

Vulnerable Client Policy

LONSDALE
Wealth Management

Lonsdale Wealth Management

Vulnerable Client Policy

This policy sets out how we aim to identify and treat clients and prospective clients who may be considered as being vulnerable by virtue of their age, disability or circumstances.

Although vulnerability can come in many forms, it is important that such individuals are dealt with appropriately, fairly and consistently.

We are committed to making sure that we treat any vulnerable client as an individual. We will do this by being:

- Flexible in our approach to client communications
- Empathetic to any specific needs or concerns they have

We will provide training to all our colleagues to identify the key indicators of vulnerability and provide appropriate support and solutions for vulnerable clients. We have a vulnerable client group at Lonsdale Services comprised of different colleagues in various roles who work in different offices and meet every 6 months.

Lonsdale Services shows our commitment to understanding vulnerable clients by being a member of SOLLA – Society of Later Life Advisers. Allan Ross our independent financial adviser in Ware is SOLLA accredited. SOLLA helps people and their families in finding trusted accredited financial advisers who understand financial needs in later life.

What is a vulnerable client?

The FCA defines a vulnerable client as: 'Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care'.

What is detriment?

Detriment is essentially any disadvantage a client could suffer, for example this could range from being treated unsympathetically by Lonsdale Services or choosing the wrong investment product. This can occur in particular with vulnerable clients because financial products can be relatively complex and, in certain cases, may not be optional.

We are mindful that many clients in vulnerable situations may not think of themselves as being 'vulnerable'.

Types of vulnerability

There are a number of factors that could result in a client being deemed vulnerable on a permanent, sporadic or temporary basis.

A vulnerable client could be considered to be anyone who by virtue of their health, age or circumstances may be less able than others to:

- Realistically and objectively identify and prioritise their own needs
- Fully understand the risk, cost or implications of any advice provided
- Assess information in the usual format, for example, orally during meetings or visually in respect of written advice

This means that we would consider individuals affected by the following factors to be vulnerable. This is not an exhaustive list but has been compiled to give an indication of vulnerable groups.

- Changes in circumstances (for example, divorce)
- Unexpected changes in circumstances or where clients are under stress or experienced a major life change (for example, being made redundant, bereavement, being diagnosed with a long-term illness, recovering from an operation)
- Low literacy, numeracy and financial capability skills
- Physical disability or impairment that may not allow them to engage with automated or standard process requirements. For example, photographic ID, phone key pad recognition or internet applications or impaired vision or hearing.
- Poor or non-existent digital skills or those without access to the internet or other digital media
- Severe or long-term illness
- Mental health problems and/or those with learning difficulties or mental incapacity (including language or communications) including mental illness
- Clients already in a distressed financial situation. For example, low or erratic income, anyone unemployed and/or those in debt who in our opinion should be referred to Citizens Advice for support
- Anyone recently independent who are managing their own finances and are financially inexperienced or recently self-employed and no longer receiving a salary
- Caring responsibilities (including operating a power of attorney)
- Being 'older old' (for example over 80) although this is not absolute – this could be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, onset of ill-health, not being comfortable with technology)
- Anyone living with dementia. All Lonsdale colleagues should refer to the Lonsdale 10-point plan for dealing with clients living with dementia
- Being young – aged 18 or younger (associated with less experience)
- Lack of English language skills
- Domestic abuse (including economic control)
- Addiction
- No or less access to help or support
- People with non-standard requirements such as people with convictions, care leavers, refugees
- Not possessing standard documents or credit history (for example armed forces personnel returning from abroad, ex-offenders, care-home leavers)

How do we identify the needs of vulnerable clients

- 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.

- ❑ Stress or financial shock – may be identifiable (facial expression, posture or stance etc.), but otherwise may be revealed through conversation before and during interview
- ❑ Physical impairment – may be identified visually, or through interview
- ❑ Severe and long-term illness – may be identifiable through conversation or through interview
- ❑ “Under banked” or “financially unsophisticated” – may be identified through interview and their credit profile
- ❑ Low income – may be identified through interview and credit profile
- ❑ In financial distress – may be identified through interview and credit profile
- ❑ Carers – may be identified through interview or conversation
- ❑ Digital exclusion – identifiable through interview or via routes of engagement with firm
- ❑ Inexperience – age may be a factor in exposure to financial products
- ❑ Poor language skills – may be audible or identifiable via routes of engagement with firm.

