



Chartered
Insurance
Institute

Standards. Professionalism. Trust.

Consumer Duty, Proportionality and Vulnerability Management for Financial Planning Firms

Roundtable summary report

Contents

As a chartered body with a public interest mandate, the Chartered Insurance Institute provides a forum where stakeholders can collaborate on shared challenges. Our independence enables honest dialogue, facilitating the development of sector-wide guidance and recommendations that strengthen professional standards and deliver better customer outcomes.

- **Executive summary**
- **Introduction**
- **Principles to understand what proportionality means**
- **Proportionality in practice: case studies**
 - Case study 1: Boardroom re-grounding
 - Case study 2: Critical illness pension withdrawal journey
- **Breakout discussions**
 - Topic 1: Evidencing outcomes for vulnerable clients
 - Topic 2: Proportionate record-keeping and documentation
- **The core debate: emerging challenges**
 - Recording vulnerability: fear, disclosure and GDPR
 - Should good outcomes differ between vulnerable and non-vulnerable clients?
 - Measuring outcomes beyond the endpoint
 - The need for consistent data
 - The advice gap and barriers to entry
 - Power of attorney abuse
- **Conclusion and next steps**
- **Participants**

Executive summary

The CII Group convened financial planning practitioners, regulatory representatives, compliance experts and vulnerability specialists to examine how firms can apply proportionality to Consumer Duty requirements and vulnerability management. This was the first roundtable in the Road to Consumer Trust series focused on the financial planning profession, recognising the sector's differentiated needs around deep client relationships, the nature of advice conversations, and the range of firm sizes.

The FCA's supervisory priority during 2026 is evidence over intent: firms must demonstrate that Consumer Duty is embedded with clear outcomes monitoring and proof. Four principles were outlined for determining proportionate approaches to meet this: the size of the firm, its role in the distribution chain, the characteristics of its client base, and the risk profile of the products and services offered.

Proportionality in practice was demonstrated through two use cases: a boardroom re-grounding exercise that restored clarity around Guidance for firms on the fair treatment of vulnerable customers (FG21/1) foundations, and a financial planning firm that used journey mapping to redesign its critical illness withdrawal process. Both use cases illustrated that proportionality rests on clarity and consistency of approach, and that inclusive design is a more reliable route to good outcomes than reacting to individual disclosures.

The discussion identified systemic challenges: the advice gap, where vulnerable individuals may never become clients because barriers to entry are too high; the risk of power of attorney abuse, where the legal framework offers limited protection once an attorney is in place; and cultural barriers within firms where fear of GDPR, subject access requests, and the compliance burden discourages vulnerability recording altogether.

Participants concluded that:

- firms should measure the same outcomes for vulnerable and non-vulnerable clients, and track the additional support provided to achieve those outcomes;
- evidence of good outcomes throughout the journey, not just at the endpoint, was essential;
- building robust vulnerability data infrastructure was a non-negotiable prerequisite for meaningful outcomes comparison.

The CII Group remains committed to developing practical guidance tailored to financial planning firms and convening further discussions, including representatives from other relationship-based professions.

Introduction

The FCA's Consumer Duty (FG22/5) and Guidance for firms on the fair treatment of vulnerable customers (FG21/1) require firms to evidence consistent delivery of good outcomes for all clients, including those in vulnerable circumstances. A good outcome is one where the client understood their options, was able to act on them, received appropriate support throughout, and was treated fairly. The regulator's 2026 supervisory priorities sharpen this expectation, stating that it now seeks evidence, not just intent, that Consumer Duty is fully embedded.

If there is one theme that has come through consistently in our engagement with firms, it is proportionality, and how to interpret it in practice. Proportionality in this context refers to the principle that firms must meet Consumer Duty requirements in ways that are appropriate to their size, client base, product risk, and role in the distribution chain.

Financial planning firms face particular challenges given the depth of client relationships, the complexity of advice conversations, and the wide variation in firm size from sole practitioners to large networks.

This paper summarises the discussion from a roundtable held on 3 February on this topic. It examines how proportionality applies to outcomes monitoring, vulnerability identification, record-keeping, and the broader challenges firms face.

In March 2026 the FCA published the findings from its review into firms' approaches to consumer understanding, which included examples of proportionate approaches broken down by size of firm. [Consumer understanding: good practice and areas for improvement](#).

