

Vulnerable & Potentially Vulnerable Client Policy

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THE THOUGHTFUL INVESTOR

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1. Introduction

This policy sets out how we at Castlefield aim to identify and treat both clients and prospective clients who may be considered as being vulnerable or potentially vulnerable by virtue of their age, disability, or circumstances.

Castlefield provides both investment services and financial advice. Due to the varying nature of services provided, there will be differing levels of client interaction and individual approaches, set out in this policy.

Although vulnerability can come in many forms, we believe it's important that our clients are dealt with appropriately, fairly, and consistently. We are committed to ensuring that we treat any vulnerable client as an individual. We will do this by being:

- Flexible in our approach to client communications.
- Empathetic to any specific needs or concerns they have.

We will provide training to all our staff appropriate to their role in identifying the key indicators of vulnerability and will provide appropriate support and solutions for vulnerable clients.

2. What is a vulnerable client?

Our regulator, the FCA describes a vulnerable client 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'.

What is detriment?

Detriment is essentially any disadvantage a client could suffer - for example, this could range from being treated unsympathetically, to the client choosing the wrong investment product.

Types of vulnerability

There are a number of factors that could result in a client being deemed vulnerable on a temporary, sporadic, or permanent basis.

A vulnerable client could be considered to be anyone who by virtue of their health, age or circumstances may be less able than others to:

- Realistically and objectively identify and prioritise their own needs.
- Fully understand the risk, cost or implications of any advice or investment service provided.
- Assess information in the usual format, for example, orally during meetings, visually in respect of written correspondence or via email/online portals.

Vulnerable clients may also include anyone who by virtue of health, age or circumstances, may be more likely to:

- Be easily influenced.
- Accept advice without consideration to its suitability.

We believe that the following factors may act as trigger points for identifying potentially vulnerable clients:

- The elderly - the assessment of vulnerability could be associated with cognitive or dexterity impairment, sensory impairments such as hearing or sight, onset of ill-health or not being comfortable with technology;
- The young (associated with less experience).
- Individuals in poor general health, or with severe or long-term illnesses.
- Those with sensory issues (impaired sight, speech or hearing).
- Those with physical disabilities.
- Individuals with mental health problems.
- Those with learning difficulties or mental incapacity.
- Those undergoing or who have recently experienced major life-changes, e.g. sudden wealth, bereavement, job loss, health issues or divorce.
- Those with little or no understanding of the English language.
- Students or the unemployed.
- Those with low income and/or debt or adversely impacted by fluctuation in the cost of living.
- Those with a low level of numeracy, literacy or financial capability skills.
- Those with caring responsibilities (including those operating under a power of attorney).
- Those not possessing standard documents or credit history (e.g. armed forces personnel returning from abroad, ex-offenders, care home leavers);
- Those whose gender identity or gender expression differs to their sex assigned at birth.

The above list is not prescriptive or exhaustive. Castlefield recognises that the presence of one or more of these factors does not necessarily mean that our client is vulnerable.

We handle calls and correspondence with vulnerable clients with care and respect. We balance our requirements for compliant and suitable advice/investment services with an approach that recognises our clients as individuals, and not just numbers.

3. Identifying a vulnerable client

As part of delivering financial services to our clients, we gather detailed information which may include physical and/or mental health. This information will be held in accordance with our data protection policy and can help us to identify potential vulnerabilities.

At the commencement of any relationship, our clients are provided with the group's privacy notice – which explains how we treat their sensitive personal data – the latest version of this policy can be found via the following link <https://www.castlefield.com/privacy-notice/>.

4. Looking after a vulnerable client

When we provide services to our clients, it's essential that we're clear in our approach and the client has a good understanding of the service being provided, in order for us to deliver good outcomes. We must ensure that in all cases our client has the ability to understand the advice or service that is being provided.

We tailor communication and correspondence depending on the nature of the vulnerability. For example, a recently bereaved client may need a greater period of time to adjust to new circumstances, but a client who is vulnerable because of physical impairments may need more practical assistance. The following examples are services that we can consider for clients with particular vulnerabilities:

Inviting a companion to attend meetings

Clients are offered the opportunity to invite a companion, for example a trusted friend or relative, to accompany them in meetings, whether it is face-to-face, via video or a telephone meeting. A record is kept of offering this option on the client's file and their response, including whether the client felt comfortable and able to proceed without anyone else being present or preferred to invite someone to any subsequent meetings.

Supporting physical disabilities

Should a client have a physical disability, we will consider their preference of meeting place. This may be in their home, virtually or another suitable meeting place. We want our clients to be comfortable in the meeting, so we liaise with our clients in advance of any meeting as we feel it's the best way to ensure there are provisions to proceed professionally and efficiently. Our Manchester head office has disabled access provisions, including a lift to all floors and disabled access toilets and meeting rooms available on the first floor.