Lonsdale Services – 10-point plan to support clients living with dementia

1. Encourage clients to set up a will and Lasting Power of Attorney (health & welfare and property & financial affairs). Office of Public Guardian has leaflets for offices and e-learning videos.
2. Encourage both partners in a civil partnership/marriage to understand their finances. Educate our clients about investments. Recommend they set up a financial passport detailing their financial assets.
3. Ensure anyone living with dementia has their legal representative, trusted friend or relative present at a financial review. Paperwork to also be sent to legal representative and relatives.
4. Consultants to review how they interact with anyone living with dementia. Be patient, listen and clearly explain paperwork that requires signing.
5. Feedback client issues to the vulnerable client group at Lonsdale Services to support clients living with dementia. Regularly review Alzheimer's Society and FCA recommendations for clients living with dementia.
6. Have a trained Dementia Friend in each Lonsdale office.
7. Identify and train employees from other offices to become dementia specialists.
8. Amend our HR policies for anyone personally affected by dementia/caring for someone who is.
9. Review the Dementia Friendly business guide toolkit to support anyone living with dementia.
10. Write detailed and consistent client notes relating to dementia on our Intelliflo database, so everyone working with a client who is living with dementia understands their personal and unique issues.

Are there any other factors which would prompt you to consider a client to be vulnerable?

The presence of one or more of the above factors does not necessarily mean that the client is vulnerable. Each adviser will need to assess their client's personal circumstances and ensure that every client is treated individually and with respect and empathy. Any concerns around the assessment of clients should be referred to Steve Cook, Director, Lonsdale Services, St Albans.

Identifying a vulnerable client

To be in a position to identify if an existing or potential client falls within our definition of a vulnerable client, we have the following processes in place:

We use our Know Your Client assessment. All our financial planning teams know the risk factors that have been outlined earlier (for example, bereavement or illness diagnosis, debt).

By using the Know Your Client assessment our colleagues:

- Take care to identify vulnerable clients and this information should be recorded in detail on IO so other colleagues are aware of the client's condition. Lonsdale colleagues should be flexible and tailor their response to any sudden change in client circumstances and detailed consistent notes relating to the client's condition should be retained on IO. As a firm 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.
- Each financial planning team will discuss their individual clients and review vulnerability following a phone call, email, review meeting. Before a review meeting the financial planning team would check for any vulnerability tag, review the most recent factfind and review notes to check for vulnerability. After a review meeting the consultant would consider whether the client was/still is vulnerable and if so, discuss with their financial planning team and update IO accordingly. Their findings should be discussed with their office colleagues and if necessary, Stewart Sims-Handcock, Allan Ross or Simon Hawker.
- We obtain consent from a client to hold their sensitive personal data and our up to date privacy policy is displayed on our website.
- We ask for anti-money laundering verification from attorneys and deputies, and ask to see original Powers of Attorney/Orders otherwise these need to be certified by a solicitor. We read through the Powers of Attorney/orders and review the notes and addendums on IO. If we have any concerns, we refer to a solicitor. If there is any doubt about the validity of these documents, we refer the matter to Simon Hawker, Managing Director Lonsdale Services.

Who would be initially responsible for identifying a vulnerable client?

If our financial planning teams identify a client as being vulnerable, we will treat them in line with the steps noted below under the heading 'Dealing with a vulnerable client'.

Dealing with a vulnerable client

We will make sure that in all cases, a client has the capacity to understand the advice they are being given. If they don't and there is no attorney or deputy in place, the advice process will be suspended and we cannot give advice. This decision will be referred to Simon Hawker, Managing Director Lonsdale Services.

If we identify a potential client as being vulnerable, we will:

Review 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.

Where the adviser feels that the customer may be vulnerable, they should ensure that they are given the opportunity to have a trusted friend, relative or legal adviser present at the appointment to assist them. This offer should be recorded on their file in IO and the presence of a third party recorded in the fact find. It is also recommended that the suitability report confirms that an accompanied meeting was offered to the client along with confirmation as to whether this option was accepted or declined.

If a third party is present at an appointment our suitability assessment will be in line with our Suitability Policy. In this situation our suitability assessment will be based on:

- The knowledge and experience of the person who is representing the underlying client.
- The financial situation and investment objectives of the underlying client.

If the vulnerable person does not provide authority for having a third-party presence, then no advice can be supplied without first discussing the case with the Compliance Officer, Simon Hawker. In the cases where the advice process continues, these cases will be viewed as high risk and will be subject to 100% file checking before any advice is issued.