Principles to understand what proportionality means

Robert Bell, a compliance expert, presented four principles for assessing what a proportionate approach to Consumer Duty might look like for financial planning firms:

- 1. Size of the firm:** Larger advice firms will need system-driven approaches with dashboard reporting to achieve a bird's-eye view. Smaller firms with a handful of advisers will know their clients personally and may not require entirely data-driven approaches but will still need structured data to evidence outcomes.
- 2. Role in the distribution chain:** Firms interacting directly with clients as distributors need robust communication frameworks. Those sitting between manufacturer and clients with limited ability to impact product design may justify a lighter-touch product governance framework.
- 3. Characteristics of the client base:** Firms serving cohorts with particular vulnerabilities, will need more robust frameworks to mitigate the potential for harm.
- 4. Type of product or service:** Inherently high-risk products place firms at the higher end of the proportionality scale, requiring stronger governance frameworks.

The presentation also identified warning signs of disproportionate approaches:

- **One-size-fits-all:** A single process for all clients identified as vulnerable, suggesting that fundamental thinking about target markets and clients' characteristics has not been considered.
- **Cultural resistance:** Frequent messages within the organisation such as "we're small, do we really have to do that?" when objective assessment reveals potential for clients' harm, indicating the wrong organisational lens.
- **Opaque outcomes monitoring:** If outcomes monitoring data cannot identify whether groups of clients are receiving good outcomes, the framework is insufficiently robust, regardless of firm size.

Continuous improvement over perfection

The FCA's supervisory approach was described as looking for: evidence that firms have thought about their target market, understood clients characteristics, grouped clients appropriately, have senior manager sign-off, and are focused on continuous improvement rather than tick-box compliance.

Proportionality in practice: case studies

Carolyn Delehanty, a vulnerable customer and inclusive design expert, presented two case studies demonstrating how proportionality translates into practice. Inclusive design entails designing processes, communications, and services for clients with a wide range of needs from the outset, reducing the need for individual adjustments.

Case study 1: Boardroom re-grounding

A large financial services firm had lost its way regarding regulatory expectations on vulnerability. The expert re-grounded the board in the simple truth that FG21/1 remains the foundation of vulnerability regulation. It has not been replaced; everything since, including Consumer Duty, sharpens the lens on those original four requirements: identify vulnerable clients, understand their needs, design services and products that meet those needs, and monitor for good outcomes.

When the board asked what proportionality looked like for them, the answer was clear: it's not about doing everything, it is about doing the things that matter most. In this case, that meant establishing simple baseline journeys with clear expectations for advisors, particularly at the points where vulnerable clients are most exposed to friction or harm.¹

Case study 2: Critical illness pension withdrawal journey

A financial planning firm was concerned about a pain point in its journey for clients making early pension withdrawals due to critical illness. Using customer journey mapping, the firm delineated the entire withdrawal process from the clients' perspective, capturing the emotion at each touchpoint, the channels used, moments that impressed or were pivotal, pain points causing friction and harm, and data including timelines.

The picture that emerged was troubling:

- Clients were asked to repeat their health situations multiple times across different contacts.
- The tone of communication varied significantly depending on which advisor the clients spoke to.
- Small paperwork delays were enormous for clients synchronising treatment decisions with end-of-life financial planning.
- There was no consistent method of capturing support needs at the start of the journey.

The solutions were simple:

- A first-contact script so vulnerability and health needs only had to be shared once.
- Consistent timescale explanations to reduce anxiety and uncertainty.
- Permission for a friend or family member to join key calls alongside appropriate safeguarding.
- A vulnerability flag that stays with the clients until they request removal or data cleansing occurs.
- Communication templates for advisors to reduce tone-of-voice variation.

¹ Friction refers to points in a client journey where delays, repeated disclosures, inconsistent communication, or unclear expectations create stress or harm, especially for vulnerable clients.

Proportionality is not about scale

Provided firms have suitable vulnerability data infrastructure providing reliable insight into the characteristics of their client base and target market, both case studies illustrate that meaningful improvement doesn't require new systems or additional resource. It requires clarity, consistency, and deliberate journey design.

The improvements in both cases benefited all clients; a reminder that inclusive design from the outset is the more reliable route to good outcomes rather than reacting to clients disclosures.

