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Supporting Vulnerable Clients:
How Blackfinch Can Help

Introduction

As a financial adviser, you will work with clients experiencing a wide range of personal circumstances that may affect their ability to make financial decisions or engage confidently with financial products and services. Whether vulnerability is temporary or long-term, identifying it and responding appropriately is key to delivering good customer outcomes.

At Blackfinch, we recognise the important role advisers play in supporting vulnerable clients, and we are committed to working with you to ensure those clients receive the care, consideration and flexibility they need.

Understanding Vulnerability

The Financial Conduct Authority (FCA) defines a vulnerable customer as:

"Someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care."

Vulnerability can arise from a wide range of circumstances, including:

- Physical disabilities or long-term health conditions
- Mental health conditions
- Cognitive impairments affecting memory, understanding or decision-making
- Financial difficulties or low financial resilience
- Low financial capability, literacy or confidence
- Language barriers
- Significant life events such as bereavement, divorce, redundancy or caring responsibilities

Importantly, vulnerability is not always permanent. Some clients may experience temporary vulnerability following a life event, while others may have ongoing circumstances that require longer-term support.

Identifying Vulnerability

Many advisers are already skilled at recognising when additional support may be needed. Clients may disclose a vulnerability directly, or there may be indicators during meetings, telephone conversations or written communications.

Examples include:

- Difficulty understanding information or asking for repeated explanations
- Hesitation when making decisions
- Signs of confusion or forgetfulness
- Language or communication barriers
- Increased anxiety around financial matters
- Reliance on family members or carers during discussions
- References to health conditions, medication or recent life events

Documentation, suitability discussions and ongoing client relationships can often provide valuable insight into a client's circumstances and help advisers tailor recommendations appropriately.

How Blackfinch Supports Vulnerable Clients

Supporting vulnerable clients does not always require complex interventions. Often, relatively small adjustments can make a significant difference.

By sharing relevant information about a client's needs, advisers can help us ensure that our interactions are tailored appropriately. Depending on the circumstances, Blackfinch can provide additional support through:

Adapting Communication

Allowing Additional Time and Flexibility

Maintaining Fair Access

Adapting Communication

We can:

- Provide information in writing where preferred
- Allow additional time for clients to consider information
- Ensure we use clear, jargon-free language
- Ensure technical terminology is fully explained
- Offer large-print materials where appropriate
- Explore alternative language options where available
- Coordinate communications with advisers to ensure clients have adequate time to seek advice

Allowing Additional Time and Flexibility

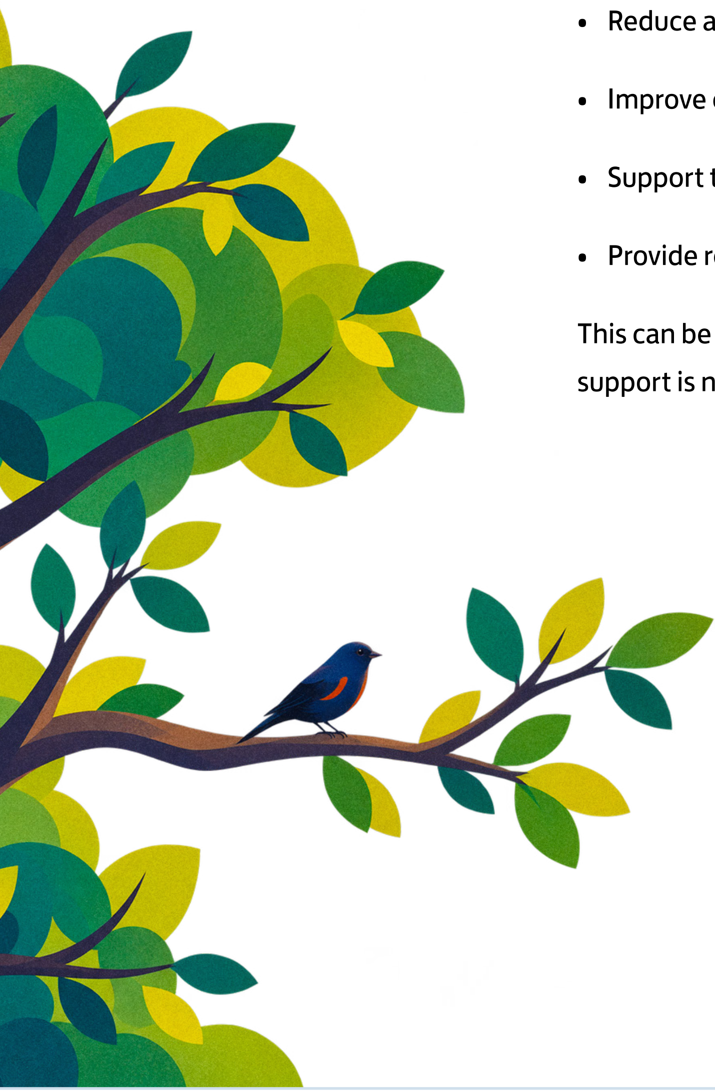
For clients experiencing bereavement, illness or other challenging life events, we can take a more flexible approach to communication and engagement, helping reduce unnecessary pressure during difficult periods.