We will follow the 4 key FCA aims when we treat vulnerable clients:

- Recognising vulnerability
- Value of sympathy
- Importance of empowered and knowledgeable colleagues
- Meeting communication needs

How we will treat different types of client vulnerability

| Vulnerability | Points to consider |
|-----------------------|---|
| All types | <ul style="list-style-type: none"> <li data-bbox="456 300 1489 376">❑ We flag client files where the client may be in vulnerable circumstances to make sure they are identified quickly when contacting Lonsdale Services. <li data-bbox="456 383 1489 501">❑ We will invite the client to have a family member or third party accompany them to future meetings or participate in skype or TEAMS calls. If necessary, we would copy any general correspondence or information from phone calls to the third party too. <li data-bbox="456 508 1489 712">❑ We have put in place protection for the client to prevent them from being pressured by a family member. If a client arrives with a member of their family/or several members we would always ask to have a conversation with the client on their own before we start the meeting. If the family members do not like this it raises our concerns. <li data-bbox="456 719 1489 837">❑ All Lonsdale colleagues are trained to spot signs of temporary, permanent or sporadic vulnerability. We talk to our clients with understanding and empathy in order to encourage them to disclose any vulnerable circumstances. <li data-bbox="456 844 1489 963">❑ Where appropriate, we encourage Lonsdale colleagues to signpost vulnerable clients to relevant organisations (for example, StepChange, Money Advice Service, Citizen’s Advice, SOLLA, Carebox, Alzheimer’s Society) <li data-bbox="456 969 1489 1046">❑ Client review meetings should be capped at one hour and shortened to half an hour for some vulnerable clients. <li data-bbox="456 1052 1489 1128">❑ We offer to meet the client outside of standard office hours and / or outside of the client’s home. This could be at our Lonsdale offices or a place of their choice. <li data-bbox="456 1135 1489 1346">❑ The consultant should recommend that a vulnerable client works with a solicitor to complete a will, Lasting Power of Attorney. Lonsdale Services produce a financial passport that vulnerable clients should be encouraged to complete. If a vulnerable client is part of a couple the adviser should ensure the partner understands finance and is present at all meetings. <li data-bbox="456 1352 1489 1429">❑ We will offer the client a choice of ways of communicating with them. This includes face to face meetings or a virtual meeting via TEAMS. <li data-bbox="456 1435 1489 1473">❑ The client is provided with confirmation of discussions in writing after each meeting. <li data-bbox="456 1480 1489 1556">❑ The client will be given the opportunity to have a further meeting to give them the chance to discuss any recommendations or arrange for a third party to attend. <li data-bbox="456 1563 1489 1727">❑ If there are questions about orders or powers of attorney documentation each consultant will refer them to a local solicitor as most offices have other professional intermediary contacts. Alternatively, as a member of SIFA we can organise a solicitor contact through them. |
| Physical disabilities | <ul style="list-style-type: none"> <li data-bbox="456 1785 1489 1989">❑ We will discuss individual client requirements to see if we can accommodate their requests. Most pension/investment companies will document in braille. We can offer all our written documents in large print and when we email word documents they can be read in large font. We are looking to obtain a big magnifying glass with a light for each office. We do not offer hearing loops. |

| | |
|--|--|
| Mental Incapacity | <input type="checkbox"/> If the customer is mentally incapacitated and not able to make decisions for themselves advice should only be given to an attorney or court appointed deputy and a full copy of the registered enduring/lasting power of attorney or deputy order should be retained on file. |
| Where English is not the client's first language | <input type="checkbox"/> If the customer has little or no knowledge of English, then we cannot deal with them as we have no ability to amend the provider cancellation notices that are sent direct. Even if we could use an interpreter, we would need to ensure that the interpreter was actually repeating everything correctly and that could prove challenging and problematic. |
| Not being computer literate | <input type="checkbox"/> We will send all correspondence by post and talk on the phone with the client instead of using email. |

Other points to consider:

- Some of our offices are wheelchair friendly. Where they are not, we ask to meet a client in their own home or an alternative venue or conduct a meeting on TEAMS.
- All our offices offer toilet facilities
- Our offices do not offer disabled parking but most of our offices have parking available. Where we know that a client needs a parking spot, we will reserve one for them.