Breakout discussions

Topic 1: Evidencing outcomes for vulnerable clients

This group examined different ways in which firms gather evidence on clients' outcomes:

- **Consistent data collection from the outset:** Building consistent data fields into onboarding and review processes from the outset creates the longitudinal record that makes data analysis possible, evidencing not just how individual circumstances change and how the firm responded, but whether interventions are working across the client base.
- **Post-advice suitability surveys:** Several firms use surveys sent after onboarding and review meetings to assess clients' understanding. Online surveys may miss vulnerable clients who cannot engage through that channel, and the group debated whether a proportionate response is to accept a skewed sample or to offer telephone and postal alternatives.
- **Self-identification within surveys:** Some firms add questions about vulnerability characteristics to client satisfaction surveys, enabling separation of vulnerable and non-vulnerable cohorts for analysis. The problem with this approach is twofold: it relies on self-identification, and satisfaction measures don't necessarily equate to good outcomes.
- **The advisor skill set:** Participants emphasised the value of face-to-face advisor skills in identifying vulnerabilities. However, identification alone is not enough to demonstrate outcomes without the right data infrastructure to record vulnerability consistently, or a definition of what good and bad outcomes are for a specific product or service.
- **Cash flow forecasting as an evidence tool:** One firm described maintaining rolling cash flow forecasts from the point clients first engage with the firm, plotting life events and outcomes over time to demonstrate the difference financial advice has made, including adverse events such as insurance claims or poor service experiences.

Topic 2: Proportionate record-keeping and documentation

This group examined how firms can scale from individual client records to aggregate vulnerability insight, i.e. the ability to analyse vulnerability trends across a client base, rather than only at individual file level. It requires consistent, structured data fields rather than free-text notes:

- **The scalability tension:** Individual client interactions produce rich contextual data, but moving from individual records to a firm-wide picture requires consistent and objective classification.
- **The role of paraplanners:** Paraplanners were identified as playing a valuable role in vulnerability identification. Reviewing files away from the live conversation, they can take a step back and identify areas of vulnerability that may not be apparent during the meeting itself.
- **AI as an emerging tool:** Firms using AI in client meetings reported that it can bring consistency and objectivity, but also a risk of false positives and false negatives, which if recorded as factual data would breach GDPR data accuracy principles. Inferred vulnerability data must be corroborated with the client before recording as factual.
- **Separating cause from effect:** Recording what the client needs and what support has been put in place may be less contentious than recording the underlying vulnerability itself. However, practitioners challenged this as insufficient for safeguarding purposes, where the underlying cause directly affects the firm's ability to protect the client.

The core debate: emerging challenges

The plenary discussion surfaced challenges at the heart of how financial planning firms approach outcomes monitoring and vulnerability management.

Recording vulnerability: fear, disclosure and GDPR

Several practitioners described the tension between the regulatory imperative to record vulnerability data and the real-world fears that prevent consistent recording:

- **Subject access requests:** Advisers fear that recorded vulnerability could be disclosed via subject access requests, potentially damaging the client relationship. This concern may reflect practitioner perception more than regulatory risk, and well-worded, professionally framed records are unlikely to cause the harm advisers fear.
- **Commercial risk:** In network models, some advisors prefer not to record vulnerability because doing so triggers additional compliance requirements that slows down the advice process, creating a perverse incentive where the act of identifying a vulnerable clients can make it harder to serve them.
- **The labelling problem:** Vulnerability carries a negative connotation, and many clients would not self-identify as such. Practitioners gave examples of clients who would be disapprove of being identified as displaying characteristics of vulnerability.

Participants observed that the greater harm lies in not recording vulnerability, which prevents the firm from providing appropriate support and from outcome monitoring.

Should good outcomes differ between vulnerable and non-vulnerable clients?

The consensus was that good outcomes should be the same for all clients, but the level of support required to reach that outcome will differ depending on the clients' circumstances.

The FCA saw in its review that some firms were measuring the same data points for vulnerable and non-vulnerable clients, and when viewed side by side, differences in outcomes became visible. However, how firms deliver these outcomes will differ depending on individual circumstances and needs.

Measuring outcomes beyond the endpoint

Outcomes measurement shouldn't focus solely on journey endpoints. A vulnerable client who struggled disproportionately to reach the same result as others has not experienced a fair outcome. Good practice in involves measurements throughout the journey that indicate what the experience looks like at each stage. Multiple sources of evidence, such as complaints root cause analysis, behavioural data, clients surveys are needed to tell the full story.

The need for consistent data

Free-text recording captures rich individual context but can't be aggregated for cohort analysis. AI tools used in client meetings offer structured vulnerability data, though firms noted challenges extracting it from back-office systems and risks of misinterpretation, and inferred data must be corroborated with the client before recording as fact, or it risks breaching GDPR accuracy principles.

Without consistent, objective vulnerability data, firms cannot analyse outcomes across cohorts. Building that data foundation is the essential first step, and the CII's [*Managing Customer Vulnerability in Insurance and Personal Finance: A Practical Implementation Guide*](#) sets out how.

The advice gap and barriers to entry

Participants noted that some firms do not take on vulnerable clients at all, and that requiring special approvals or additional processes for vulnerable individuals risks excluding them from advice they need.

