

Assessing and supporting your firm's approach to clients in vulnerable circumstances

Good Practice Guidance & Checklist



About The Financial Vulnerability Taskforce

Launched in October 2021, The Financial Vulnerability Taskforce (FVT) is an independent representative body covering the retail finance sector. Its ultimate purpose is to promote greater understanding, encourage appropriate behaviours and establish good practice in respect of consumer vulnerability.

In July 2022, the Financial Conduct Authority (FCA) published its final rules and guidance for a new Consumer Duty (PS 22/9 and FG 22/5).

The FVT Board recognised that the financial services sector would now consider vulnerability within the wider context of Consumer Duty, so the FVT should do the same. Consequently, the Consumer Duty Alliance was created as an overarching body within which the FVT sits.

The Alliance launched on 9 March 2023 as an independent, not-for-profit community interest company aiming to promote the benefits of the FCA's Consumer Duty and support financial advisers/planners and other professions in its successful implementation.

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Foreword



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The treatment of ‘vulnerable customers’ has been a feature of the Financial Conduct Authority’s work for over a decade now, but the subject of vulnerability remains a complex and sensitive challenge for firms, covering a broad spectrum of client circumstances, their individual reactions to it, and additional needs that arise.

As the FCA defines vulnerability in broad and fluid terms, this can make it difficult for firms to know where to start when seeking to address the issue. However, the FCA’s Review published on 7 March 2025, sends a clear message that if they have not done so already, firms need to get on the front foot, when it comes to responding to the needs clients have linked to their circumstances at any given time. The Consumer Duty sets the clear expectation that clients in vulnerable circumstances must be identified, and that their outcomes should be no less favourable than all other clients. We feel the best way to ensure this is via a systematic process for screening all clients, and appropriate accommodation of the needs of those at increased risk of foreseeable harm or sub-optimal outcomes.

Firms need to do what they can to remove any bias and subjectivity from adopted processes, and ensure consistency across a whole client base, so that their approach and systems will adequately meet any scrutiny of regulatory requirements. But this is not a one-off piece of work; more an ongoing process, with firms needing to evidence a continuous cycle of improvement to better understand different conditions and circumstances, and refine their response accordingly. Resources and proportionality will, of course, be a factor when it comes to progress made, but direction of travel and evidence of progress will no doubt remain an absolute requirement.

Since the FCA first raised the issue of vulnerability in its Occasional Paper No 8, entitled Consumer Vulnerability (February 2015), there has remained a level of confusion over the use of the term ‘vulnerable client’ and the regulator’s expectations. While the recent publication of the regulator’s review provides greater clarity, given the broad spectrum and nature of vulnerable circumstances in play, perhaps the time has come to acknowledge that the term ‘vulnerable’ is often counterproductive and stigmatising, and that firms should consider adopting a bolder, inclusive, ‘universal practice’ needs-led approach, delivering services in a way that is accessible and inclusive for everyone, rather than looking at vulnerability in isolation.

In the meantime, this guide has been created to provide greater clarity for firms on the current state of play, as well as good practice for firms to consider, in the shape of a checklist built around a simple but robust approach to clients in vulnerable circumstances. We hope you find both this guide and the checklist useful.



“The FCA’s Review sends a clear message that firms need to get on the front foot, when it comes to responding to the needs clients have linked to their circumstances.”

Section 1 – The State of Play

Understanding vulnerability

Much has been written about vulnerability, including whether the term ‘vulnerable client’ or ‘vulnerable customer’ is unhelpful in terms of association. The Financial Vulnerability Taskforce has sought to simplify matters and encourage understanding, by distilling vulnerability into six key messages (see opposite).

These reflect the reality that anyone can find themselves in vulnerable circumstances at any point in their lives and not only if and when they fall on hard times. Indeed, the very nature of financial advice places many in vulnerable circumstances, due to both the complexity of language used and the inherent information asymmetry between professional adviser and client.

Vulnerable circumstances are those that can create additional needs that, if not met, can result in an increased likelihood of avoidable harm and/or sub-optimal client outcomes. Understanding the broad spectrum of individual needs and how to respond positively to them, is an increasing responsibility of the professional financial adviser when giving advice to all clients as well as something to be embraced by all team members within a firm.



1.

Vulnerability relates to circumstances – it is not a category of person

2.

It doesn't just affect those in later life

3.

Anyone can find themselves in vulnerable circumstances at any point in their lives, whether permanently, temporarily, periodically or to varying degrees

4.

Not everyone is aware of or willing to disclose their vulnerability or the circumstances that are causing their vulnerability

5.

Many recipients of financial advice are vulnerable due to a lack of relevant knowledge, unfamiliarity with language used and/or the technical complexity involved

6.

The process of advising clients in vulnerable circumstances is about recognising additional or alternative needs and then taking action to meet those needs

Section 1 – The State of Play

The FCA's view of vulnerability

The FCA's working definition of vulnerability relevant to clients of advice firms, has remained as follows:

"A vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care."

This definition of vulnerability is much broader than the legal definition used in safeguarding legislation, or the legal test for capacity.

