

In ACCORD. Know your client - fully

Vulnerability, Protected Characteristics & Client Values - A practical guide for financial advisers and compliance teams

Purpose of this document

This paper is intended to support advisers and compliance professionals in thinking more clearly and confidently about vulnerability under Consumer Duty - particularly where client values, beliefs or other client preferences (including sustainability considerations) may play a role.

It is not intended to introduce new regulatory obligations, nor to suggest that all clients are vulnerable. Instead, it aims to highlight an often-overlooked area of client harm, and to offer a practical lens for identifying and supporting clients more effectively.

The guide draws on:

- [FCA FG22/5](#)
- [The Equality Act 2010](#)
- [The Financial Vulnerability Taskforce](#)
- [The Comentis Vulnerability Support Framework](#)
- [In ACCORD's practical compliance experience](#)
- [Climate anxiety article](#)

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1. Why vulnerability remains a live issue for advice firms

Most advice firms are already familiar with the FCA's focus on vulnerability. Many have policies, training and flagging systems in place.

However, Consumer Duty has subtly raised the bar.

The expectation is no longer just that firms *can* identify vulnerability, but that they can:

- recognise it when it arises in different forms,
- respond proportionately, and
- evidence that response in a way that genuinely supports good outcomes.

Importantly, vulnerability is now understood to be:

- **widespread** (over half of adults may experience it at some point),
- **dynamic** (it can appear and disappear), and
- **contextual** (it depends on how a person responds to a situation, not just the situation itself).

This means vulnerability is not limited to obvious or permanent conditions. It can arise in subtle ways – including during conversations about money, beliefs, and long-term decisions.

2. Vulnerability is about response, not labels

Both the FCA and Comentis are clear on a crucial point:

Vulnerability is not defined by a characteristic alone, but by how a person is affected by their circumstances.

Comentis describes this through a three-part process:

- A trigger or driver
- An emotional, psychological or cognitive response
- A resulting risk of harm

This “causative nexus” - the link between trigger and response - is where vulnerability truly sits. From an advice perspective, this is helpful. It moves the focus away from categorising clients, and towards paying attention to how clients are reacting, particularly when topics feel personal, sensitive or emotionally charged.

3. Where values and beliefs come into the picture

In most firms, vulnerability processes focus on areas such as:

- health,
- life events,
- financial resilience, or
- capability and understanding.

What is often less explicit is the role that values, beliefs and identity-linked views can play in shaping a client's emotional response to investment decisions.

These may include:

- religious or faith-based beliefs,
- ethical or moral commitments,
- strong environmental or sustainability concerns,
- deeply held philosophical views.

These may also include other values or personal priorities that are important to the client.

For many clients, these beliefs are not casual preferences. They are closely tied to identity, meaning and trust.

When advice or investments appear to conflict with those beliefs, the emotional response can be significant - even if the portfolio is technically suitable.

4. Values-related distress fits squarely within existing vulnerability frameworks

This is not about creating a new category of vulnerability.

When viewed through the Comentis framework, values-related distress aligns naturally with recognised vulnerability drivers, for example:

- Low mood or anxiety arising from perceived conflict between investments and beliefs
- Reduced engagement when clients feel uncomfortable or conflicted
- Cognitive overload when complex sustainability or investment-related concepts are not well understood
- Lower resilience where clients feel they have compromised on something deeply important

In practice, advisers may see this as:

- unease or withdrawal during discussions,
- confusion or frustration,
- loss of confidence in decisions,
- reluctance to engage further.

These are exactly the kinds of responses vulnerability frameworks are designed to address.

5. Protected characteristics and unintended harm

The Equality Act reminds firms to take particular care where protected characteristics are involved – including religion or belief, disability, age and mental health.

The key point here is not that holding a belief creates vulnerability, but that harm can arise when those beliefs are overlooked, misunderstood or unintentionally breached.

For example:

- a faith-based client discovering holdings that conflict with religious principles,
- a client experiencing climate-related anxiety feeling unheard or dismissed,
- a client struggling to articulate ethical concerns due to confidence or capability barriers.

In each case, the risk is not ideological – it is practical and emotional.

6. Creating safer, clearer disclosure environments

Comentis places strong emphasis on:

- reducing barriers to disclosure,
- creating multiple opportunities for clients to share information,
- explaining how disclosures will be used.

This applies just as much to values and beliefs as it does to health or life events.

Many clients will not volunteer this information unless:

- they are invited in a neutral, non-assumptive way,
- they understand why it matters, and
- they trust that it will be handled respectfully.

Structured, well-explained conversations about investment preferences help to:

- normalise disclosure,
- reduce emotional friction, and
- surface potential issues earlier, when they are easier to address.

Tools such as structured preference pathways can support these conversations by helping clients express what matters to them in a clear and proportionate way.

7. Supporting clients proportionately and confidently

Where values-related vulnerability is identified, support does not need to be complex or dramatic.

Often it involves:

- slowing the pace of conversations,
- clarifying options and trade-offs,
- reassuring clients that there are choices,
- documenting preferences clearly to avoid repeat distress,
- being clear about what is possible, and where limitations may apply.

In some cases, longer-term adjustments may be appropriate, such as:

- reviewing investment pathways,
- revisiting preferences at reviews,
- improving clarity in suitability explanations.

Only in more acute situations would external signposting be appropriate – and this mirrors existing vulnerability approaches.

8. Why this matters for firms, not just clients

Addressing this area well:

- strengthens Consumer Duty alignment,
- reduces suitability and remediation risk,
- supports paraplanners and compliance teams with clearer evidence,
- improves client trust and engagement.

Importantly, it also protects advisers.

Many complaints and issues arise not from poor intent, but from misunderstandings that were never surfaced early enough.

9. Moving from awareness to action

None of this requires firms to:

- promote particular investment approaches,
- become values experts, or
- change their advice philosophy.

It does, however, encourage firms to reflect on whether their existing vulnerability and suitability processes:

- create space for these issues to emerge, and
- equip advisers to respond calmly and consistently when they do.

The checklist that follows in section 10 is intended as a practical prompt to support that reflection.

10. Vulnerability and investment preference checklist

Creating a preference environment

- Have you provided a clear, pre-meeting explanation of different investment approaches, including how client preferences may be reflected?
- Have you created opportunities for the client to talk about their preferences?
- Have you explained how preferences can be used to build an investment solution?

Identification (triggers / drivers)

- Does the client have strong religious, ethical or sustainability beliefs?
- Did they express distress or discomfort about certain investment types?
- Have you checked for value-portfolio conflict?
- Are there emotional responses (anger, sadness, anxiety, confusion)?
- Any signs of low resilience or low mood linked to values?

Assessing the causative nexus

- Does the belief/values trigger a vulnerability response?
- Does the conflict affect concentration?
- Does it reduce their engagement?
- Are they overwhelmed or confused?
- Is there evidence of impaired resilience?

Support (immediate & long-term)

- Have you adjusted communication style?
- Have you provided written explanations?
- Have you offered shorter/longer meetings or breaks if needed?
- Have you used appropriate pathways or approaches to reflect the client's preferences?
- Have you referred to external resources if distress is severe?

File documentation

- Trigger identified
- Trigger/response discussed
- Support delivered
- Preferences reflected in suitability
- Ongoing review scheduled