Maintaining Fair Access

We believe vulnerable clients should continue to have access to products and services where they meet suitability requirements. Identifying vulnerability should not prevent a client from accessing an appropriate solution.

Instead, we seek to ensure they receive the additional support, time and consideration required to make informed decisions.

Supporting Clients Through Real-Life Situations



Scenario 1: Supporting a Bereaved Client

A client has recently lost their partner and is dealing with the emotional and practical challenges that follow bereavement. Alongside managing personal affairs, they may also need to navigate inheritance tax (IHT) liabilities.

In situations such as these, advisers can introduce solutions that help simplify the process and reduce stress.

For clients invested in the Blackfinch Adapt IHT Service or Adapt AIM Service, the HMRC Direct Payment Scheme (DPS) can help. As a voluntary member of the scheme, Blackfinch can facilitate the direct payment of IHT liabilities from the deceased's qualifying holdings to HMRC.

This can help:

- Reduce administrative burden on executors
- Improve estate administration efficiency
- Support the probate process
- Provide reassurance during an already difficult time

This can be a valuable practical solution for clients and their families when support is needed most.

Scenario 2: Supporting an Older Client Concerned About Inheritance Tax

An 80-year-old client wishes to pass wealth efficiently to her children and grandchildren but feels anxious about inheritance tax and lacks confidence when discussing investment solutions.

As her adviser, you take time to understand her objectives, future financial needs and capacity for loss. Following a thorough review of her circumstances, it becomes clear that her estate is likely to be subject to an inheritance tax liability.

Having established that her future expenditure and potential care needs have been considered, you discuss appropriate mitigation options, including Business Relief-qualifying investments such as the Blackfinch Adapt IHT Service.

By taking time to explain the solution clearly and at a pace that suits the client, you help address her concerns and enable her to make an informed decision with confidence.

Working Together to Deliver Better Outcomes

Vulnerability presents itself differently in every client. There is no single approach that works for everyone.

By identifying vulnerabilities early and sharing relevant information with us, advisers can help ensure clients receive the appropriate level of support throughout their journey. Blackfinch remains committed to working alongside advisers to deliver fair, consistent and positive outcomes for vulnerable clients, while maintaining access to appropriate investment solutions where suitable.

Together, we can help ensure that clients receive the care, understanding and support they need to achieve their financial objectives.

Risks

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the FCA key risks?

1 - You could lose all the money you invest. If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2 - You are unlikely to be protected if something goes wrong. Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker (https://www.fscs.org.uk/check/investment-protection-checker).

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection (https://www.financial-ombudsman.org.uk/consumers).

3 - You won't get your money back quickly. Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.

The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

If you are investing in a start-up business, you should not expect to get your money back through dividends.

Start-up businesses rarely pay these (https://www.financial-ombudsman.org.uk/consumers).

4 - Don't put all your eggs in one basket. Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

A good rule of thumb is not to invest more than 10% of your money in high-risk investments (https://www.fca.org.uk/investsmart/5-questions-ask-you-invest).

5 - The value of your investment can be reduced. The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.

These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website (https://www.fca.org.uk/investsmart).

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