It seeks to reflect the fact that a client in vulnerable circumstances may well be less able than others to:

- Realistically and objectively identify and prioritise their own needs.
- Fully understand the risk, cost or implications of any product or service provided.
- Assess information in the usual format, for example, orally during meetings or visually, with respect to written advice.
- Appropriately access support and/or channels to engage with their adviser or provider.

Over the past decade, the FCA has developed its conceptual approach to the subject, reflecting a broad definition, including:

Characteristics associated with drivers of vulnerability

Here the FCA has identified categories of health, life events, resilience and capacity as causes of vulnerable circumstances (source: **FCA FG21/1**)

Health	Life events	Resilience	Capability
Physical disability	Retirement	Inadequate (outgoings exceed income) or erratic income	Low knowledge or confidence in managing finances
Severe or long-term illness	Bereavement	Over-indebtedness	Poor literacy or numeracy skills
Hearing or visual impairment	Income Shock	Low savings	Poor English language skills
Mental health condition or disability	Relationship Breakdown	Low emotional resilience	Poor or non-existent digital skills
Addiction	Domestic abuse (including economic control)	Learning difficulties	
Low mental capacity or cognitive disability	Caring responsibilities	No or low access to help or support	
	Other circumstances that affect people's experience of financial services eg, leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions		

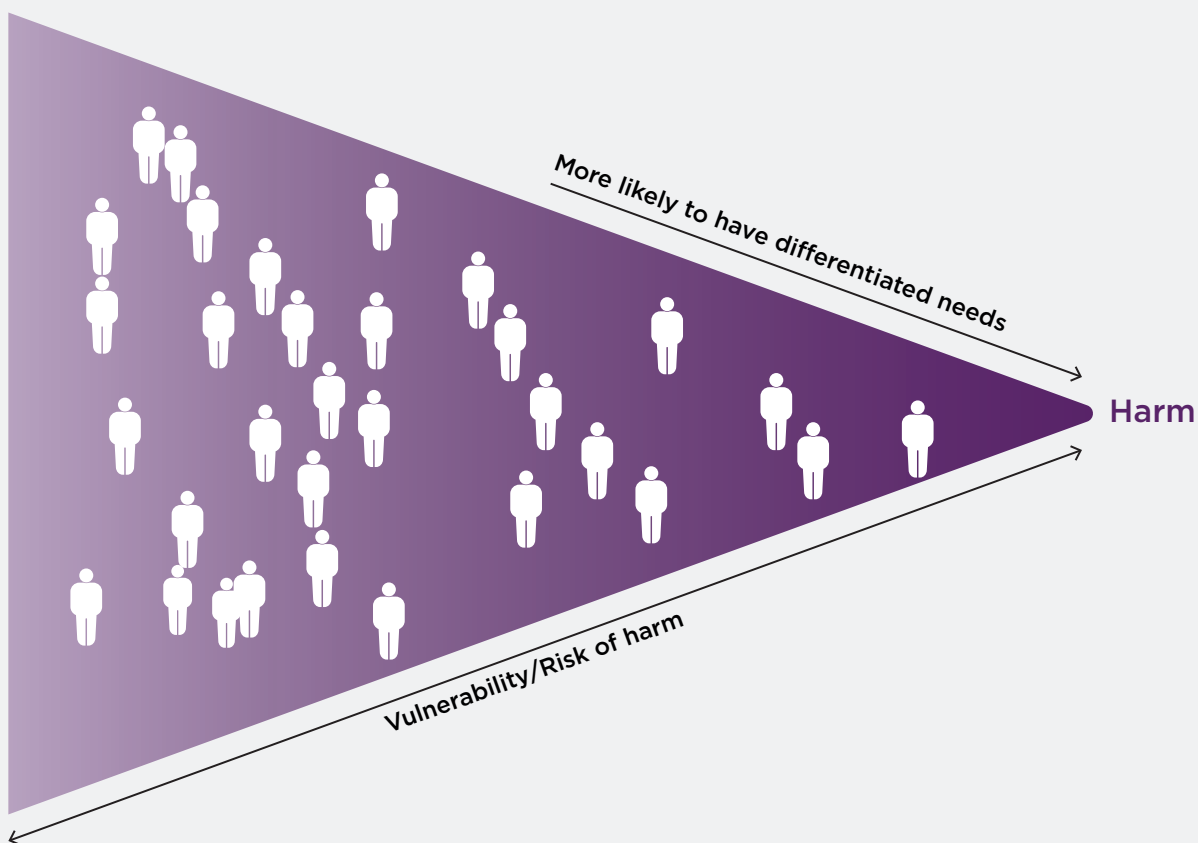
The concept of a spectrum of vulnerability

The FCA has recognised the extent and fluid nature of vulnerability, with reference to all clients being on a spectrum of vulnerability.

Clients to the left of the spectrum are less likely to be in vulnerable circumstances, and so face a lower risk of harm than those on the right, where risk of harm is more acute. Those to the right of the spectrum are more likely to have additional or different needs, for example, clients with multiple overlapping characteristics of vulnerability.

The FCA requires firms to respond to the needs of all customers along this spectrum.

