



## Assessing Your Vulnerable Customer Frameworks

January 2025

# Overview

- Protecting the interests of consumers in vulnerable circumstances is a key focus for FCA and a **sector specific priority for Wealth Firms particularly.**
- Addressing consumer harms and protecting consumers is an area of increasing scrutiny from the FCA, with findings from the [FCA multi-firm review](#) of the treatment of customers in vulnerable circumstances due imminently (Q1 2025). Firms are expected to [proactively identify and support vulnerable customers](#), and it is becoming increasingly important for firms to demonstrate how they are *“acting to understand and respond to the needs of customers in vulnerable circumstances”* <sup>(1)</sup> (FCA).
- The treatment of vulnerable customers should be a [core component of a firm’s strategy](#) across the product lifecycle and should be integral to a firm’s strategy, product governance approach, culture and wider firm governance processes.
- In this document we set out [3 key focus areas](#) that firms can use as an initial starting point when assessing whether their current vulnerable customer frameworks are sufficient in delivering good outcomes for all customers, based on our in-depth industry knowledge and wider market insights.
- We also introduce our ‘[Vulnerable Customer Maturity Matrix](#)’, our newly developed toolkit to support you and your firm in your review and assessment of your vulnerable customer framework.

<sup>(1)</sup>[Review of firms' treatment of customers in vulnerable circumstances | FCA](#)

# Assessing your Vulnerable Customers Framework

## Why, When and How?

### Why?

Customers in vulnerable circumstances may be more likely to suffer harm than the average consumer, and may have different needs that result in their interests being significantly underrepresented. **This is a key area of current focus for the FCA.**



### When?

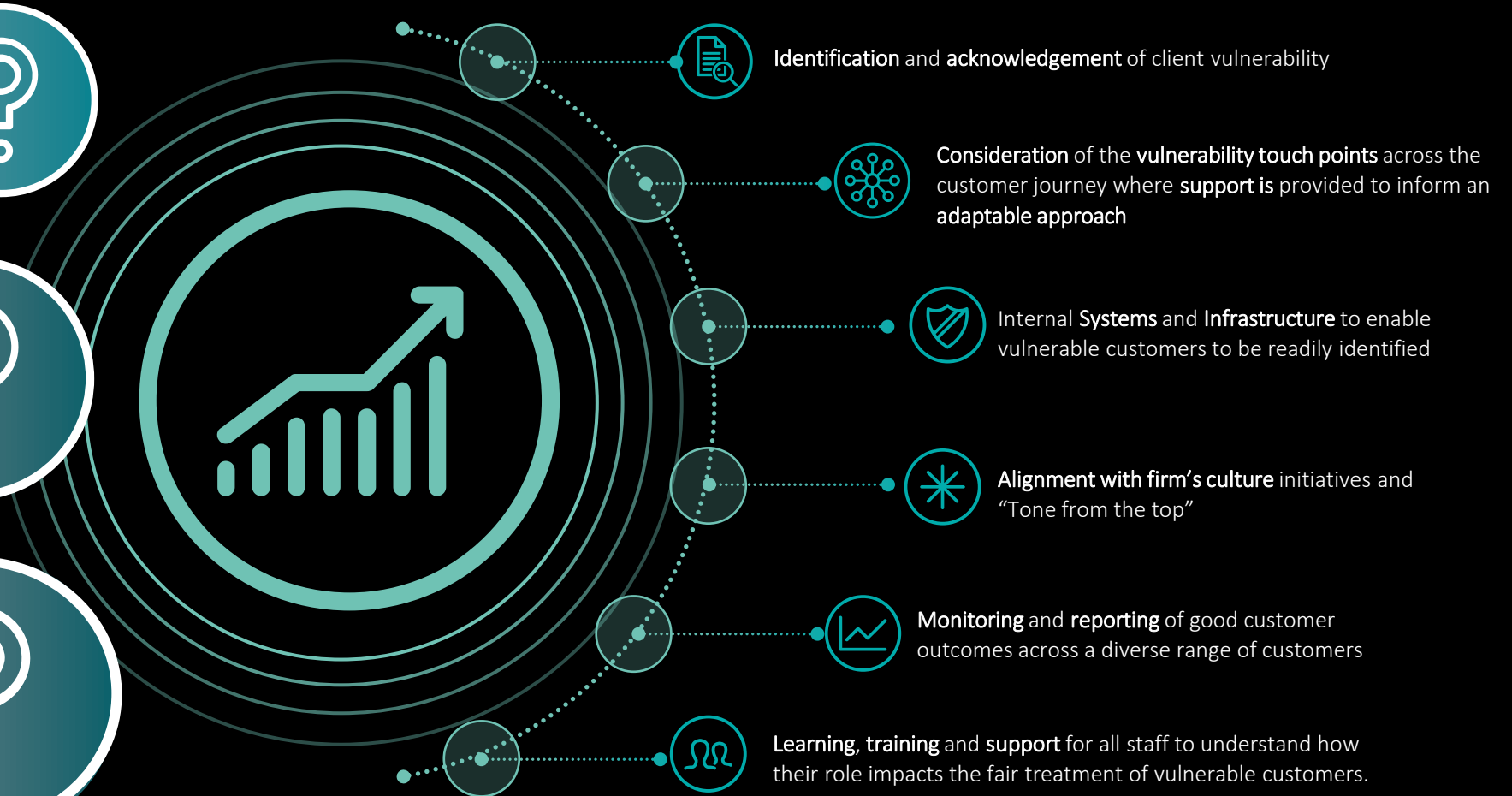
Firms should already have an approach to identifying and supporting vulnerable customers which is subject to regular review. **Firms should look to review again once the FCA multi-firm review findings are published.**



