Thistle Initiatives

Client Care
Putting Vulnerability First

The Adviser's Blueprint
Best Practice Guides for Retail Advisers
06

Every firm wants to deliver great advice. But consistency, evidence and oversight can make that harder than it sounds.

With Consumer Duty now firmly embedded and regulatory scrutiny increasing, firms are under growing pressure to evidence the quality and consistency of their advice. The challenge lies in turning those expectations into practical, repeatable processes that work in the real world.

These guides bring clarity to every stage of the advice journey by translating regulation into practical action. We want to help firms move beyond tick box compliance to effective practice, ensuring advice processes are compliant, well governed and truly client centred.

By focusing on what works in practice, The Adviser's Blueprint helps your firm to build stronger frameworks, enhance client trust and stay ahead of regulatory change.

1. What's the Purpose?

Supporting vulnerable clients isn't just a regulatory requirement - it's about delivering advice that is genuinely suitable, sustainable, and in the client's best interests.

Vulnerability can impact how clients engage with advice, make decisions, and manage risk. Ignoring it risks poor outcomes, FCA scrutiny, and reputational damage.

The FCA defines a vulnerable client as "someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care." (FG21/1: Guidance for firms on the fair treatment of vulnerable customers).

This makes vulnerability central to the Consumer Duty. Firms are expected to identify where vulnerability may exist, understand its impact on decision-making, and adapt processes accordingly, to ensure clients receive the same fair outcomes as others.

Put simply:

> **The client might say they understand the risks and benefits, but unless you also ask yourself, "Do their personal circumstances mean they can understand and act on this advice?" you risk missing something fundamental.**

2. What does Good Look Like?

I. Recognising Triggers, Not Labels

Vulnerability is not about sticking labels on clients. Instead, good practice means identifying indicators across the FCA's four key drivers:

- Health (e.g. physical or mental illness, disability, addiction, etc.)
- Life events (e.g. bereavement, job loss, divorce, caring responsibilities)
- Resilience (e.g. low savings, high debt, lack of financial buffer)
- Capability (e.g. low financial literacy, limited digital confidence)

A strong process recognises these triggers early and adapts accordingly.

Good care means building flexibility into the process. This could mean allowing more time for explanations, written summaries in plain English, or involving a trusted third party. Every adaptation should be client-led, practical, clearly documented and personalised to that individual.

Vulnerable clients shouldn't be made to feel labelled or singled out - they should simply experience advice that feels supportive and accessible.

II. Facts First, Assumptions Second

Just as with capacity for loss, evidence is critical. Don't assume that because a client looks comfortable, there are no underlying vulnerabilities. Ask open questions, listen actively, and confirm with the client what support (if any) they feel would help.

Document both the discussion and any agreed actions, whether that's allowing extra decision time, producing simplified summaries, or scheduling shorter, more frequent meetings.

III. Recognise How Vulnerability Varies

Permanent vs Temporary

Not all vulnerabilities are lifelong. Some clients may face permanent circumstances such as chronic illness, disability, or long-term financial limitations. Others may experience temporary vulnerability linked to a life event: bereavement, redundancy, divorce, where the impact is sharp but not permanent.

Good practice means treating both with equal seriousness. Whether a vulnerability is permanent or temporary, it may significantly affect a client's ability to process information and make decisions. The difference lies in how long adaptations are needed - and how often the adviser reviews and updates the support plan.

Actual vs Potential

It's important to distinguish between actual vulnerability (circumstances currently affecting a client) and potential vulnerability (where a client may be at greater risk in the future). For example, a client with low savings and high debt may cope well today, but is at higher risk if their income reduces. Similarly, an elderly client may not yet show signs of cognitive decline, but could be more susceptible in the future.

Recognising potential vulnerability allows advisers to take proactive steps, such as simplifying reporting, encouraging trusted third-party involvement, or scheduling more regular reviews.

This doesn't mean treating every client as vulnerable, but it does mean acknowledging where risk factors exist and being ready to adapt if circumstances change.

IV. Link Back to Fair Outcomes

The real test is whether the support you've given ensures the client achieves the same fair outcome as someone without those vulnerabilities. This links directly back to the Consumer Duty outcomes on understanding, suitability, and support.

A robust vulnerability assessment is only valuable if it's easy to follow and wellevidenced. Notes should clearly explain:

- What indicators were identified
- How they were explored with the client
- What adjustments were agreed
- How this supports delivery of fair outcomes

Avoid vague statements like "client may be vulnerable." Instead, give a clear record of circumstances, adaptations, and outcomes.

3. What Approach Should I Take?

Spotting and supporting vulnerability isn't about simply updating your CRM system or creating a separate process. It's about weaving good client care into every stage of advice, and continually considering things through a vulnerability lens. The challenge for advisers is that vulnerability can be subtle, personal, and sometimes temporary, so there's no "one size fits all" approach.

The key is to build a method that feels natural in conversations, while still being structured to meet the regulator's expectations. Think of it less as a checklist and more as a way of working: notice the signs, ask the right questions, adapt your process, and record what you've done.