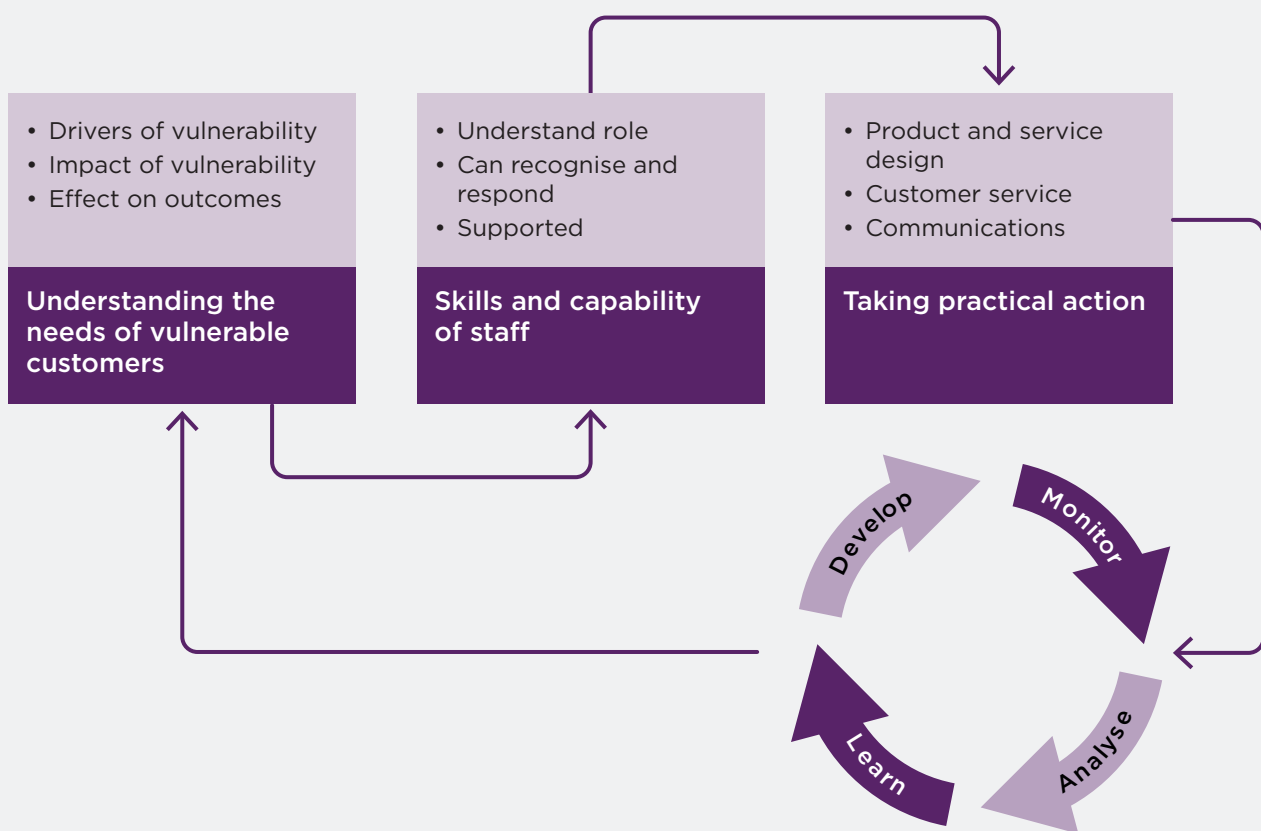
(Source: **FCA FG21/1**)



The overview process model

The FCA has summarised below, at a basic level, the actions that it suggests firms should take to treat vulnerable consumers fairly.

(Source: [fca.org.uk](https://www.fca.org.uk))



Section 1 – The State of Play

The impact of Consumer Duty on vulnerability (what changed?)

While the FCA's approach to vulnerability has always been about ensuring that clients are not subject to detriment linked to their vulnerability, the introduction of Consumer Duty saw the regulator raising that particular bar for all via the standard of care affordable to all clients, including those in vulnerable circumstances.

The FCA's Guidance for firms on the fair treatment of vulnerable customers (**FG21/1**), published in February 2021, focused on:

- Understanding the needs of clients in vulnerable circumstances within a firm's target market/customer base
- Making sure staff within firms have the right skills and capability to recognise and respond to the needs of clients in vulnerable circumstances.
- Responding to these clients' needs throughout product design, flexible customer service provision and communications.
- Monitoring and assessing whether you are meeting and responding to the needs of clients with characteristics of vulnerability, and making improvements where this is not happening.

When the FCA's Final non-Handbook Guidance for firms on the Consumer Duty (**FG22/5**) was published in July 2022, it was clear that the regulator would, from this point forward, look at vulnerability through a Consumer Duty lens, impacting its approach to vulnerability in the following ways:

1. It upgraded FG21/1 in as much as:
 - The FCA now looks for firms to be proactive rather than reactive, when it comes to identifying vulnerable circumstances and meeting any needs that arise.
 - Firms need to understand vulnerability at both an individual and a firm level.
 - Firms need to be able to record and audit over time.
2. Consumer Duty applies to the whole of a product/service's lifecycle, and as all clients can find themselves in vulnerable circumstances at any given time, this means that identifying and mitigating aspects of vulnerability isn't a one-off

exercise, but something that needs to be reviewed on an ongoing basis – especially in respect of the ongoing relevance of advice and product, customer support and communications.