### How?

Firms should have an effective Vulnerable Customer framework that supports staff in identifying and responding appropriately to customers with vulnerabilities and ensures good customer outcomes are achieved across all groups of customers.

**We have developed a Vulnerable Customer Maturity Matrix to help firms assess current versus future state vulnerable customer capabilities.**



# Vulnerable Customer Frameworks – Three Key Focus Areas for Review

Through our work with clients, we are seeing some consistent themes in firms with poor treatment of customers with characteristics of vulnerability which include:

- 01 **Failing to record and act** on information provided by customers around characteristics of vulnerability.
- 02 **Inadequate data and management information (“MI”)** to identify potential or actual vulnerability, with some firms overly reliant on manual processes open to human error to ensure customers get the support they need.
- 03 **Failing to suitably train staff** to identify vulnerable characteristics and understanding when and how to flex processes to support the needs of customers with characteristics of vulnerability.

We explore these themes in more detail on the following slides, including potential practical review areas and questions firms can challenge themselves on when considering whether their vulnerable customer framework needs any uplifts or improvements.



## Key Focus Area – Approach/Framework

Firms should have an overarching vulnerable customer framework that has considered how vulnerability is aligned to the firm's strategy and culture initiatives. Consideration should also be given to whether governance processes are sufficient to encourage discussion and challenge by the Board.



### Potential Review Scope Items:

- The extent to which the firm's approach considers:
  - Strategy – whether the firm's customer vulnerability approach is proactive, signposting where customers can get support. The firm understands the nature and scale of characteristics of vulnerability that exist in their target market and customer base<sup>(2)</sup>.
  - Culture – Alignment with firm's culture initiatives and "Tone from the top" in respect of identification and providing proactive support to vulnerable customers.
  - Governance - Evidence of discussion, challenge and oversight of vulnerable customer outcomes by Senior Management and the Board.



### Example Questions to Consider:

- What extra steps could you be taking to ensure that a consumer in a vulnerable situation is getting the right product to meet their needs?
- How are you periodically reviewing products under Consumer Duty to make sure they meet needs of vulnerable customers and that they continue to provide fair value to different groups of customers?
- How do senior leaders ensure that governance, processes and systems support staff to meet the needs of vulnerable customers when carrying out their role?
- What processes do you have in place to regularly evaluate the overall effectiveness of the firm's vulnerability framework?

<sup>(2)</sup> [FG21/1: Guidance for firms on the fair treatment of vulnerable customers](#)

## Key Focus Area – Data and MI

Firms should challenge themselves as to whether they have the processes in place or ability to capture data and MI, appropriate to the nature of their business, to evidence that different groups of customers are receiving just as good outcomes as each other, regardless of whether they are exhibiting signs of vulnerability or have been identified as a customer with characteristics of vulnerability.



### Potential Review Scope Items:

- The extent to which the firm:
  - Has sufficient processes in place to monitor the firm's approach to vulnerable customers, including actively performing outcomes testing on vulnerable customer cohorts and comparing against outcomes for non-vulnerable customers.
  - Considers the impact to customers and customer outcomes by collecting and analysing data across different stages of the customer journey.
  - Uses data and MI to evidence the delivery of fair outcomes to vulnerable customers, and whether the Board is clear on what actions the firm may have taken to remedy instances where this data has identified poor outcomes, or potential harm to customers.



### Example Questions to Consider:

- What information do you use to monitor vulnerable customers? If asked, could you readily provide this information to the regulator?
- How does your monitoring and reporting enable the firm to identify where particular groups of customers may be or are receiving poorer outcomes, specifically those customers with characteristics of vulnerability?
- What processes do you have in place to evaluate the root cause of why vulnerable customers' needs were not met?
- Does your framework allow for clear action planning? What processes do you have in place for addressing any systematic issues or remedying instances where poor outcomes may have occurred?



