

RECOGNISING *Vulnerability*



VULNERABILITY AND THE IMPACT OF CORONAVIRUS

Now that the whole nation is in lockdown, the term ‘vulnerable’ seems to be used more than ever.

If ever there was a time to focus on how we improve the experience and outcomes for the most vulnerable, surely it’s now. The Financial Conduct Authority (FCA) has said that it wants doing the right thing for vulnerable customers to be deeply embedded into firms. But how do you go about that now that we have the challenges of coronavirus and social distancing? Well, there are some key principles that firms could implement.

Keep in touch!

Perhaps the most important thing is to simply stay in contact. According to consumer groups, there’s a danger of poor outcomes when consumers feel excluded or disengaged, and social distancing by definition leads to less contact with friends, family and colleagues - certainly in person anyway.

Those with appropriate policies in place may be able to easily identify their most vulnerable clients and may have already made them a priority for contact and reassurance.

Understanding how clients and their families have been affected by coronavirus and seeking to understand their concerns is a good starting point. However, we need to be mindful that people may want to receive ongoing contact in different ways, and with different levels of regularity.

Clearly, technology can play a role here, though this could present a challenge to some who may not be familiar with the technology that you wish to use. Understanding what would be easiest for them may require a degree of flexibility.

For some, it could involve liaising with other family members who may be living with, or in communication with, the client to help them navigate the devices and systems used. Let’s also not forget that well-known piece of tech - the telephone!

Be ScamSmart

Firms also need to keep in contact with clients during this period to ensure that clients know how to protect themselves from scams. This is reiterated in the FCA’s latest guidance, but has also been highlighted in respect of ‘corona-scams’. Right now, people are concerned about the performance of their pensions and investments. Add to that the anxiety caused by the spread of the virus, and it’s clear they need a trusted adviser to ensure that they don’t fall foul of some of the convincing tricks being used.

Firms should be aware of the updates on the **FCA’s ScamSmart pages** and be able to advise clients of the key signs and what to do. Certainly, it would be a good idea to urge clients to speak to you before making any major financial transactions. But simple things like pointing out the dangers in engaging in unsolicited calls or email correspondence could literally save someone a fortune.

Revisit the four key drivers of vulnerability

But what about the wider vulnerability issues?

If we look at the four key areas that could lead to vulnerability, it's clear that the current crisis could have an impact. Let's remind ourselves of what those areas are:

1. Health

The primary concern for many clients at the moment may be the impact of coronavirus on their health or the health of their family. In 'normal' circumstances, you would take into account things like mobility, cognitive impairments and physical conditions. Coronavirus clearly falls into the latter. But the considerations also include mental health. There's a lot to think about here.

It could be argued that a more widespread danger is the fear of the virus itself, which could cause significant stress and anxiety that could lead to rash or illogical decisions, as priorities change. In addition, the effects of isolation could exacerbate mental health issues such as depression.

Understanding how a client is feeling, physically and mentally, should always be a priority.

2. Life events

It's always important to take account of changing circumstances. There are limitless situations a client could find themselves in during their lifetime. Some good, some not so good.

Some of the things identified as life events are highly relevant to the current circumstances. Perhaps you have clients who care for someone else or hold power of attorney for the client themselves? They certainly have some additional challenges right now.

If we look at some of the things that have been specifically identified under the heading of 'life events', we see that the loss of a job or even bereavement are listed as things that could lead to vulnerability. Unfortunately, these things are a significant part of the coronavirus conversation. But even in normal circumstances, a vulnerability policy and the extra care you take should consider these points.

3. Resilience

We need to look at resilience in two ways. Firstly, there's the ability to bounce back from some of the life events we've looked at. Vulnerability can be temporary, permanent or something that happens now and then. However, it may take time for somebody's priorities and outlook to return to normal, even if that's a 'new normal'. The effects of social isolation may add to some of the mental health challenges associated with this. We need to be aware that the current crisis could impact people in different ways and additional support may be needed, even if that means showing people where they might get additional help.

The other area of 'resilience' is financial resilience. Like the other points, this should always be considered. But look at what's happening at the moment.

You may have clients facing a loss of their main source of income, or some of it, through being furloughed or even redundancy. Business owners and entrepreneurs may suffer a downturn. They will need your advice on whether to fall back on other assets and the best way to withstand any period of economic decline.

The impact on investments and sustainability of retirement income may need to be revisited ahead of a normal review.

4. Capability

We work in an environment where the information and advice can be complex. Different clients will have different levels of financial capability and understanding around financial planning. Whilst a client may be an expert in their field, it's unlikely that they have the same level of knowledge you have in this area. Everything we've mentioned could impact a client's capability to manage their affairs.

It's important that clients can contact you when needed, even if you're working from home, as there will undoubtedly be conflicting commentaries and opinions being published. Without proper advice, people could make mistakes, especially if they're going through a number of challenges all at once. People could be facing financial, emotional or physical aspects of vulnerability, or a combination. They will need your help in looking at things logically and objectively.

Use the time to take action

How can firms use the current situation to improve their ongoing practices around vulnerability?

Here are four things that firms may want to re-examine in the light of the current crisis:

1. Internal training programmes

The FCA's suggested guidance to run training sessions doesn't have to be put on hold. These can be run online, and we're happy to discuss getting involved with an initial session on this subject.

There is also free **online training** available, which has been developed with the Society of Later Life Advisers. This provides a benchmark level of vulnerability knowledge specific to later life and could be a good addition to any existing planned training. There are also other third parties and organisations that can run online training webinars.

If we want to promote understanding, documents need to be clear and easy to understand.

2. Staff to share knowledge and experiences

All of a firm's staff will be facing self-isolation measures and will have valuable knowledge to share. Some may be looking after a vulnerable family member, for example, and may be willing to share what strategies they're putting in place to help.

This first-hand knowledge could really help to develop best practice ideas that can be used by other colleagues. Ultimately, clients and their families may also benefit from this knowledge, which could be adopted into your vulnerability policy.

3. Review key documents and web pages

During this period of lockdown, there's an opportunity to review the content available to clients. There's a lot of terminology in financial services that isn't used in many other contexts.

Perhaps take a look at the language used in suitability reports? Even getting a fresh pair of eyes to look over it might help. Do you make documents available in different formats? Large print, for example? What about web content? Is it easy to navigate and in plain English? Do you have any video content? Is it sub-titled? There are apps available that make all this do-able. What are you learning about new ways of communicating during the pandemic?

4. Feedback from clients

How we respond to this crisis could really test firms. As we go through the coming months and have to do business in different ways, why not ask yourself:

- What are clients struggling with?
- Is working remotely with clients highlighting any areas that could be done better?
- What do clients appreciate specifically about the service you offer?
- Are you having to adapt ways of working that could benefit you and your clients in the longer term?

Summary

The whole point of the vulnerability agenda is to build a genuine culture that promotes good outcomes to consumers. The term 'vulnerable' is becoming commonplace now, and it's important that, while we respond to the current needs of clients, we also establish practices that can be developed over the long-term.



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