3. It is no longer enough to simply flag someone as vulnerable, and funnel them down a different process. Characteristics of vulnerability need to be properly understood to assess the potential for client detriment, and how they might impact on their capabilities and the delivery of good outcomes.
4. Firms need to prioritise their understanding of typical vulnerability characteristics likely to be present within their target markets, as well as proactively broadening their understanding of wider vulnerable circumstances over time.
5. Firms need to review and update product governance arrangements, to ensure that customers with characteristics of vulnerability are given due consideration at every stage of the product design, review and testing process.
6. Meeting the consumer understanding and consumer support outcomes of Consumer Duty will start with a more granular assessment of characteristics of vulnerability within the target market, having regard to drivers of vulnerability. For all identified characteristics of vulnerability, firms will need to consider:
 - What is the potential/likely impact?
 - What is the detriment/risk of detriment?
 - What are they currently doing to support customers in those circumstances?

7. Firms need to ensure they include clients in vulnerable circumstances into their Consumer Duty data architecture. A reminder was issued in November 2024 by the FCA when Nisha Arora, Director of Consumer & Retail Policy, warned firms when commenting on Consumer Duty progress to date:

"I would stress that firms who haven't considered how they will monitor outcomes for different groups of consumers, including those in vulnerable circumstances, will need to do more to meet our expectations."

Section 2 – The FCA’s 2024 Review

On 7 March 2025, the FCA published its report that set out its findings on good practice and areas for improvement, stemming from its 2024 evaluation of firms’ treatment of clients in vulnerable circumstances.

While the FCA acknowledges both the complexity of the subject and that there is no one-size-fits-all approach (with the approach that any individual firm takes differing according to their business model, size and customer base), this latest review makes clear the FCA wants to encourage change, and where appropriate firms should take any remedial action sooner than later.

Key findings

- The FCA found many examples of positive actions by firms across sectors, as well as some areas for improvement.
- The FCA acknowledges a renewed focus among firms on delivering good outcomes for consumers in vulnerable circumstances because of the Consumer Duty.
- However, consumer research commissioned by the FCA for this review identified that consumers in vulnerable circumstances continue to report poor outcomes when compared with other consumers, particularly those with multiple characteristics of vulnerability.
- The FCA will NOT be introducing new requirements for firms, nor updating its guidance for firms on vulnerable clients, as feedback from the review has concluded that it ‘remains appropriate and helpful alongside Consumer Duty’.
- The FCA will continue to take account of outcomes for customers in vulnerable circumstances across its Consumer Duty work.



High-level examples of good practice

- Effective use of data to monitor outcomes.
- Offering flexible and tailored consumer support.
- Clear and timely communications.
- The incorporation of consumers’ experiences into product and service development processes.



High-level areas for improvement

- Ineffective outcome monitoring.
- Failure to give appropriate support.
- Failure to communicate clearly to meet the needs of customers in vulnerable circumstances.
- Lack of tailored training and embedding customers’ needs into product and service design.

More detailed findings

These were reported against key expectations and requirements under the Consumer Duty, namely governance and outcomes monitoring, consumer support, consumer understanding, and products and services:

Governance and outcomes monitoring

✓ Good practice

The FCA found that firms doing best at monitoring outcomes tended to:

- Clearly define a good outcome.
- Use good-quality data to understand the outcomes of customers in vulnerable circumstances.
- Have clear escalation processes to identify poor outcomes.
- Have strategies to make improvements.
- Be able to show what they did where they identified poor outcomes, and evaluate whether those actions were effective.
- Have senior leadership that is engaged on outcomes for customers in vulnerable circumstances.

⚠ Areas for improvement

While the Consumer Duty has focused firms on this area, the FCA found most firms were unable to effectively monitor outcomes for customers in vulnerable circumstances. Key areas for improvement identified included:

- Lack of clarity on what firms consider to be good and poor outcomes.
- Poor-quality or insufficient data preventing firms from effectively measuring customer outcomes, and how these differed for customers in vulnerable circumstances.
- Unclear and inconsistent approaches regarding when to act and what actions to take, in response to poor outcomes for particular groups.
- Lack of engagement, challenge and direction from senior leaders.

Consumer support

✓ Good practice

The FCA found that firms that provided consumer support that effectively meets the needs of customers in vulnerable circumstances, tended to:

- Take steps to identify signs of vulnerability and encourage customers to disclose their needs.
- Take a variety of actions to make sure staff have the appropriate skills and capabilities to recognise and respond to vulnerability. This includes empowering and supporting frontline staff, and having clear processes to refer customers to specialist teams where appropriate.
- Tailor consumer support to respond flexibly to customers’ identified needs.

⚠ Areas for improvement

The FCA saw some firms failing to:

- Take steps to identify signs of vulnerability, and encourage customers to disclose their needs.
- Respond flexibly to customers’ needs, and act with an appropriate level of care when engaging with customers in vulnerable circumstances.