Lonsdale Services Internal process

In addition to our usual systems and controls, to make sure that we treat all vulnerable clients fairly, we have the following additional processes in place:

- Stewart Sims-Handcock, chartered financial planner at Lonsdale Services will be responsible for dealing with vulnerable clients and can provide guidance to colleagues in this area. His deputy is Allan Ross our independent financial adviser in Ware who is SOLLA accredited.
- All vulnerable client cases will be flagged on IO and consultants can refer to them where necessary. Vulnerable clients will be an agenda item at our bi-monthly consultant meeting attended by all consultants. It will also be an agenda item on all our financial planning teams monthly meetings.
- All our consultants have received vulnerable client training and read our vulnerable client policy so they are able to meet vulnerable clients. Our policy is emailed out to advisers every six months with the minutes of the vulnerable client group.
- Each adviser will review one vulnerable client case with their supervisor at their adviser review observation to ensure that all our consultants in every office are following the vulnerable client policy guidelines. Random checks on any other vulnerable client file will be undertaken by Lee-Anne Peters, independent Quality Assurance and/or Simon Hawker, Managing Director Lonsdale Services.
- Lonsdale Services discusses the fair treatment of vulnerable clients at the bi-monthly consultant meeting and administrator meetings. It is discussed at Senior Manager Meetings and at the vulnerable client group meeting.

- Lonsdale consultants will review the choice of communication with the client. This may include the method of communication and the service delivery. For example, adjusting the time of an appointment to account for issues in relation to a client's medication or seeing a client at home if they suffer from dementia.
- If a client does not have valid passport or driving licence, we will need to see one document showing photographic identification and one document showing proof of address. Their identity and address can be checked by using a bank statement or utility statement that is less than three months old, or a shot gun licence. If a client is resident in a care home, we require the manager to confirm on letter headed paper that our client is resident and provide their date of birth.
- We will seek independence evidence of a person who is an Attorney or Court of Protection Deputy. Where necessary we would check information with a solicitor.

Data protection

As part of delivering financial services to vulnerable clients, we will gather detailed information from them, especially about their physical and/or mental health. This information will be dealt with in accordance with our data protection policy.

Training

We will make all colleagues aware of the vulnerable client policy when they join Lonsdale Services. The consultants in each financial planning team will review any vulnerable client cases with any new colleagues. Any new colleagues will have to complete and pass the Threesixty vulnerable client training before they have client contact. All Lonsdale colleagues must complete this training annually. This will include how to identify a vulnerable client and how to deal with them.

We will make Lonsdale colleagues aware of TEXAS or IDEA to assist in dealing with clients who disclose a mental health problem. The 'TEXAS drill' is designed for managing initial conversations about a client's vulnerable situation.

IDEA

The IDEA protocol can be used by specialist Lonsdale colleagues to help structure and manage more in-depth conversations, ask the right questions, and identify relevant information.

Impact – colleagues should ask what the mental health problem either stops the client doing in relation to their financial situation, or what it makes harder for them to do. This will help provide insight into both the severity of the condition, and its consequences.

Duration – colleagues should discuss how long the client has been living with the reported mental health problem, as the duration of different conditions will vary. This can inform decisions about the amount of time someone needs to be given to retake control of their situation.

Episodes – some people will experience more than one episode of poor mental health in their lives. Colleagues will need to take such fluctuating conditions into account in their decision- making.

Assistance – Colleagues should consider whether the client has been able to get any care, help, support or treatment for their condition. This may help in relation to collecting medical evidence and contact relevant authorities if appropriate

Note: All consultants at Lonsdale Services Ltd have had enhanced Criminal Record Checks conducted and that is repeated every two years. Administrators have a basic Criminal Record Check due to restrictions placed by others on the information.

All consultants and administrators have an annual credit check undertaken through Equifax.

Management information

We will collect management information at different points in the client journey to allow us to understand both the experience and outcomes of vulnerable clients. This information will be analysed and used to drive improvements in our processes.

For example:

- Using our advice and new business register to identify that a client is vulnerable
- Business persistence: analysis of client retention records – for example, why clients leave,
- Training and competence records
- Client feedback to identify trends and areas for improvement
- Complaint root cause analysis
- Compliance reports - to check if standards are being met in terms of treating clients fairly
- File reviews to check for errors and assess if clients were treated fairly

Reviewing this policy

To ensure this policy continues to accurately reflect the process we have in place, Stewart Sims-Handcock and the vulnerable client group will regularly review this policy on a six-monthly basis.

If any updates are required, these will be made within 5 business day following the latest review and all colleagues will be notified by email.

This policy was last reviewed by Stewart Sims-Handcock in April 2023.

This policy has been approved by the Vulnerable Client Group and Stewart Sims-Handcock.

Contact us

For more information about how our financial advisers can work with your legal or accountancy team please visit our website at: www.lonsdaleservices.co.uk or contact our independent financial advisers directly.

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