

EFFECTIVE DATE: 09 JUNE 2020



# Vulnerable Customer Policy

# CONTENTS

<b>1</b>	<b>INTRODUCTION</b>	<b>3</b>
1.1	Overview	3
1.2	Aims and Objectives	4
1.3	Scope of Procedure	5
1.4	Risks	5
1.5	Policy and Ownership	6
1.6	Roles and Responsibilities	6
1.7	Operational Framework	6
1.8	Awareness and Training	7
1.9	Related Documents	7
	None (This section should be updated as and when necessary).	7
<b>2</b>	<b>PROCESSES</b>	<b>7</b>
2.1	Operational Framework Procedures	7
<b>3</b>	<b>APPENDIX</b>	<b>8</b>
3.1	Definitions and Key Concepts	8
3.2	Document History	8

# 1 Introduction

## 1.1 Overview

For many years protecting vulnerable customers has been a key priority for the Financial Conduct Authority ('FCA') and it remains so. The FCA acknowledges the work and progress that firms have made to date and wants to continue focus on, and maintain outcomes for, vulnerable customers that are consistent across the various industry sectors and that are at least as good as for other customers.

The FCA has published several papers since 2015 directing firms to consider this important subject:

- 2015 Occasional Paper No 8 highlighted four key areas for firms to consider: high level policy; system design; products that are available; and ways that staff implement policies and sell products.
- 2017 two documents were published; 'Ageing Population Strategy' document and the FCA's 'Mission: Our approach to consumers' document, both of which consider vulnerability within the FCA's future regulatory approach. Included in these were the introduction of the four indicators (health, resilience, life events and capability) emphasising the multiple factors behind vulnerability.
- 2019 additional guidance was published to give firms greater clarity and explain what, under Principles for Business, was required to ensure that vulnerable customers are treated fairly and consistently across financial sectors (including understanding vulnerability, the skills and capability of staff, taking practical action, monitoring and evaluation).

These publications are aimed at firms of different sizes, in different sectors and with different customer bases. The FCA has taken the approach of using guidance, rather than prescriptive rules, to encourage firms to consider how best to implement change through the lens of their own business and decide which actions they need to take to meet the needs of their vulnerable customers. The FCA makes it clear that it cannot be a 'one size fits all' approach.

This Vulnerable Customer policy sets out the overarching objectives for how Fidelity's UK FCA regulated businesses dealing with retail customers will identify and support the fair treatment of Vulnerable Customers.

Fidelity has based its definition of what a Vulnerable Customer is on the definition published by the FCA in its Guidance Consultation document. As the FCA updates and evolves this definition, Fidelity will review and update its own definition accordingly:

*"A Vulnerable Customer 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"*

The factors that act as drivers to actual or potential vulnerability include:

- **Health** - health conditions or illnesses that affect the ability to carry out day-to-day tasks (including all physical and mental disabilities as well as acute and chronic medical conditions)
- **Resilience** - low ability to withstand financial or emotional shocks
- **Life Events** - major life events such as bereavement or relationship breakdown
- **Capability** - low knowledge of financial matters

	<b>Examples</b>				
<b>Health</b>	Physical disability	Severe or long-term illness	Hearing or visual impairments	Poor mental health	Low mental capacity or cognitive disabilities
<b>Life Events</b>	Caring responsibilities	Bereavement	Income Shocks	Relationship breakdown	Having non-standard requirements such as ex-offenders, care leavers, refugees
<b>Resilience</b>	Low or erratic income	Over indebtedness	Low savings	Low emotional resilience	Lack of support structure
<b>Capability</b>	Low knowledge or confidence in managing financial matters	Poor literacy or numeracy skills	Poor English language skills	Poor or non-existent digital skills	Learning impairments

## 1.2 Aims and Objectives

The overarching aims and objectives of this policy are as follows:

- *Fidelity should have one overarching vulnerable customer policy and supporting operational frameworks which aim to treat all customers fairly and support and protect customers who may be vulnerable.*
- *Fidelity should have policies and procedures to identify and record vulnerable customers.*
- *Fidelity should understand the nature and extent of vulnerabilities present in its target market and customer base, and the potential needs that may arise.*

- *All Fidelity staff must recognise and understand their role in meeting the needs of vulnerable customers.*
- *Fidelity should ensure its customer service provision meets the needs of vulnerable customers, delivering good customer service that responds to the needs and situations of customers.*
- *Fidelity should ensure communications meet the needs of vulnerable customers.*
- *Fidelity should integrate understanding of the needs of vulnerable consumers when designing products and services insofar as this is reasonably practicable and commercially viable.*

### 1.3 Scope of Procedure

The Policy is applicable to all of Fidelity’s UK FCA authorised and regulated firms which deal with retail customers:

<b>Name</b>	<b>FCA FRN</b>	<b>Brand/Trading Name</b>	<b>Activities and Services</b>
Financial Administration Services Limited ('FASL')	122169	Fidelity Personal Investing / Fidelity FundsNetwork	FASL is a Platform Service Provider, ISA Manager and SIPP Operator, delivering investment distribution, custody, dealing, guidance and information services to direct and intermediated retail customers.
FIL Retirement Services Limited ('FRS')	464968	Fidelity's Retirement Service/ Fidelity Investment Advisory Services	FRS is an intermediary providing restricted advice and guidance services to retail customers in respect of pensions, retirement planning and investments.
FIL Pensions Management ('FPM')	144345	Fidelity Workplace Investing	FPM is an occupational pension scheme administrator and service provider, delivering occupational pension scheme administration services, products, guidance and information services to pension scheme members.