Section 2 – The FCA’s 2024 Review

Consumer understanding

✓ Good practice

The FCA found that firms best supporting consumer understanding tend to:

- Make sure communications are clear and written in plain English.
- Communicate in a timely way.
- Tailor communications to target markets/customer bases, and offer channels that meet the particular needs of customers in vulnerable circumstances.
- Test consumers’ understanding of communications and make changes where required.

⚠ Areas for improvement

Although the FCA saw some good practice in the areas specified above, areas for improvement included:

- Consistency in providing clear information.
- Timeliness of communications.
- Tailoring communications and offering appropriate channels to meet customers’ needs.
- Testing and reviewing communications with consumers via feedback or insight-gathering.

Products and services

The FCA states that overall, firms are yet to make significant progress in product and service design. Firms, especially product providers, should consider this as a focus area, as they continue to embed the Consumer Duty.

✓ Good practice

Examples of good practice include:

- Firms providing apps and features designed to block gambling transactions.
- Product design teams engaging with third parties (eg charities for specific disabilities) with relevant knowledge when reviewing and designing products.
- Firms embedding inclusive design principles into the product design process.
- Insurers designing products to take account of customers’ pre-existing medical conditions.

⚠ Areas for improvement

- Few firms were identified as training product and service design staff on vulnerability – and training is not covering often enough how their role can affect customers in vulnerable circumstances.
- Firms were often not able to show how they are designing products and services (or reviewing existing products), to make sure they meet the needs of customers in vulnerable circumstances.
- Firms need to do more to incorporate data and insight about vulnerability in their customer base and target market and customer outcomes into their product design and review processes.

Consumer research

Consumer research was specially commissioned by the FCA during the review period dated May 2024. You can download it from the FCA website:

→ fca.org.uk/publication/external-research/vulnerability-review-improving-outcomes-consumers-engaging-financial-services-firms.pdf

Key findings included:

- Consumers who open up to firms about their vulnerable circumstances tend to have better experiences. Three quarters of vulnerable customers who told their firm about their circumstances (74%) said that staff asked the right questions to understand their situation, six in ten (57%) said their firm ‘cared’, and 58% said their firm took action to provide support they needed.
- However, consumers in vulnerable circumstances continue to report poor outcomes when compared with other consumers, with 44% of customers in vulnerable circumstances reporting a negative experience with a financial services firm, compared to 33% of customers not in vulnerable circumstances.
- 42% say they have disclosed personal circumstances to firms.
- Customers in vulnerable circumstances reported different reasons for not disclosing personal situations, including:
 - Embarrassed (37%).
 - Don’t want to be treated differently (24%).
 - Worried may get a worse deal (23%).
 - Didn’t know my firm would help (19%).
 - I have security concerns (16%).
- 25% of those in vulnerable circumstances said they feel uncomfortable explaining their situation to a financial services provider.

How to find out more

Further information in respect of the FCA’s expectations, as well as specific examples of good practice and areas for improvement in the form of case studies, can be found on the FCA website:

→ fca.org.uk/publications/good-and-poor-practice/delivering-vulnerable-customers

Next steps for firms

Firms will need to take time out to familiarise themselves with the review, and use its publications where necessary to benchmark and recalibrate the fair treatment of clients in vulnerable circumstances.

To help, Section 3 of this guide provides a framework in respect of a robust approach to clients in vulnerable circumstances, as well as a checklist of good practice that incorporates all the above examples and more.