When you break it down into steps (looking for indicators, confirming with the client what support they need, and showing how your adaptations protect their outcomes), the process becomes far less daunting. Without wanting to state the obvious, it's simply about treating clients the way you'd want a family member to be treated if they were going through a tough time.

I. Keep Your Eyes Open for the Signs

Vulnerability isn't always obvious. Sometimes it's clear (bereavement, illness), but often it shows up in subtle ways, e.g. hesitation when answering, confusion over paperwork, or a sudden change in confidence. The FCA's four drivers (health, life events, resilience, capability) are a good mental checklist, but in practice it's about staying alert to changes in how clients engage with you.

Practical examples

- ✓ Reception/admin staff note if a client repeatedly struggles with completing forms or needs information explained several times.
- ✓ Advisers pay attention to body language during reviews. If a normally confident client suddenly seems hesitant or confused, that's a red flag.
- ✓ Tracking client life events in your CRM (e.g. death of a spouse, redundancy, caring responsibilities) so advisers are aware before the next meeting.

II. Ask, Don't Assume

It's easy to jump to conclusions, but assumptions rarely help. A client might look confident but struggle silently, or appear nervous but actually be fine. The simplest way forward? Ask open, supportive questions. For example: "Some people find it helpful if I write things down. Would that make it easier for you?" This normalises the conversation and puts the client in control.

Practical examples

- ✓ Build supportive prompts into your fact find. "Would you like me to provide written summaries or explain things verbally?"
- ✓ At review meetings, ask "Are you comfortable making these decisions today, or would you prefer some extra time?"
- ✓ Offering options without judgement, e.g. "Some clients like to bring a family member to meetings. Would that be useful for you?"

III. Flex Your Process to Fit the Client

Good support doesn't have to be complicated. It might mean allowing extra time for meetings, breaking information into smaller chunks, simplifying your suitability letters, or involving a trusted family member if the client wishes.

Think small, practical adjustments, as they're often the difference between a client feeling overwhelmed or supported.

Practical examples

- ✓ Breaking down a 2-hour meeting into two shorter sessions so the client doesn't feel overloaded.
- ✓ Using plain English summaries alongside technical suitability reports to make recommendations more digestible.
- ✓ Offering alternative communication channels: large print letters, secure email summaries, or video calls if travel is difficult.
- ✓ Allowing a consideration period before major decisions. Agree to send a follow-up summary and reconvene once the client has had time to reflect.

IV. Join the Dots Back to Consumer Duty

At its heart, supporting vulnerable clients is about doing the right thing. Treating people with empathy, patience, and understanding. When advisers focus on making the process easier, clearer, and more accessible, they're not only helping clients feel supported, they're also ensuring advice genuinely works for them.

The welcome by-product is that this aligns closely with the FCA's expectations. By documenting the steps you take, whether that's simplifying communication, offering extra time, or personalising reports, you can show that the client was given the space and support needed to make informed decisions and achieve their goals. In short, being a kind human and putting the client first goes a long way towards meeting regulatory expectations.

Practical examples

- ✓ Mapping every client file where vulnerability is identified to Consumer Duty outcomes. e.g. linking adaptations to "Outcome 3: Consumer Understanding."
- ✓ Compliance teams carrying out file checks to ensure vulnerability notes explicitly reference how fair outcomes were protected.
- ✓ Creating MI dashboards that track how many vulnerable clients were identified, what adjustments were made, and whether outcomes differ from the wider client base.

V. Write it Down, Make it Count

If it's not documented, it didn't happen. A quick note saying "client vulnerable" isn't enough. Record the indicator, what you discussed, the support agreed, and how it ties back to outcomes. This not only protects the client but also gives you clear evidence if your file is ever reviewed. Think of your notes as telling the story of how you looked after the client.

Practical examples

- ✓ Annual training sessions with advisers reviewing anonymised vulnerability file notes, sharing what "good" documentation looks like.

4. How Can I Avoid Common Pitfalls?

Don't Assume That Vulnerability is Obvious

In the past, many firms approached vulnerability as a checklist exercise. If a client was recently bereaved, over 85, didn't speak English as a first language, or lacked mental capacity, they were "flagged" as vulnerable. While these categories are still relevant, they represent only a fraction of the situations advisers may encounter today.

The FCA's guidance has shifted the conversation. Vulnerability is no longer something you can identify just by glancing at a client file or looking across the desk. Many indicators are far more subtle, and some may not emerge until you've had a thorough conversation and built enough trust for the client to open up. A robust fact find, supported by open and sensitive questioning, is the only way to uncover issues that might not otherwise surface.

For example:

- **Financial resilience**: A client may present well but have a history of debt problems. Without asking the right questions, you might not know how close they came to losing their home, or how susceptible they might be to similar situations in the future.
- **Life events**: A recently widowed client may never have handled the household finances before. They might feel embarrassed to admit this and mask their uncertainty during meetings, leading to a higher risk of misunderstanding.
- **Capability**: Clients may nod along to technical explanations but fail to truly understand them. Unless you test understanding with simple questions, "Could you explain back to me what this means in your own words?" you may miss the fact that they're struggling.

