

Vulnerable Consumers Policy

Purpose

The purpose of this policy is to ensure that the operations of Livingstone Finance UK Ltd do not have any negative impact upon vulnerable consumers.

For the purposes of this policy vulnerable consumers are customers and prospective customers whose ability or circumstances require us to take extra precautions in the way that we sell and provide our services in order to ensure that they are not disadvantaged in any way.

Identifying a vulnerable consumer

When engaging with customers over the phone it is often difficult to identify a vulnerable consumer because it is not possible to see many of the characteristics, such as body language and facial expressions, which may identify whether the prospective customer requires additional information and guidance to enable them to make an informed decision. For this reason it is critically important to listen carefully to all customers and to identify people who may be classed as a vulnerable consumer.

Typical telephone characteristics include:

- An inability to hear or understand what is being said

- Repeated questions of a similar nature

- Comments or answers which are inconsistent with the telephone discussion or which indicate they have not understood the information which has been provided.

- Verbal confirmation that they don't understand or that they require the assistance of somebody else in making a decision.

When assisting with signing up consumers we regularly engage with customers face to face. When doing this the same characteristics are likely to be evident but body language and facial expressions may also assist in identifying the vulnerability.

What to do if we are engaging with a vulnerable consumer

Just because somebody is vulnerable does not automatically mean that they are unsuitable for the products and services the firm supplies. As soon as we think we may be engaging with a vulnerable consumer we should immediately make a record of the same and ensure we adhere to this policy.

When speaking to the vulnerable consumer we:

- Provide additional opportunities for the customer to ask questions about the information we have provided.

- Continuously seek confirmation that they have understood the information that has been provided.

- Ask if there is anybody with them who is able to assist them, and offer them the opportunity to have a family member or friend present during the conversation
- Offer them the opportunity to complete the transaction after a period of further consideration.

If for any reason we think the customer does not understand the service which is being offered to them we will not proceed with the transaction and advise them that we will write to them with further information about the product or services they are seeking.

What is mental capacity?

Mental capacity is a person's ability to make a decision. Whether or not a person has the ability to understand, remember, and weigh-up relevant information will determine whether he is able to make a decision based on that information. The person will also need to be able to communicate his decision.

The mental capacity of a person may be limited in a way which prevents him from being able to make certain decisions because of an impairment of, or disturbance in the functioning of, his mind or brain.

Making decisions

Mental capacity is always defined in relation to a specific decision at a specific time.

Consequently, when considering an application for a product, or change in product factors, we should take account of the customer's circumstances at the time at which the application or request is made.

We should take appropriate steps to identify whether or not the customer appears able to understand, remember, and weigh-up the information and explanations provided to them, and, when having done so, make an informed decision.

Mental capacity limitations can be either permanent or temporary (or be fluctuating over time).

Consequently, the fact that a person may not have had the mental capacity to make a particular type of decision in the past, does not necessarily mean that they currently do not have, or will never have, the capacity to make such a decision.

Mental capacity limitations may also be partial.

Under such circumstances the person concerned is likely to be able to make certain decisions but not others. Decisions that may require the understanding, remembering and weighing-up of relatively complex information, are likely to be more challenging for many individuals with mental capacity limitations than more straightforward spending decisions.

Amongst the most common potential causes of mental capacity limitations are the following (this is a non-exhaustive list):

- mental health condition

- dementia
- learning disability
- developmental disorder
- neuro-disability/brain injury
- alcohol or drug (including prescribed drugs) induced intoxication.

A customer may be understood to have, or suspected of having, any of these (or other) conditions which are potential causes of mental capacity limitation (for example, a mental health condition) - but that does not necessarily mean that they do not have the mental capacity to make an informed decision.

In some instances, it may constitute disability discrimination for the purposes of the Equality Act 2010 (EA) to decline a customer's application for a product on a presumption that he doesn't have the mental capacity to make a particular decision based solely on the knowledge that he has a condition of the type listed above.

Financial literacy

Mental capacity is not the same as financial literacy although, in practice, it may often be difficult for us to differentiate a limitation of one from a limitation of the other. In terms of a limitation of mental capacity, the customer has some impairment of mind or brain function.

There are only likely to be limited circumstances in which the firm will have substantive evidence that a customer has such an impairment and, in the absence of such evidence, can reasonably be expected to (proactively seek to) establish whether or not a customer has such an impairment of mind or brain function.

In the alternative, a limitation in financial literacy is likely to result from inadequate financial education rendering a customer unable to, or feeling insufficiently empowered to, manage his finances, engage confidently with firms, and make informed financial decisions.

Those with limitations in financial literacy and those with limitations in mental capacity can both be classified as groups of actual or potentially 'vulnerable customers' by virtue of their respective limitations. Given that customers with either form of limitation (or both forms) might have difficulty making informed decisions - rather than taking steps with a view to seeking to differentiate between the two categories of persons we will apply this vulnerable consumers policy in both circumstances.

While acknowledging that there are limits that we can reasonably be expected to go to in seeking to form a view as to whether or not a customer has, or may have, some form of capacity limitation, it is good practice in literature provided to customers prior to providing a product or service to invite customers to disclose (on a voluntary basis) whether there are any issues relating to their health or general well-being which may be relevant to the consideration of any product or decision by the firm.

Any such invitation should make very clear that the only purpose such information would be used for would be to better facilitate an informed service being provided.

If a customer provides information which indicates that he does, or may, have some form of mental capacity limitation that might impact on his ability to make an informed decision, this should not lead to him automatically being denied access to the product or service being sought.

It should act as a trigger for us to consider what reasonable steps might be taken in order to amend our ordinary processes to ensure that the customer is treated fairly and a positive outcome results for the customer.