

## Vulnerable Customers – need for change in outlook and approach

A **Vulnerable Customer** is “someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a Company is not acting with appropriate level of care”.

In **February 2021**, the Financial Conduct Authority (**FCA**) published [FG21/1 Guidance](#) for firms on the fair treatment of vulnerable customers and in **June 2022** the FCA sent a [Dear CEO letter](#) to firms urging them to act now to support consumers now who could suffer from the effects of rising cost of living. This guidance **applies to the supply of products or services to retail customers who are natural persons**, even if the Company does not have a direct client relationship with the customer. ‘**Natural persons**’ includes individuals but may also include some businesses or charities which are not incorporated. For example, individuals or groups of individuals who are un-incorporated business customers – e.g., sole traders and some partnerships. **It does not apply where businesses or charities are incorporated** because in that case, it is the corporate body, not any natural persons running it, that is Company’s customer.

It is now a regulatory need to be compliant with [the New Consumer Duty](#) and the [FCA non-Handbook guidance](#) for firms on consumer duty and consider the best way forward to support your customers. Given the scope of the requirements, firms must consider how to understand vulnerability in their customer cohorts, how customers could communicate their needs to the firm, how vulnerability can be documented, handled flexibly, how far can the firm go to assist their clients within their remit.

Though the concepts of Treating Customers Fairly and Vulnerable Customers have been in place, the newer concept of Consumer Duty and the stronger emphasis on following a new list of rules can be daunting for firms, not knowing where to start. The rising cost of living will affect both customers and the firms equally. Rising costs for firms in staff recruitment, employee retention and meeting an enormous list of regulatory requirements is likely to become a heavy regulatory burden that may tempt firms to take shortcuts like lack their focus on employee training or not taking the new FCA Consumer duty and Vulnerable Customer requirements seriously. Firms may take a tick-box exercise, choose to offer products and services to only incorporated firms or even do the bare minimum for their customers, failing the FCA’s efforts to protect and help the most vulnerable customers from harm. This can also leave them open to the risk of being in breach of the new FCA requirements.

However, a firm that cares about their customers over profit, will strengthen their reputation and market value instantly by highlighting their business values, attracting a more stable retainer customer-base, get business referrals from existing customers, assisting towards marketing campaigns, and saving overall cost. If you are wondering where to start and need help, reach out to any of our professional APCC Consultants now.

Also, if you are looking to invest in a vulnerability assessment solution, then please get in touch with– **CO:MENTIS** (one of our APCC affiliate members) who have been working closely with the FCA to develop their timesaving, economic, customisable, and user-friendly SAAS Cognitive Assessment Engine which can be used effectively for your vulnerability assessment requirements. **For more information or to see how they can support you in onboarding this highly relevant solution contact either Joe Paddison ([joe@comentis.co.uk](mailto:joe@comentis.co.uk)) – Sales account manager, or Jonathan Barrett ([jonathan@comentis.co.uk](mailto:jonathan@comentis.co.uk)) – CEO.**

With Best wishes,

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