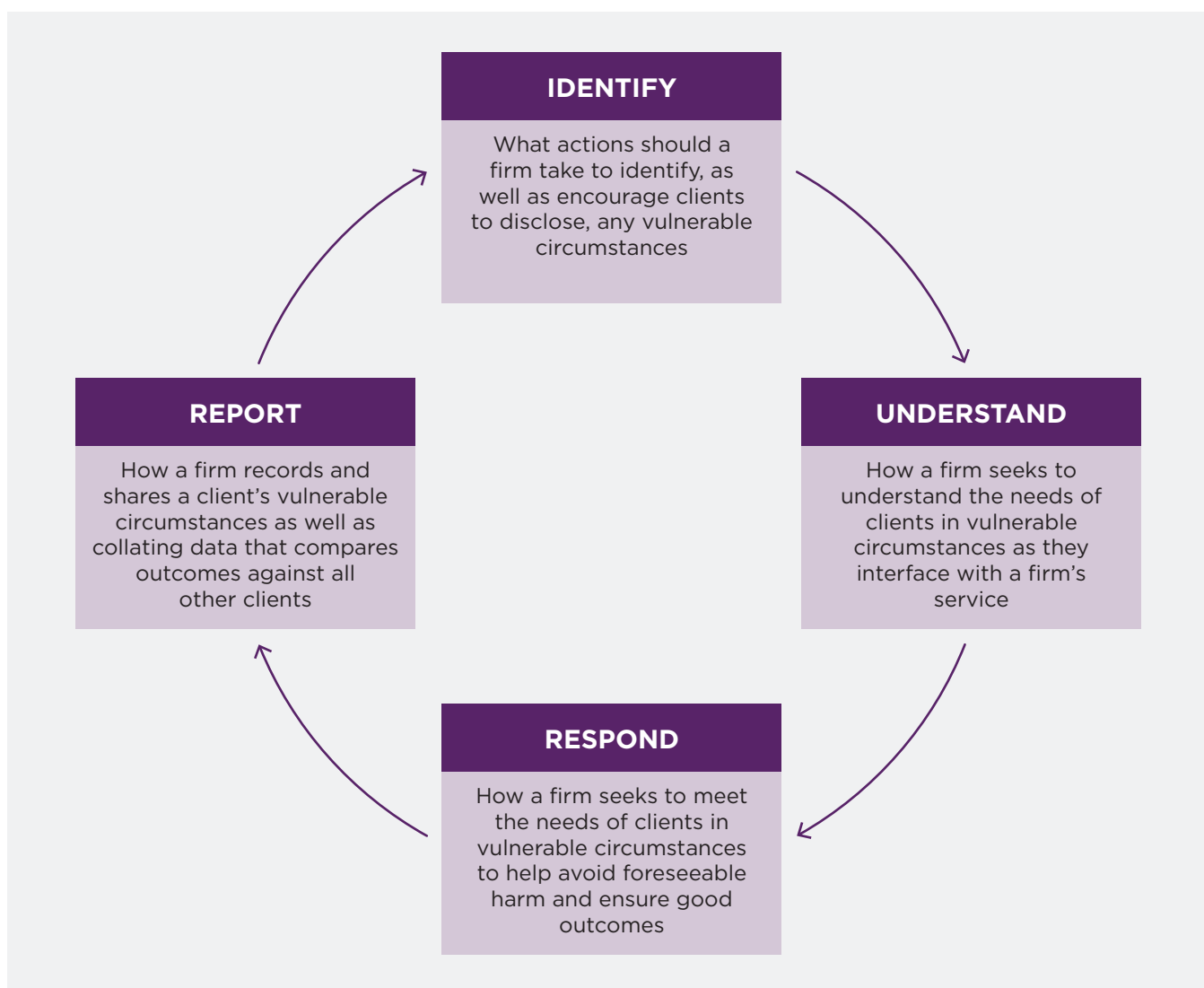
Section 3 – Good Practice

Framework

It can be challenging to operationalise both the full range of potential vulnerable circumstances and the regulator’s spectrum of risk concept (see page 7), to ensure those in vulnerable circumstances are treated fairly, receive good outcomes, and those at a greater risk of harm are prioritised.

Identifying and managing the experience for a wide range of customer needs, especially when not easily identified or directly disclosed, requires extensive thought and resource to ensure that vulnerability is considered in designing systems, processes and services, the giving of advice, and that data and reporting are managed accordingly.

Developing a robust approach to clients in vulnerable circumstances should be seen as an ongoing journey, not a destination. Good practice in respect of this journey should be captured within a Vulnerable Client Policy (VCP), and we suggest the following framework as one means of assessing actions to be taken and reviewed:



Section 3 – Good Practice

This framework can then be used to address key deliverables within a firm's VCP, that include:

KEY DELIVERABLE	
IDENTIFY	1. A robust, timely and effective process for identifying clients in vulnerable circumstances.
UNDERSTAND	2. A growing understanding in respect of how these circumstances create different or additional needs when someone interacts with a firm's services, needs that if not met may lead to foreseeable harm and sub-optimal outcomes for clients.
	3. The ongoing development of the skills, capabilities and knowledge of all staff.
RESPOND	4. An ongoing review of client communications, products, services, and product and service design against different or additional needs. This is about support and adaptations to make these work effectively for diverse clients' individual needs.
	5. The development of internal or external third-party resources designed to meet additional or different needs of those in vulnerable circumstances.
REPORT	6. Regular monitoring of the extent to which services meet the changing needs of all clients in delivering good outcomes, including those in vulnerable circumstances as an identifiable and contrastable sub-set, at both individual and firm level. This is about checking to see whether adaptations and improvements made are beneficial and well targeted.
	7. Effective deployment of IT and data management (including data protection).

What about proportionality?

When it comes to the above framework, while all four sections need to be addressed, the extent and frequency with which that takes place will need to reflect the size and resources available to each firm.

This principle of proportionality reflecting both the size of firms and their business model, is something the FCA continues to acknowledge in the review, as well as in earlier publications. For example, in a **FAQ document** published in July 2021, the FCA commented that:

"Firms should take reasonable steps to respond to the needs of their target market/customer base so that customers with characteristics of vulnerability are not disadvantaged. We recognise that the support offered needs to be proportionate. For example, when considering the communication needs of consumers (eg translating or providing different formats) we do not say that all firms have to provide the same services. Instead, firms should consider any significant need or demand in their target market/customer base and adapt their support accordingly."

That said, there are of course strong commercial reasons for all firms to use what resources they have to address vulnerability, as it is central to a truly client-centric approach to valued professional advice.

Section 3 – Good Practice

Checklist

Firms need to assess the extent to which they have taken appropriate action in respect of their approach to clients in vulnerable circumstances.

The following checklist is presented as a useful tool, using the Identify, Understand, Respond, Report Framework. It is not an attempt to create a complete question set or encourage a tick-box mentality, more an example of many of the key questions your firm may wish to consider in the context of good practice. It does, however, encompass conclusions from the FCA's 2024 Review.

