



Vulnerable Client Policy

CWG Markets Ltd

Purpose

This Policy details how CWG Markets Ltd will identify and manage vulnerable persons and ensure a consistency of approach within the Firm.

The FCA defines a 'Vulnerable Customer' as "someone who due to their personal circumstances is especially susceptible to detriment particularly when a firm is not acting with appropriate levels of care" (FCA definition).

Review of Policy

This Policy will be reviewed regularly, at least once a year, and amended, as considered necessary by the Firm's Management Body in the event of changing circumstances or regulations.

Responsibilities

Management Body

The Management Body is required to ensure that all employees are aware of the firm's Policy on identifying and dealing with customers who may be vulnerable, be it on a temporary or a permanent basis. The Management Body will provide training and support to assist employees in handling vulnerable customers.

Employee Responsibilities

Employees will make themselves aware of the Firm's approach to identifying and dealing with customers who may be vulnerable. Where a customer has been identified as vulnerable, the employee will ensure that they follow the requirements set out in this policy and manage the customer relationship accordingly.

Vulnerable Persons

The Firm understands that vulnerability can be difficult to identify and that not all customers can be managed in the same way. The Firm has taken into account guidance provided by the FCA and has put in place internal controls and processes to ensure the fair treatment of its customers and to ensure that vulnerable customers in particular are identified and supported.

FCA Research and Guidance

The FCA has produced research and guidance papers: 'Occasional Paper No.8 : Consumer Vulnerability' and 'FG21/1 Guidance for firms on the fair treatment of vulnerable customers.

Financial services, products and systems often 'streamline' consumers and are not designed to meet nonstandard needs of those who don't fit into a set mould.

The response of frontline staff – whether it's in a branch or on the phone – is crucial to the customer's experience. The firm may have great specialist teams or policies, but if frontline staff don't deal with the situation appropriately, access to a good outcome may be missed.

Staff on the frontline do not need to be experts, but they need sufficient training to facilitate a proper conversation, to know where internal expertise lies, and know how and when to refer on.

Most problems relate to poor interactions, or systems that don't flex to meet needs, therefore making people's situations more difficult.

Some consumers are overwhelmed by complex information and can find it hard to distinguish between promotional material and important messages about their products.

In some areas, an inaccurate interpretation or overzealous implementation of rules (such as those around data protection or affordability) is preventing firms from meeting the needs of vulnerable customers.

Many vulnerable consumers may be valuable customers if firms respond to their needs and treat them flexibly. However, these consumers may withdraw from the mainstream market and their problems may spiral if their needs are not met.

Types of Vulnerability

Vulnerability can come in a range of guises, and can be temporary, sporadic or permanent in nature. It is a fluid state that needs a flexible, tailored response from firms.

- Many people in vulnerable situations would not diagnose themselves as ‘vulnerable’;
- The Firm recognises that everyone is at risk of becoming vulnerable at some point in their lives; and
- To enable us to identify potential vulnerability and prioritise our efforts, the Firm assesses the type of vulnerability being presented and works to provide appropriate solutions.

All customers are at risk of becoming vulnerable, but this risk is increased by having characteristics of vulnerability. These could be poor health, such as cognitive impairment, life events such as new caring responsibilities, low resilience to cope with financial or emotional shocks and low capability, such as poor literacy or numeracy skills. Not all customers who have

these characteristics will experience harm. But they may be more likely to have additional or different needs which, if firms do not meet them, could limit their ability to make decisions or represent their own interests, putting them at greater risk of harm. So, the level of care that is appropriate for these consumers may be different from that for others.

Examples of Vulnerability Characteristics

The Firm recognises that potential or actual vulnerability is not limited to just mental health or age-related limitations and as such, ensures that staff are aware of the wide-ranging characteristics that could indicate vulnerability in a customer. Examples of these characteristics are noted as being:

- Low literacy, numeracy and financial capability skills;
- Physical disability;
- Severe or long-term illness;
- Mental health problems;
- Low income and/or debt;
- Caring responsibilities (including operating a power of attorney);
- Being an ‘elderly person’ for example over 80, although this is not absolute (may be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, onset of ill-health, not being comfortable with new technology);
- Being young (associated with less experience);
- Change in circumstances (e.g., job loss, bereavement, divorce);
- Lack of English language skills; and
- Non-standard requirements or credit history (e.g., armed forces personnel returning from abroad, ex-offenders; care-home leavers, recent immigrants).

The Firm will take account of an individual’s characteristics and assess whether its products or services are presented in a way that meets the specific needs of that customer.

Examples of Vulnerability Triggers

- Vulnerability is not limited to a person's characteristics. This is because it could be their circumstances or a situation that is making them vulnerable, rather than any mental or physical condition.
- The Firm is aware that the following examples of circumstantial triggers can lead to temporary or permanent vulnerability.

- **Impact of Change in Life Circumstances**

A change in personal circumstances can cause a consumer to fall into a vulnerable situation – all the more so if the consumer already has one or more risk characteristics.

People are particularly at risk in their interaction with financial services when they experience a change in circumstances that often leads to a financial shock. Examples of a change in circumstances can include:

- A change of job leading to different working patterns, making communication more difficult;
- A change in relationship status;
- A deceased or unwell child or relative;
- Moving house; and/or
- Retirement (leading to change in daily patterns and routines).

