Vulnerable person's policy

1. AIM OF THIS POLICY

The aim of this policy is to outlines the practice and procedures for staff in Davidson Asset Management Limited (DAM) to 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 VULNERABILITY

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 care".

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

The nature of DAM's 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.

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.

We recognise that clients who might be considered as being in vulnerable circumstances could include clients with:

1. mental capacity deficiencies (including language or communication), including mental illness and dementia;
2. stress or subject to financial shock all types, such as employment concerns, bereavement (or potential bereavement), marital or relationship difficulties;
3. a physical impairment that may not allow them to engage with automated, or other. standard process requirements (such as photographic ID, phone keypad recognition, or internet applications);
4. severe and long-term illness (both life-limiting and where recovery is expected);
5. little or no financial experience or have no access to mainstream financial services;

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6. low income;
7. an existing distressed financial situation;
8. responsibilities for others, such as 'carers' or acting as power of attorney;
9. no access to the internet or other digital media;
10. poor language skills
11. a general vulnerability due to age.

As a firm we must remain mindful of the potential for enquiry by these clients and the potential for any change of circumstances in respect of existing customer.

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.

Where we identify a customer with a vulnerability we will only deal with the customers where we can assess their needs and provide adequate support to prevent harm:

1. mental capacity deficiencies - the FCA provides clear guidance on the identification of mental capacity limitation issues in their Handbook under CONIC 2.10.8.
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. financial inexperience - may be identified through the fact find process 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 (or non-engagement) with the firm
10. poor language skills - may be audible or identifiable via routes of engagement with firm
11. clients ages 75 and over or clients ages 18 years and under - should be offered the opportunity to have a relative or friends accompany the client to a meeting.

The nature of the need area to be addressed may also indicate vulnerability. For example, people wanting to arrange:

- An equity release product
- Right-to-buy
- A first-time buyer mortgages
- Debt consolidation or further credit
- Debt management
- The provision of long-term care
- Excessive monetary withdrawals from investments
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These could be some indicators of vulnerability, but this is not designed as an exhaustive list. In the circumstances that apply to our firm we will apply additional safeguards, as appropriate, to ensure fair treatment. This will apply to each individual but where we identify groups of the same people, we may establish a process aligned to the needs and circumstances of that group.

We have outlined at Appendix 1 the vulnerabilities we expect to be present in our target market and customer base.

The firm and staff will be proactive in encouraging disclosure of support a customer with a vulnerable characteristic may require to enable them to realise value from our service. This will be particularly relevant at initial engagement but could also occur at any time in the sales process. There will also be a prompt in our disclosure document encouraging customers to alert staff to particular support needs.

4. ASSESSMENT AND MANAGEMENT OF RISK

Just because somebody is vulnerable does not actually mean that they are unsuitable for the advice and services our firm supplies. As soon as we think we may be engaging with vulnerable consumer we will make a record of this and ensure we adhere to this policy.
When speaking with the vulnerable consumer we will:

- Provide additional opportunities for the customer to ask questions about the information we have provided.
- Continuously seek confirmation that they have understood the information that has been provided.
- Ask if there is anybody with them who is able to assist them, and offer them the opportunity to have a family member or friend present during the conversation.
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We will not discriminate against clients in vulnerable circumstances. Where the vulnerability is mutually recognised, we will only adjust our fees where our services require extra resource to treat the client fairly. Any additional costs will not seek to profiteer from the situation and will be fully disclosed to the client before any subsequent work is carried out.

Where we feel we do not have the expertise to deal with the client due to their personal situation we will make every attempt to refer them to another firm or third party for the appropriate level of support to be provided.

We will consider the potential impact of any advertising either on a website or via other marketing channels on the needs of vulnerable customers and look to include content that is easily understood by the target audience with signposting for further customers that may have questions.

5. HOW WILL WE REVIEW OUTCOMES

As a business we understand we need to monitor for trends and understand how vulnerable characteristics may change over time in relation to our target market and customer base. We will capture management information so we can monitor for trends, learn from experiences and improve our support to customers.

We will use a 'client vulnerability record form' in those instances where our service has been directly impacted due to the client's vulnerable situation. We will use this information to monitor that we meet the needs of our customers and improve our support in this area. This will allow us to review our vulnerable persons policy periodically.

Additionally, we have access to a dedicated compliance support provider who offer a 'Vulnerable Persons Hub' that includes guides and sales support, regulation and bulletins, events and training, and signposting and links to speciality and charitable organisations. Please see Amanda Keddie if you require any additional support information.

6. UNDERSTANDING THE BENEFITS TO OUR FIRM

Supporting customers and clients who are in a vulnerable position is not just a regulatory but is also a moral responsibility. We intend to fulfil our duties in this area and as a firm we see the benefits in adopting the right approach. These include:

We will policy.