The key takeaway is that vulnerability isn't always obvious, and it isn't always visible. Advisers need to look beyond the surface, listen actively, and use subtle questioning to create space for clients to share what's really going on.

Don’t Be Afraid of Vulnerability

Some advisers and firms still hesitate to record a client as vulnerable, worrying it will set off alarm bells with the regulator. There’s a lingering perception that identifying vulnerability somehow paints the firm in a negative light or places the client in a box that restricts advice.

In reality, the opposite is true.

The FCA has been very clear: vulnerability is not unusual, nor should it be treated as exceptional. In fact, most people will experience some form of actual or potential vulnerability at some point in their lives, whether through health challenges, financial shocks, bereavement, or changes in capability.

If your firm’s records show no vulnerable clients, that raises more questions than it answers. It suggests your processes, training, or culture may not be robust enough to identify and support clients appropriately.

Far from being a red flag, recording vulnerability demonstrates that you are alert to your clients’ circumstances and adapting your advice to meet their needs. It shows a proactive approach to Consumer Duty and a genuine commitment to delivering fair outcomes. Regulators are far more likely to view a lack of evidence around vulnerability as a weakness than to challenge a firm for showing they’ve identified and supported it.

Put simply: being open and transparent about vulnerability is not a risk - it’s evidence of professionalism. Advisers should see vulnerability not as a compliance burden, but as an opportunity to show they’re delivering advice with empathy, care, and fairness.

Avoid Over-Engineering the Process

When it comes to vulnerability, some advisers worry they’ll be expected to overhaul their entire process or create a whole new framework for client care. In reality, that isn’t necessary. Most of the time, what makes the biggest difference is not sweeping change, but small, thoughtful adjustments that meet the client where they are.

Support can be as simple as slowing down, checking understanding, or offering information in a different format. The key is to adapt in a way that feels natural and respectful, rather than clinical or forced. By focusing on practical, everyday tweaks, firms can make the client experience more inclusive without adding unnecessary complexity.

Avoid Labelling the Client as “Vulnerable”

One of the most common (and unhelpful) pitfalls we still see in reports is the direct labelling of clients as “vulnerable.” For example:

- “We identified you as vulnerable and as such, agreed for your brother to attend the meeting too.”
- “During our discussions, we identified you as a vulnerable client.”

While the intention may be to evidence good practice, the effect can be clumsy and unsettling. Being described as “vulnerable” in black and white can feel stigmatising, even insulting, and risks undermining the trust you’ve worked to build.

Good practice means avoiding the label altogether. Clients don’t need to know that you’re “flagging” vulnerability - they simply need to feel supported. Instead of focusing on the label, frame the conversation around accessing your service in the best way possible.

Ask questions such as:

- “Would it help if I provided a written summary alongside our discussion?”
- “Do you want someone you trust to join us for the meeting?”
- “Would you prefer two shorter sessions rather than one long one?”

By focusing on practical support rather than categorising clients, you normalise the discussion and keep the emphasis on client care. In your documentation, you can record indicators and adaptations, but when speaking or writing to the client, stick to positive, client-friendly language.

5. Our summary

We've explored how to:

- Recognise vulnerability as a normal and often temporary part of many clients' lives, not an exception.
- Look for indicators across health, life events, financial resilience, and capability rather than relying on assumptions.
- Use open, supportive questions to understand how clients can best access your service and what adjustments might help.
- Make small, practical adaptations, such as clearer communication, shorter meetings, or involving a trusted person, to improve accessibility.
- Distinguish between permanent and temporary, actual and potential vulnerability, and adapt support accordingly.
- Keep the focus on outcomes by ensuring clients can make informed decisions and achieve their goals.
- Document clearly: record the indicators, the support agreed, and how this protected fair outcomes.
- Avoid common pitfalls such as labelling clients as "vulnerable," assuming it will always be obvious, or shying away from recording it altogether.

6. Our Checklist

Use this checklist to confirm that supporting vulnerable clients meets both regulatory expectations and is in the client's best interests.

- [ ] Noticed any signs of potential vulnerability (e.g. hesitation, confusion, recent life events, health issues, changes in confidence)?
- [ ] Asked open questions?
- [ ] Clarified the type of vulnerability? Is it permanent, temporary, actual, or potential?
- [ ] Discussed support options with the client and agreed on what would help them most.
- [ ] Adapted your process to match their needs?
- [ ] Recorded what the indicator was, what you discussed, what was agreed, and how it supports a fair outcome?
- [ ] Used positive, client-friendly wording?
- [ ] Scheduled a review to revisit whether the support is still needed or needs to change over time.

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With more than 25 years' experience in financial services, Paul has dedicated his career to promoting compliance and regulatory excellence, helping firms operate securely and with strong governance. His background across retail and corporate advisory environments gives him a deep understanding of diverse financial needs and regulatory challenges.

Specialising in compliance oversight for complex, fast-evolving organisations, Paul develops practical solutions that align regulatory expectations with business objectives. A strong advocate for training and competence development, he helps individuals and teams understand how effective compliance supports sustainable success and long-term growth.