The group observed that while all outcome measurement captures those who become clients, the wider public interest question is whether vulnerable individuals are being well served by the financial advice profession. Consumer Duty should be seen as a driver of business growth: getting it right for vulnerable clients demonstrates the value of advice and builds confidence.

Power of attorney abuse

Practitioners described cases where attorneys are gradually extracting funds from vulnerable clients. The legal framework provides limited protection: once an attorney is in place, the firm has no power to refuse legitimate instructions, and the Office of the Public Guardian ceases investigation if the attorney resigns before action is taken.

Educating clients about power of attorney choices before capacity becomes an issue was identified as a potential protective measure, but the fundamental challenge remains that the legal framework does not easily support early intervention.

Conclusions and next steps

Insights from the discussion include:

- **Build the data foundation first.** Without consistent vulnerability recording, meaningful outcomes comparison is impossible. Firms must start building their data capability now.
- **Demonstrate fundamental thinking.** The FCA is looking for evidence that firms have understood their target market, grouped clients, and are focused on continuous improvement.
- **Same outcomes, different support:** Vulnerable and non-vulnerable clients should achieve the same overarching outcomes, but the support provided to reach those outcomes will differ.
- **Cultural barriers must be addressed:** Perceived fears around GDPR, subject access requests and commercial risk are understandable, but the greater harm lies in not recording vulnerability at all.
- **Embed inclusive design.** Where processes are designed to work for clients with a range of needs from the outset, fewer adjustments require individual escalation, and better outcomes are delivered to all clients.
- **Measure beyond the endpoint.** A good financial outcome or a good satisfaction score are not, by themselves, a good outcome. A good outcome is one where the customer understood their options, was able to act on them, received appropriate support throughout, and was treated fairly.
- **Address power of attorney risk early.** Educating clients about attorney choices before capacity becomes an issue may be an effective intervention within the current legal framework.
- **Treat inferred AI data with caution.** Inferred data must be corroborated with the client before being recorded as fact, or else it risks breaching GDPR data accuracy principles, and misrepresenting the client's circumstances in ways that may affect the support they receive.

Ultimately, firms should see the Consumer Duty as a growth driver. Firms that exclude vulnerable clients risk missing both a regulatory expectation and a commercial opportunity. Designing services that work well for vulnerable customers can broaden the client base and demonstrate the value of advice. It can also reduce the cost of handling vulnerability on an ad hoc basis and lower training costs through clearer, more consistent processes.

The CII and PFS will:

- Reflect on whether there is scope to develop practical guidance tailored specifically to financial planning firms.
- Consider convening further stakeholders, including representatives from other relationship-based professions.

For guidance on holistic vulnerability management, see the CII's [Managing Customer Vulnerability in Insurance and Personal Finance: A Practical Implementation Guide](#).

Participants

- **Rob Bell**, RB Consulting, Director and Founder
 - **Scott Daniels**, Plus Group, Director and Co-Founder
 - **Carolyn Delehanty**, Delehanty Consulting, Vulnerability and Inclusive Design Consultant
 - **Rachel Gale**, The Openwork Partnership, Technical Advice Consultant
 - **Eddie Grant**, Cabinet Office Disability and Access Ambassador, NED Personal Finance Society (PFS) and European Financial Planning Association (EFPA), Chair of the Finance in Society Research Institute (FISRI)
 - **Phil Greenwood**, Equity Investors, Head of Technical Consulting
 - **Martin Grimwood**, FWD Research, Director
 - **Adam Johnson**, New Forest Wealth Management, Director
 - **Natalie Kempster**, Financial Management Bureau, Chief Client Officer
 - **Kath Harvey**, Melo, Head of Progress
 - **Timothy Hedley**, Rathbones, Talent, Performance and Learning
 - **Ursula Sweis**, Fairstone, Group Regulatory Director
 - **Helen Timmins**, St James's Place, Head of Client Outcomes
 - **Chris Widdowson**, Progeny, Client Relations Manager
 - **Alex Williams-Jones**, FCA, Senior Associate - Supervision, Policy & Competition - Consumers and Competition
-
- **Matthew Connell**, CII, Policy and Public Affairs Director
 - **James Edmonds**, CII Vulnerability Lead
 - **Adam Harper**, CII, Executive Director, Strategy, Advocacy and Professional Standards
 - **Vanessa Riboloni**, CII, Head of Research and Insight



Chartered
Insurance
Institute

Consumer Duty, Proportionality and Vulnerability Management for Financial Planning Firms

Roundtable summary report