## Key Focus Area – Skills and Capabilities of Staff

To support embedding of a firm's vulnerable customer strategy and framework across the business, it is important that staff have the appropriate skills and capabilities, proportionate to the firm's size and scale, to identify and respond to the needs of customers that may be exhibiting characteristics of vulnerability or experiencing vulnerable circumstances.



### Potential Review Scope Items:

- The extent to which the firm:
  - Provides mandatory and role specific training for all relevant staff to support in the identification and support of vulnerable customers.
  - Empowers staff to support vulnerable customers and ensuring staff understand how their role impacts the fair treatment of vulnerable customers.
  - Have dedicated or Specialist Teams\* in place to identify, respond and support vulnerable customers throughout the customer journey.

*\*Specialist Teams are subject to a firm's size and scale of operations and retail client base. Smaller firms may consider whether introducing a responsible person or vulnerability champion to drive accountability across the firm would be appropriate.*



### Example Questions to Consider:

- How can you evidence that front line staff have the necessary expertise to recognise, and support customers with characteristics of vulnerability?
- How are you equipping staff to flex processes and communications to accommodate those with vulnerable characteristics, but ensuring the overarching process remains fair to other customers in similar processes?
- Have you identified touchpoints in the customer journey that can be used to gather and update information on customer needs, particularly in relation to temporary vulnerability?
- Do you have or need an accountable person responsible for overseeing vulnerable customer strategy?

# Vulnerable Customer Maturity Matrix – How We Can Help

Our Vulnerable Customer Matrix Toolkit (“VCM”) is a flexible but structured approach we use to establish your firm's current vulnerable customer framework maturity level. The VCM is evidence-based and measurable against industry best practice and FCA expectations. The VCM is designed to provide a maturity score of a firm's Vulnerable customer framework to help you assess your current versus future state vulnerable customer capabilities and framework. There are a number of different options on how firms use the VCM, including additional add on services where we can produce tailored recommendations across the wider customer journey. Get in touch to discover more about our vulnerable customer framework expertise capabilities and to determine what support your firm needs.

## PROCESS STEPS- phase 1



## OUTPUT- phase 1

Our Vulnerable Customer Matrix Tool will provide you with a “point in time” maturity score based on 3 key criteria:

- Approach & Strategy
- Data & MI
- Skills & Capabilities of Staff

We will provide a clear summary report of current state and key areas requiring development.

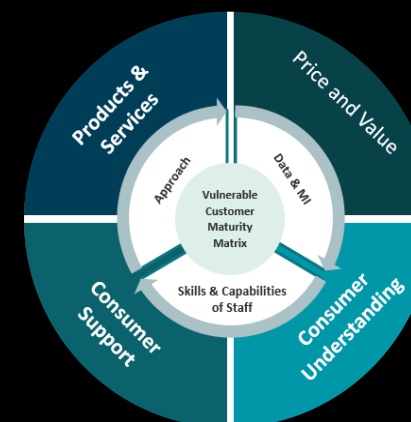


### Optional extras:

- Anonymised Graph plotting current state per key focus area.
- Tailored recommendations on how firms can develop actions to target state maturity in each of these three key areas listed above.

## VCM 2.0-phase 2

We offer a *bespoke* optional “add-on” where we will review and **assess your vulnerable customer approach across the entire customer and product lifecycle, from product design, sales, and ongoing support, offering recommendations tailored to your firm in relation to each of the four consumer duty outcomes.**



- Through our work with clients and our regulatory experience and understanding, we have identified three focus areas that our initial assessment of your firm's current state vulnerable customer maturity levels will cover.
- Behind each key focus area, sit a suite of considerations and assessment criteria developed by our subject matter experts to support your firm in your assessment of your current state capabilities related to identifying and supporting customers with characteristic of vulnerability

## OUR EXPERTISE

The VCM can be **tailored** to be more **product or sector specific**, in line with the client's relevant focus areas or priorities.

The VCM elements will be **continually evolving** based on regulatory and industry developments and good practice.

## How does this approach support provide good customer outcomes for Customers with Characteristics of Vulnerability?

- ✓ Provide a point in time maturity score so that firms can kick start their review of their Vulnerable customer framework and/or approach so those areas with greatest potential for harm for your clients can be mapped against a continuum of increasingly sophisticated practices, based on market practice, our SME insights and regulatory focus areas.
- ✓ Bespoke optionality – Depending on the size, scale and product offering of your firm, we can tailor the tool in a number of different ways to support your needs.
- ✓ Action planning – this approach provides an opportunity for firms to focus any uplifts or improvements required to their vulnerable customer frameworks, MI and staff training and provide evidence to support action planning and reporting conclusions.



# Key Contacts

Contact our team for further information or support



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