Visual impairments

For clients who are visually impaired, we offer a range of options for communication, using a number of different formats, so they can express their preferred method of communication. Assistance dogs can accompany their owner in the Manchester office.

Hearing impairments

For clients who have a hearing impairment we take care and are vigilant to ensure that they have heard all of what has been said. We can offer a range of meeting options, depending on the degree of impairment.

We do not currently have access to hearing induction loops in our head office. Requests for a registered British Sign Language interpreter to attend a meeting can be accommodated.

Supporting other languages

Our client facing documentation specifies that our services, and all associated documents, are only available in English. If we receive a request for a translation into another language, either of documents or during meetings, this will be considered on a case-by-case basis.

5. Digital exclusion

As a firm, Castlefield prefers correspondence via secure electronic means wherever possible as it's considered more efficient, more secure and limits our carbon footprint. The importance of firms embracing electronic communication was highlighted during the worldwide Coronavirus pandemic in 2020. We saw the fundamental benefits of being able to correspond with our clients at the touch of a button, without physical contact. Being able to issue regular updates to clients on their investments and the firm's position became vital to enable us to continue providing the best levels of service to our clients, when face to face contact wasn't possible.

However, we are aware that digital exclusion can be a problem for those who are not comfortable with or able to access technology, including some of our existing client base. We know that this can be particularly prevalent amongst, but of course not exclusive to, the older community.

Castlefield has management systems in place to identify clients who do not have an e-mail address for electronic correspondence. In these cases, there are options for other routes of communication, including letters and physical mailers, or telephone communication. This is available in the case of both regular correspondence and reporting, or one-off issues of information on our products and services.

6. Loss of capacity

A person may lose capacity on a temporary or a permanent basis. The FCA guidance on treatment of vulnerable clients suggests that it is good practice for firms to have a pre-emptive or flexible process for dealing with temporary vulnerability by means of a client not having the capacity to act in person. For example, if a client is in hospital for planned reasons or in an emergency, or if a client is overseas with no access to means of communication. In such cases they may give a relative, friend or carer permission to contact us to speak on their behalf. In these cases, we require a letter of authority from the client, which is recorded on file, as well as identification and anti-money laundering checks to be completed. Castlefield will only provide information to authorised individuals. Equivalent checks must also be performed if a client requests to use their solicitor, employer or another official body as a third party for means of communication.

A loss of capacity is an extremely sensitive matter and therefore to be handled with the utmost care and compassion. We have both a duty of care to our clients and also regulatory requirements. Where a loss of capacity is identified, we follow a process to escalate this internally with appropriate individuals, maintaining records as required to ensure we continue to deliver good outcomes for our clients.

7. Powers of Attorney and Court of Protection Orders

Where a formal Power of Attorney (POA) or a Court of Protection Order (CoP) is in place there are specific considerations to be made, depending on the exact nature of the provision and the client's circumstances.

Power of Attorney (not invoked/newly invoked)

We ask our clients if they have a Power of Attorney in place. Where this is the case, it is important we establish the following:

- Whether an LPA or EPA.
- Whether the document has been registered with the Public Guardian.
- Who the attorneys are and whether they are still suitable for the role.
- Whether the attorneys have joint or several powers and any special restrictions.
- Whether or not an LPA only comes into effect once the donor has lost capacity.
- Obtain suitable anti-money laundering verification.

Court of Protection order

Where a Court of Protection Order is in place, it is important that we establish the following:

- What decisions the deputy has been authorised by the court to make.
- Whether the client has the capacity to make the decision themselves.
- Obtain suitable anti-money laundering verification.

8. Training and support for co-owners

We make all employees aware of this policy when they join our firm and everyone receives training on how to recognise and look after a vulnerable client, upon joining and on a regular basis thereafter.

Our training includes:

- How to identify a vulnerable client;
- How to look after them;
- Differences in requirements for each business area;
- Where to find internal support and guidance;
- Where to find external support & guidance;

Our firm has a 'Vulnerable Client Champion' who completes additional training and acts as the first point of reference for their colleagues in the instance of identifying a vulnerable client. Our Vulnerable Client Champion is expected to undertake additional CPD in the area of vulnerable clients.

Reporting to senior management within our business occurs on a regular basis, this includes information on the steps taken to assist clients, training that has been provided and suggestions for changes in order for our senior management to have appropriate oversight of our arrangements.

To ensure this policy continues to accurately reflect the processes we have in place it will be reviewed on an annual basis.