At the same time, advisers should adopt caution when it comes to making assumptions about clients, their identity or issues as it is of course easy to jump to the wrong conclusions.

# 5.

## We believe that language and terminology is important



### Your commitment

We believe that the consistent use of specific language and terminology is important. Vulnerability relates to circumstances and not a category of person. As such, descriptions such as 'those in vulnerable circumstances' should be used at all times instead of 'vulnerable individuals', except when only referring to individuals or groups of individuals where vulnerability is permanent.



### Applying the commitment

This commitment acknowledges an individual's circumstances will inevitably change over time, so we all need to challenge the blanket use of the blunt term 'vulnerable consumer' and consider the consistent use of alternatives such as 'a consumer in vulnerable circumstances', reflecting the fact that vulnerability relates to a person's circumstances and is not in most cases an inherent characteristic.

# 6.

## Our professional obligation to behave with sensitivity



### Your commitment

We recognise that people in vulnerable circumstances are often unaware of their vulnerability and, if they are aware, might not acknowledge it nor wish to be described as vulnerable. We, therefore, accept our heightened professional obligations towards clients in vulnerable circumstances; and the need for raised awareness, greater sensitivity, and additional technical competencies.



### Applying the commitment

This commitment requires advisers to recognise the need to develop relevant knowledge, skills, processes and systems. For example:

- Regularly reviewing your company's vulnerability policy
- Including vulnerability in planned CPD
- Reviewing your fact-find or financial planning questionnaire to ensure you capture any signs or evidence that would suggest vulnerability
- Identifying areas to improve relevant technical competence applicable to customers in vulnerable circumstances
- Developing enhanced soft skills and techniques in respect of effective engagement
- Adapting business processes and professional services so that clients do not suffer detriment at any point as advisers seek to deliver outcomes at least as good as for those who are not in vulnerable circumstances.

# 7. Adapting processes to maintain confidentiality



### Your commitment

We seek to recognise clients in vulnerable circumstances and encourage all to self-declare if appropriate, safe in the knowledge that we will:

- a) adapt our business processes and professional services, so our clients do not suffer detriment at any point as we seek to deliver outcomes at least as good as for those who are not in vulnerable circumstances
- b) maintain confidentiality and ensure our behaviours are fully compliant with all relevant legislation including The Equality Act (2010), Consumer Protection regulations, The Mental Capacity Act 2005 and data protection including GDPR.

We see application of the above as 'business as usual', part of our raison d'etre and not part of a separate compliance or 'stand-alone' exercise.



### Applying the commitment

This commitment requires firms and their advisers to embed their understanding and approach to clients and customers in vulnerable circumstances into the culture of their business.

It requires a growing understanding that those in vulnerable circumstances are often unaware of their vulnerability, and if they are aware, that they often do not wish to be described as such.

Firms and advisers therefore need to develop a heightened professional obligation towards their clients in vulnerable circumstances by raising awareness across their client bank, exhibiting greater sensitivity and by developing additional technical competencies and collaborations with related professional services.

# 8.

## Ensuring our staff are knowledgeable and appropriately trained



### Your commitment

We seek to enable all members of our organisations to deal compassionately, empathetically and effectively with those in vulnerable circumstances by raising awareness of vulnerability and by providing training to all within our organisations in appropriate methods of engagement and the effective discharge of our professional services.



### Applying the commitment

This commitment requires firms and advisers to:

- Develop internal training programmes that focus on indicators of vulnerability, the potential needs of clients in different vulnerable circumstances including how they process information and act in respect of behavioural biases
- Train staff in the effective use of engagement techniques (such as those developed by the Royal College of Psychiatrists and the Money Advice Trust)
- Give staff opportunities to share knowledge and experiences
- Engage with external organisations to provide specialist training and services.

# 9. Immediate support



### Your commitment

When we encounter clients in vulnerable circumstances and recognise that they may be in immediate danger of significant abuse or harm, or may need immediate support, we will take action to contact the appropriate authorities to mitigate the risks they face.



### Applying the commitment

This is about firms, advisers and support staff making a commitment to avoid being a bystander. If you have concerns about a client or potential client, try and resolve them yourself and if that fails call the relevant experts (for example the OPG, the FCA, or the Law Society).

You will never be criticised if your concern turns out to be reasonable but unfounded but you may never forgive yourself if you do nothing and your client or potential client is subsequently harmed.

If someone is in immediate danger from illegal activity, call the police.

The Charter can be viewed at

**[thepfs.org/about-us/initiatives/financial-vulnerability-taskforce/the-charter](https://thepfs.org/about-us/initiatives/financial-vulnerability-taskforce/the-charter)**

You can find out more about the Financial Vulnerability Taskforce here:

**[www.fvtaskforce.co.uk](http://www.fvtaskforce.co.uk)**

You can find out more about the Personal Finance Society here:

**[thepfs.org/about-us/what-we-do/for-the-public](https://thepfs.org/about-us/what-we-do/for-the-public)**

**The Personal Finance Society is part of  
the Chartered Insurance Institute Group.**

tel: +44 (0)20 8530 0852

[customer.serv@thepfs.org](mailto:customer.serv@thepfs.org)

[thepfs.org](http://thepfs.org)

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