Your Vulnerable Client Policy (VCP)		
	Yes	No
Do you have a VCP in place?		
Do you have a process in place to regularly review, audit and conduct a gap analysis on your VCP?		
Have you appointed a senior individual to own/oversee/sponsor your VCP and engage in the process of ensuring good outcomes for clients in vulnerable circumstances?		
Do you have a budget allocated to facilitate change to improve your VCP?		
Do all staff know how to access it?		
Do all staff understand how it applies to their day-to-day job roles?		
Does an assessment of staff performance/staff reviews link in part to key success indicators within the VCP?		
Have you ensured that incentive schemes in place do not incentivise bad outcomes for any clients, but especially those in vulnerable circumstances?		
Do you have an objective means of assessing the effectiveness of your VCP?		

Section 3 – Good Practice

IDENTIFY

KEY DELIVERABLE 1:

A robust, timely and effective process for identifying clients in vulnerable circumstances.

		Yes	No
Identifying clients in vulnerable circumstances	Self-disclosure Have you established a 'positive disclosure environment' that encourages clients to self-disclose their vulnerable circumstances and associated needs?		
	Do any automated or digital processes used by your firm enable clients in vulnerable circumstances to declare any additional needs?		
	Digital identification Do you have any IT solutions in place to help ensure objectivity and consistency when identifying and supporting those in vulnerable circumstance?		
	Human identification Have you a process in place to develop your firm's understanding of common vulnerable circumstances typical of clients within your target market/s?		
	Have you a process in place to widen your firm's understanding of less common circumstances?		
	Have you any practical tools available to assist staff in recognising and dealing with vulnerabilities?		
	Timely identification Have you a proactive process in place to identify clients in vulnerable circumstances: • Prior to onboarding? • At the point of onboarding? • At the point of advice delivery? • At review? • During the life of a policy or service delivery?		
	Systematic identification Have you assessed the nature of likely clients within your target market/s, the vulnerable circumstances they are likely to exhibit and the associated levels of risk?		
	Have you conducted a representative survey of your client bank to more accurately assess the actual nature and extent of vulnerable circumstances present?		

Section 3 – Good Practice

UNDERSTAND

KEY DELIVERABLE 2:

A growing understanding in respect of how vulnerable circumstances create different or additional needs, that if not met may lead to foreseeable harm and sub-optimal outcomes for clients.

KEY DELIVERABLE 3:

The ongoing development of the skills, capabilities and knowledge of all staff.

		Yes	No
Understanding the (additional) needs of clients in vulnerable circumstances	Have you identified the type of harm or detriment that clients in your target market/s are most susceptible to?		
	Have you researched and mapped the needs of such clients that, if met, will reduce or eliminate harm or detriment?		
	Do you have a process in place to establish and develop your firm's understanding of any additional needs linked to less obvious or less commonplace vulnerable circumstances? For example, such a process might include holding sessions with any existing and prospective clients exhibiting or declaring such vulnerabilities to better understand their needs.		
	Are you aware of requirements under the Equality Act 2010, including the treatment of those with protected characteristics, and have these been incorporated within your VCP?		
	Can the additional or wider needs of clients in vulnerable circumstances be recorded within your CRM or back-office system/s, and do they differentiate between temporary, periodic and more permanent needs?		
	Do you have clarity in respect of how these needs can be met: • Internally within your firm? • Externally via signposting to relevant third parties?		
	Have you a process in place that encourages clients to tell you about their needs as part of any online journey? Does that journey proactively flag or provide support as part of that journey?		

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		Yes	No
Ongoing development of the skills, capabilities and knowledge of staff	Are staff aware of the extent and nature of vulnerable circumstances they may encounter with clients and prospective clients?		
	Are staff able to respond flexibly to client needs, and act with an appropriate level of care when engaging with clients in vulnerable circumstances?		
	Is vulnerability covered within your recruitment, induction, training programmes and processes to highlight its importance?		
	Are you comfortable with the level of training in place for: • Client-facing staff? • Non-client-facing staff? • Executive or senior management?		
	Have you contacted charities, consumer, and other relevant groups to develop your staff's understanding of the needs of clients in specific vulnerable circumstances (starting with the most common)?		
	Have you taken action to ensure all staff are able to spot signs of fraud, scams and financial/economic abuse and know action to take when they do?		
	Are all staff able to recognise and respond to the needs of clients in vulnerable circumstances?		
	Are all staff able to articulate how their role impacts clients in vulnerable circumstances?		
	Do you carry out regular skills, capabilities and knowledge training, so that all staff are able to recognise and respond to a range of vulnerable circumstances?		
	Has your firm created an environment that allows time for frontline staff to be empathetic and instigate difficult conversations?		
	Are staff trained to use effective protocols (eg TEXAS, BRUCE, IDEAS) to engage with clients and encourage disclosure?		
	Does your firm offer practical and emotional support to staff dealing with clients in vulnerable circumstances?		
	Do your frontline and relevant back-office staff know when to escalate a vulnerability issue to the next level, seeking additional help from specialist teams, key individuals within your firm or when to refer a client to third party support?		

Section 3 – Good Practice

RESPOND

KEY DELIVERABLE 4:

An ongoing review of client communications, products, services, and product and service design against different or additional needs.