- **Impact of Change in Income**

A financial shock could be an unexpected large expense or a loss of income. A drop in income, or income volatility, can cause particular problems due to the ongoing commitment presented by many financial products. A reduction in ability to meet these financial commitments can cause both immediate and longer-term problems. Examples of income vulnerabilities can include:

- Zero hours contracts (leading to fluctuating income);
- Redundancy;
- Retirement (leading to drop in income);
- Statutory sick pay; and/or
- Maternity leave.

In these conditions, the impact of a problem or difficult interaction can be magnified, and vulnerability to unscrupulous practices is increased, creating a vicious circle. The individual's practical ability to seek redress may also be diminished.

Signs of Vulnerability

Staff are reminded to be on the lookout for the following signs that may be indicative of vulnerability:

- Payments stopping suddenly/ late or missed payments
- Regular unarranged overdrafts and charges
- Unusual activity on an account
- Unsettled transactions
- Frequent withdrawals of capital or income
- Churning of loss-making transactions
- Willingness to accept losses in order to withdraw capital
- Repeated requests for actions already carried out or responses already given
- Frequently asking staff to repeat themselves
- Transactions that do not appear to make sense

Other triggers that may occur during interaction with the client that could indicate a vulnerability issue include phrases such as:

- 'I can't pay' / 'I'm having trouble paying'
- 'I can't read my statement/invoice'
- 'I'm addicted'
- 'I can't understand the letter you sent me'
- 'I can't hold on all day'
- 'My son/daughter/wife/husband deals with these things for me'

Staff are also reminded to be on the lookout for:

- Shortness of breath or signs of agitation
- Asking for repetition (a sign that the customer is not retaining information)
- Signs that the consumer has not understood or signs of confusion
- Mention of medication
- Asks repeated unrelated questions
- They keep repeating themselves
- They say 'Yes' in a manner that suggests they did not listen to or understand the question

Summary

Vulnerability involves the interplay between individual circumstances, situations and market factors. These can include:

- A consumer's state of mind can have a major impact on behaviour and decisions;
- A change in circumstances, and multi-layered risk factors, are particular flags for potential vulnerability; and
- The number of people displaying characteristics of vulnerability is large and rising - prioritisation is vital to achieve a realistic approach.

In order to address the needs of vulnerable customers correctly, it is important to be able to identify them. In many cases, more than one characteristic is present which increases the consumer's vulnerability.

The Firm's staff need to be alert to the signs that the person they are dealing with may not have the capacity, at that moment in time, to make an informed decision about the implications of the arrangements that they are undertaking. This is managed by ensuring that staff are encouraged to listen, identify needs, and adjust their approach accordingly.

Dealing with Vulnerabilities

To achieve good outcomes for Vulnerable Customers, the Firm has systems and controls in place to:

- Understand the needs of their target market/customer base;
- Make sure staff have the right skills and capability to recognise and respond to the needs of vulnerable customers;
- Respond to customer needs throughout product design, flexible customer service provision and communications; and
- Monitor and assess whether they are meeting and responding to the needs of customers with characteristics of vulnerability, and make improvements where this is not happening.

Policies and Procedures

The Firm recognises that a good vulnerability strategy will benefit all customers and this Policy informs the Firm's approach to dealing with potentially or actually vulnerable customers. Where it is necessary to interact with customers, procedures have taken into account how vulnerability can be identified and managed.

Products and Services

The Firm's products and services have been designed in an inclusive way to respond better to the needs of those in vulnerable circumstances. An inclusive strategy has been embedded that aims to make services available, usable and accessible to all regardless of personal circumstances.

Communications have been designed in a manner that is clear, fair and not misleading and when informed of specific communication vulnerabilities (i.e., large print), the Firm will make reasonable adjustments to ensure that those customers' needs can be managed.

Systems

In implementing systems, i.e., telephone systems, CRM systems etc., the Firm has considered the potential impact on vulnerable customers. Systems, particularly automation of systems (where a customer has no opportunity to speak to a real person) are recognised as making it difficult to realise that customers may be vulnerable. In addition, lack of co-ordination between departments can lead to customers repeating themselves (this can be particularly distressing if someone is dealing with a bereavement).

The Firm has therefore ensured that where there is no direct contact with customers, that staff are aware of other signs of vulnerability and are aware of how to take the appropriate actions.

Staff dealing directly with customers are aware that call script are provided as guidance to key discussion points and are not intended to be applied to the exclusion of potentially vulnerable customers. Any concerns about managing a vulnerable customer should be brought to the attention of management who will arrange for the appropriate support.

In addition, staff are trained in how to manage records, particularly sensitive personal information, in a manner that allows colleagues to understand the individual's vulnerability.

Training

The Firm provides training to its staff on identifying and managing the relationships with vulnerable customers. All customer facing staff are expected to undertake refresher training at least annually.

Monitoring

The Firm has implemented processes - appropriate to the nature and size of the Firm - to monitor and evaluate where they have or have not identified, met the needs of, and/or ensured good outcomes for vulnerable customers. The Compliance function will undertake this monitoring to produce, regularly review and provide Management Information to the Management Body.

Breaches of Vulnerable Persons Policy

Any breaches of the Vulnerable Persons Policy will be recorded on the Firm's Regulatory Breach log in conjunction with its Regulatory Breach procedure.