Priscum Limited
Vulnerable Client Policy

Who is Vulnerable?

Vulnerable clients could be any of the following: This list is not exhaustive and advisers may use their own discretion when dealing with clients.

- Those nearing or over the age of 75
- Someone with a hearing or visual impairment
- Those for whom English is not their first language
- Consumers who haven't used the services of an IFA in the past but an inheritance or windfall means they have monies which they require advice.
- Someone who has suffered a recent bereavement
- has severe financial difficulties
- Customers with communication difficulties
- Customers with a history of alcohol or drug misuse
- Victims of domestic violence
- Under 25's investing for the first time
- Pregnant women or recent parents
- Long term sickness, serious illness or frailty
- Those with a Physical disability
- People with learning difficulties, or mental health problems

Important Considerations

If it's not clear that someone is vulnerable then we should off the client have someone be at any meetings with them (Attendees must not influence the outcome of the meeting to their benefit i.e. if beneficiary of a Will).

- The clients may need to have more than one consultation
- Be mindful of length of time at meeting(s)
- Offer to provide documentation in a larger font
- Consider any hearing/visual impairment
- Avoid verbal and written jargon
- Be mindful of length of report
- Consider what Anti Money Laundering evidence can be obtained [Where a lasting Power of Attorney is also in existence then the parties to it should be verified also]

What to consider when advising vulnerable clients

- Older clients may have less time to make up any losses that may be held in investments which have some kind of investment risk therefore key suitability issues include:-

    - Objectives of the client – these must be recorded at fact find stage. Client expectations may need to be managed – what is reasonable given their circumstances?
    - Investment horizon – long term investments may be suitable if the investment is likely to extend beyond death i.e. IHT planning.

- Consideration must be given to any initial and exit charges, losses incurred during the early years, any growth that might be reasonably achieved from deposit based investments and the diminishing opportunity to recoup losses due to shortening life expectancy

- Risk tolerance – test the understanding of the questions you ask, this is important where a risk profiling tool is used.

- Financial understanding and investment experience – simply because a client may already have investments doesn't mean that the client understands how they work i.e. holding onto free shares following demutualisation of banks, etc.

- Evidence that the client's understanding is most probably strong would be where they have invested actively over a number of years or they have taken frequent and regular financial advice over time – but even then this may not be conclusive.

- Capacity for loss – Older clients may be reliant upon the income that the investments generate to cover their living costs. Any drop in their standard of living due to loss of income means that there is a lower tolerance for capacity for loss. Capacity for loss must be considered in line with the client's overall objectives.

Other areas to consider and record on file

- The health of the client(s) on the fact- find
- Record tax issues such as age allowance obtained, IHT allowances
- Document to the client the need for regular reviews to ensure that the investments are in line with their objectives
- If the client wants to achieve better returns than could be achieved at a bank or building Society, then the report should confirm the best comparable deposit rates available at that time, i.e. from a comparison website
- Recommendations for IHT planning should be in line with the client's Will.
- Any recommendation needs to be flexible to be able to make changes within a portfolio when necessary