KEY DELIVERABLE 5:

The development of internal or external third-party resources designed to meet additional or different needs of those in vulnerable circumstances.

		Yes	No
Client communications	Do you have a process in place to consider the communication needs that clients with characteristics of vulnerability in your target market or client bank may have?		
	Have you developed a range of communication styles and options to suit your clients?		
	Have you taken appropriate action/do you have a process in place to test and evidence that understanding – for example client feedback or insight gathering – and make changes where required?		
	Are the communication needs and/or preferences of clients recorded and acted upon?		
	Does your website cater for the needs of clients in vulnerable circumstances?		
	Are your vocabulary style and language consistent across the business and its communications?		
	Are all written communications from vulnerable clients that contain sensitive or private information password-protected and securely stored?		
	Can you assure your clients' confidentiality of sensitive information?		
	Are all your external communications clear, written in plain English and easy to understand and inclusive?		
	Are your communications timely?		

Section 3 – Good Practice

		Yes	No
Client services and support	Is your client support able to respond flexibly to clients' identified needs?		
	Have you taken additional care to ensure your firm meets the needs of consumers at the greatest risk of harm?		
	Do you have staff with specialist knowledge, so that dedicated support can be provided?		
	Do you have processes in place to direct clients to specialist support outside your firm?		
	What processes are in place to make clients aware of the support available to them, including relevant options for third-party representation and specialist support services?		
	Has consideration been given to formal and flexible mechanisms for clients who may need third-party support on a short or longer-term basis?		
Client product and service design	Have you considered the potential positive and negative impacts of all products and services on clients in vulnerable circumstances, and ensured that product and service design avoids potential harmful impacts?		
	Have you taken clients in vulnerable circumstances into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs?		
	Have you taken steps to ensure the needs of clients with characteristics of vulnerability are managed across the distribution chain?		
	Do you regularly review your firm's products and services, so you remain confident that they continue to meet the needs of clients in vulnerable circumstances?		

Section 3 – Good Practice

REPORT

KEY DELIVERABLE 6:

Regular monitoring and recording of good client outcomes for all clients, including those in vulnerable circumstances as an identifiable and contrastable sub-set, at both individual and firm level.

KEY DELIVERABLE 7:

Effective deployment of IT and data management (including data protection).

		Yes	No
Monitoring and recording client circumstances and needs	Do all staff know how to record and access information about clients that will enable firms to meet their needs promptly, consistently and fairly?		
	Are you monitoring changes in clients' vulnerable circumstances over the lifetime of a product or service?		
	Has your firm complied with all relevant data protection legislation including GDPR?		
Monitoring and recording good client outcomes	Do you have clarity on what your firm considers good and poor outcomes? Are they clearly defined?		
	Do you use good-quality data to understand the outcomes of clients in vulnerable circumstances?		
	Are you confident that your firm is responding to the needs of all clients in vulnerable circumstances?		
	How does your firm measure the success of how it recognises and looks after vulnerable clients?		
	Have you implemented appropriate processes to evaluate where you have not met the needs of clients in vulnerable circumstances, so that you can make improvements?		
	Does your firm's data/MI enable effective monitoring of outcomes, so that those in vulnerable circumstances can be compared with those who are not?		
	Is your firm able to clearly show what actions were taken where poor outcomes were identified, and to evaluate whether such actions were effective?		
	Has your firm gathered and stored information legitimately to demonstrate that poor outcomes are minimal and/or reducing?		

Appendix – Key FCA publications

Date published	Publication and link
7 March 2025	Delivering good outcomes for customers in vulnerable circumstances – good practice and areas for improvement → fca.org.uk/publications/good-and-poor-practice/delivering-vulnerable-customers
October 2022	Financial Lives 2022 survey: insights on vulnerability and financial resilience relevant to the rising cost of living → fca.org.uk/data/financial-lives-2022-early-survey-insights-vulnerability-financial-resilience
July 2022	Finalised Guidance – Final non-Handbook Guidance for firms on the Consumer Duty (FG22/5) → fca.org.uk/publication/finalised-guidance/fg22-5.pdf
July 2021	Frequently Asked Questions – Finalised Guidance on the fair treatment of vulnerable customers → fca.org.uk/publication/documents/guidance-fair-treatment-vulnerable-customers-faqs.pdf
February 2021	Finalised Guidance – Guidance for firms on the fair treatment of vulnerable customers (FG21/1) → fca.org.uk/publication/finalised-guidance/fg21-1.pdf
July 2020	Guidance Consultation and feedback statement – Guidance for firms on the fair treatment of vulnerable customers (GC20/3) → fca.org.uk/publication/guidance-consultation/gc20-03.pdf
July 2019	Guidance Consultation – Guidance for firms on the fair treatment of vulnerable customers (GC19/3) → fca.org.uk/publication/guidance-consultation/gc19-03.pdf
November 2017	FCA Mission: Our Future Approach to Consumers → fca.org.uk/publication/corporate/our-future-approach-consumers.pdf
February 2015	Occasional Paper No 8 – Consumer Vulnerability → fca.org.uk/publication/occasional-papers/occasional-paper-8.pdf