### 1.4 Risks

The aims and objectives set out in this Policy are intended to reduce any potential for poor customer outcomes, prevent customer complaints, limit reputational damage, limit operational and conduct risks, prevent loss of value to Fidelity and prevent non-compliance with regulatory principles, rules and guidance.

Potential points of failure include:

- Fidelity failing to respond to the needs of its customers after it has been made aware of their specific circumstances.

- Fidelity failing to consider the impact of new, or changes to existing, services on Vulnerable Customers.
- Fidelity failing to consider the impact of new, or changes to existing, products on Vulnerable Customers.
- Fidelity failing to operate robust oversight of its Vulnerable Customer activities.
- Fidelity failing to meet the needs of its customers may result in an increased number of complaints and may cause reputational damage.

## 1.5 Policy and Ownership

The Vulnerable Customer policy is owned by UK Business Compliance. UK Business Compliance will be responsible for monitoring and reviewing changes to the FCA rules and guidance relevant to Vulnerable Customers and advising the business about any changes in approach.

The Policy will be reviewed at least annually and will be updated in line with any regulatory or legislative changes when necessary.

Any documents listed in the ‘related documents’ section must be reviewed annually and updated as and when changes to this Policy occur by the owner of each related procedural document.

## 1.6 Roles and Responsibilities

Whilst the Boards of the relevant regulated firms are ultimately responsible for the treatment of their customers, the business Channel Heads and heads of central teams and business units which directly support retail customers (‘Accountable Executives’) are responsible for implementing the necessary operational frameworks, policies and procedures aligned to their business areas as listed in section 2. This will ensure that the aims and objectives of this policy are satisfied and the day to day application of their frameworks are effective. The Accountable Executive must:

- Hold overall accountability for supervising the delivery of the relevant operational framework to support Vulnerable Customers within their respective business channel or function;
- Consider appointing Vulnerable Customer process owners and/or Champions within their business channel or function to oversee day to day management of support for Vulnerable Customers;
- Engage with and adapt to any changes in Vulnerable Customer requirements impacting their business channel or function; and
- Report and capture relevant management information, as required in the respective Operational Frameworks, to demonstrate and communicate how they are supporting Vulnerable Customers.

## 1.7 Operational Framework

Business Channel heads (Business Channel heads of areas listed in section 2) are responsible for implementing appropriate Operational Frameworks for their businesses and functions to deliver procedures, systems and services that address the practical issues of day to day dealing

with Vulnerable Customers, and for satisfying the other aims and objectives of this Policy. Each Accountable Executive will be responsible for any emerging risks from their respective business or function and must manage, monitor and mitigate these risks in line with their Vulnerable Customer Operational Framework and in accordance with the aims and objectives of this policy.

Accountable Executives will typically nominate delegates from the business, such as Vulnerable Customer process owners and could consider the use of champions, to manage Vulnerable Customer risks effectively on their behalf.

### 1.8 Awareness and Training

Accountable Executives must ensure that their teams are both aware of their role and responsibilities as regards the treatment of Vulnerable Customers and are trained to adequately deal with the needs of Vulnerable Customers. Accountable Executive must ensure that appropriate awareness and training activity is designed and conducted for relevant employees, and that all awareness and training activity is recorded and reported.

### 1.9 Related Documents

None (This section should be updated as and when necessary).

## 2 Processes

### 2.1 Operational Framework Procedures

Provided below are links to each of the business channel and central team Operational Framework documents relating to the treatment of Vulnerable Customers:

Operational Framework Title		
Relevant function	Document Title/Link	Document Owner
Client Services	TBC	TBC
Complaints	TBC	TBC
Business Operations	TBC	TBC
Fidelity's Retirement Service	TBC	TBC
Fidelity Investment	TBC	TBC

<b>Advisory Services</b>		
<b>PI Wealth</b>	TBC	TBC
<b>London Investor Centre</b>	TBC	TBC

## 3 Appendix

### 3.1 Definitions and Key Concepts

Accountable Executives	Accountable Executives act as Risk Owners and provide oversight of the management of risks that exist in the activities and processes within their scope of responsibility including remediation activities and resource management.
FCA FRN	Financial Conduct Authority - Firm Reference Number. The number used to identify the various legal entities registered with the UK regulator.

### 3.2 Document History

<b>Document Owner</b>	UK Business Compliance
<b>Created Date</b>	01.05.20
<b>Approval Date</b>	13.05.20
<b>Last Updated</b>	09.06.20

Approval History		
Role	Approver Name	Date
Vulnerable Customer Project Sponsor	Debbie Wates	12.05.20
Vulnerable Customer Project Sponsor	Andrew Cole	12.05.20
Accountable Executive	Richard Atkins	13.05.20
UK Risk, Client Channels and Product	Simon Narracott	13.05.20
Platform Risk Forum (For noting only)	N/A	TBC
PI Forum (For noting only)	N/A	TBC
FNW Forum (For noting only)	N/A	TBC
WI Forum (For Noting only)	N/A	TBC



Revision History			
Date	Version	Change Details	Material / Non-Material change
09.06.20	V.1	Formatted into ERM procedure template.	Non material