- Reduction in complaints
- Greater client satisfaction
- Engagement from a particular client set reputational benefits
- Good publicity
- Improvement of overall "culture"

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 DAM, 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 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 thier 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.

7. RIGHTS & RESPONSIBILITIES

DAM's responsibilities:

- To abide by the FCA's principles and rules in this area:

FCA Principles for Business 2,3,6,7 & 9;
TCF Outcomes 1,2 & 4; Consumer Duty Principle 12 Conduct of Business Rules; Senior Manager Conduct Rules; Individual Conduct Rules.

- To ensure staff are aware of this policy and are adequately trained to identify and deal with clients who are or may appear "vulnerable".
- To support individuals in relation to identified risk and vulnerability.
- To provide means of reporting any instance where they believe that a client might be in
- vulnerable circumstances.

Responsibilities of DAM employees:

- 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
- To take appropriate action in line with this policy
- To report any instance where they believe that a client might be in a vulnerable
- circumstance, and act accordingly in line with the policy.

8. IDENTIFICATION OF AND TREATMENT OF VULNERABLE CLIENTS

The table below sets out our approach to dealing with all individuals and help us to determine their circumstances and if they are in a permanent or temporary vulnerable situation. These guidlines will be distributed to all staff and each will be trained on the areas relevant to their role.

Client Evaluation

All clients will be assessed, as a minimum, against the following criteria. This is in addition to any processes we have in place for different vulnerability groups;

OUR CLIENTS	Asses the client against our vulnerability policy.
	Actively seek to encourage disclosure about potential vulnerability. This will occur at initial client agreement where clients will be encouraged to disclose any support they require to enable them to realise value from our service. However, this could also occur at any time in the sales process.
	Ensure the approach taken is accurately reflected in the business record.
	Consider whether to discuss the approach with colleagues/other professionals.
	Ensure the know your client information gather sufficient details to support the advice and uses additional questioning where appropriate.
	Consider any unusual aspects - e.g. if someone else is accompanying a client, is there the potential for undue influence from that person.

BEST INTERESTS
Understand who the client is and the extent of the instructions needed to act on e.g. Power of Attorney.
Consider whether the client is acting differently/showing signs of a change of character.
Set a list of questions to check client memory recollection, where appropriate .
When working with more than one person, is there the potential for any conflict of interest or undue influence.
Confirm any change in circumstances which might lead to vulnerability e.g. taking on caring responsibilities.
Establish whether the client's stated needs and objectives align with their current circumstances.
Consider whether the standard sales process or specific vulnerability group process is appropriate to the client's needs.
Identify products/solutions that are clear and easy to understand for those showing signs of vulnerability.
Consider whether there is a need to adjust the delivery and format of communications e.g. providing a report in large print.
Explain all matters with no or limited use of jargon
Try to accommodate flexibility around appointment locations and times e.g. visiting the client at their home at their preferred time of the day.
Try to determine if the duration of the meeting will need extending to accommodate more detailed explanations and delivery of information.
Determine if the complexity of the advice will require delivery over a greater number of meetings.
Considered the accessibility of office visits for those with health conditions/disabilities.

APPENDIX 1

OUR TARGET MARKET AND CUSTOMER BASE

We have considered what characteristics of vulnerability are likely to be present in the target market and customer base of Davidson Asset Management and what steps we can take to mitigate risk and deliver good outcomes. These considerations are outlined below:

Staff training and awareness	Vulnerability awareness forms part of staff members ongoing CPD / training and competency. All staff are required to read DAM's Vulnerable Persons policy and sign the annual declaration confirming that this has been done.
Likelihood of dealing with consumers that are in a vulnerable position or have characteristics of vulnerability.	Dam will not actively target customers who have characteristics of vulnerability. Customers leaving employment/retiring may be in vulnerable circumstances.
Characteristics of vulnerability in our target market and/or customer base.	Customers who are retiring may have reduced income and find themselves in vulnerable circumstances.
Products or services we arrange where individuals could be at a heightened risk of being deemed vulnerable.	Drawdown products Annuity products
Behavioural biases present in our target market.	Customers may not fully understand the implications of decumulation (drawdown/annuity). DAM will explain the options and consider capacity for loss and the need (if any) to pass on inheritance.
How we will adapt our services to meet the needs of vulnerable customers and deliver good outcomes.	If customer has poor language skills, or if English is not their first language, we will ask if they would like an interpreter to be present. Our Annual Review Survey asks if customers would like to have their review in a different format. We can offer more time to customers who have little knowledge of financial products. We will explain the consequences of any action.
Resources available from 3rd parties, e.g. specialist organisations, product manufacturers.	Group Risk Providers offer Bereavement Support and Employee Assistance Programmes. Signpost clients to charities/support services that deal with their particular circumstances.

DAM Community Hub