



Verifying client identity, income and expenditure

Questions have been raised from across the network about the Financial Conduct Authority (FCA) rule relating to the verification of identity, income and expenditure and what the interpretation of this rule looks like in practice. This guidance gathers the information that is already available from the FCA rules and the Supporting Guidance for Participating Organisations, and provides our interpretation along with some examples of what verification looks like in practice.

Why is verification of ID, income & expenditure needed?

The FCA regulates the consumer credit industry. Each individual local Citizens Advice must be authorised (licensed) by the FCA to undertake the regulated activities of debt counselling, debt adjusting and providing non-commercial credit information services. For more information on FCA requirements see [Debt and credit services: Financial Conduct Authority requirements](#).

Regulated firms must follow the rules contained within the [FCA Handbook](#); for debt advice, the majority of the rules are contained within chapter 8 of the Consumer Credit Sourcebook, most commonly referred to as [CONC 8](#).

What does the FCA rule say?

[CONC 8.5.4R\(1\)](#) says that a firm must 'take reasonable steps to verify the customer's identity, income and outgoings' when providing debt advice.

The FCA includes some guidance in [CONC 8.5.5G](#) which says that 'reasonable steps' depend on the circumstances of the case and the type of service offered. Estimates of expenditure are reasonable where precise figures are not readily available and the use of expenditure guidelines need to take into account the individual circumstances of the client.

While the requirements that ensure regulated firms substantiate an individual's identity, income and expenditure may seem more applicable to firms that provide financial and lending services and to prevent money laundering, they also apply to debt advice. This information helps advisers confirm they're advising the right person, it helps protect clients' information and verification helps ensure that financial statements are accurate, particularly when they're shared with third parties.

General principles

What is required?

What should be recorded on Casebook?

Advice only

Income and expenditure

A client must be asked to provide evidence of their income and expenditure at the outset. If the evidence isn't provided at the outset, this must be followed up with reminder requests in any subsequent calls and letters.

Where evidence has been requested from the client, each request should be documented on Casebook. Once sufficient evidence has been provided, the fact that the client's income and expenditure has been verified must be recorded. Where a financial statement is to be shared with a third party, the evidence is expected to be attached to the client's record.
Where evidence of income & expenditure has not been provided, the reasons for this should be recorded in the case notes.

Identity

A client must be asked to provide evidence of their identity at the outset. If the evidence isn't provided at the outset, this must be followed up with reminder requests in any subsequent calls and letters.

Where evidence has been requested from the client, each request should be documented on Casebook. Once sufficient evidence has been provided, the fact that the client's identity has been verified must be recorded. The types of documents checked should also be recorded.

Documents checked solely to verify a client's identity should **not** be attached to Casebook, or saved on other systems. Documents such as passports & driving licences should never be saved on Casebook or other systems. Documents that are used to verify identity but are also required for the client's case, e.g. utility bills, may be saved.
Where evidence of identity has not been provided, the reasons for this should be recorded in the case notes.

Casework

Income and expenditure

A client must be asked to provide evidence of their income and expenditure at the outset, and if the evidence isn't provided this should be followed up with reminder requests in any subsequent calls and letters. Further attempts to obtain this evidence are expected.

Where evidence has been requested from the client, each request should be documented on Casebook. Once sufficient evidence has been provided, the fact that the client's income and expenditure has been verified must be recorded, and the evidence should be attached to the client's record.
Where evidence of income & expenditure has not been provided, the reasons for this should be recorded in the case notes.

Identity

Requirements are the same as for advice cases.

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Should I wait until verification has been completed to provide advice?

Verifying the identity, income and expenditure of a client must not be a barrier for that client to access advice. Our support and advice should be in the best interests of the client (CONC 8.3.2R(1)(a)) and so the provision of advice should not be delayed pending verification. Where evidence has not been provided by the client, attempts to verify identity and income and expenditure should be made in every contact with the client until evidence is received.

Notes and/or client letters should confirm that the advice provided is based on the information provided by the client and that incorrect information may result in incorrect advice. Where income and expenditure has not been verified the adviser should not continue to the point of negotiating on behalf of a client, apart from in exceptional circumstances.

Is verification required at the CIA/DAT stage or with webchat and email clients?

A Common Initial Assessment (CIA) or Debt Assessment Tool (DAT) is information only and so verification of identity or income and expenditure is not required by the FCA at this stage.

Verification of identity or income and expenditure evidence is not required when advice is provided solely by web chat or email. If you can be sure that the client has an ongoing case with an LCA then it would be appropriate to try and verify that you're communicating with the client by asking them to confirm information that we hold on file about them.

How can I support vulnerable clients with verification?

You should ensure that any potential client vulnerability is identified and that steps are taken to understand the difficulties the client may have providing evidence of identity and income and expenditure. Consideration must be given to how advice and action can be adapted to accommodate a vulnerable client's needs to ensure that there is no advice barrier.

What should I do where income and expenditure evidence is held jointly with someone else?

Where a client's income and expenditure evidence is held jointly with another person, it is preferable to make efforts to inform that person that we hold information about them (it may not be appropriate where the client wishes the advice to be kept confidential). It would be helpful for advisers to actively get permission from clients before contacting third parties, in case there are domestic violence issues. We must always consider whether it is genuinely necessary to record information about a third party on a client's record in a way that identifies them. Without the third party's consent we are able to store their personal data under a legitimate interest, providing that it doesn't include their **special category data** as explained in our [Guidance for consent queries](#). If special category data of a third party is required in order to advise a client or meet evidential requirements, consult the [Guidance for consent queries](#) or contact Operations support for alternative approaches.

Where third party evidence provided includes their special category data, the evidence should not be attached to Casebook. In these circumstances it is acceptable to make a note of the accurate income and expenditure information without attaching the evidence to the client's notes. Notes must include an explanation as to why the evidence is not attached to the case.

How should I deal with income and expenditure for a client living in a joint household?

If only one half of a joint household is seeking advice, income and expenditure should be split to accurately reflect how their spending is currently distributed. There is detailed information on doing a single financial statement in the Medium article [How to draw up a financial statement for a DRO — 'A Single statement' revamped](#).

If a client's identity has already been verified do I need to check again?

It is expected that once the client's identity documents have been checked and identity verification is recorded on file, in future interactions the client's identity should be verified on the basis of previous contact, without disclosing anything confidential to the client before verification is complete. Advisers should ask the client some questions about the information that we hold on file about them and if the client can accurately confirm the information then there is usually no need to check their evidence again, apart from in certain circumstances (outlined below). If the client can't accurately confirm the information held on file, then they should be asked to provide evidence of their identity.

GDPR requests

Where a client is exercising their rights under the GDPR (for example to delete their information, or request a copy), it may be that in some circumstances, depending on the potential risk to the individual, we would want to verify or re-verify the client's identity. For example, where a client is making a request to delete all their information and we are unsure they are genuinely the client, or we believe there is a risk of coercion. If you are unsure, contact the Operations Support team.

Client returns after a year or more

If the client returns and it is over a year since they last received advice then their identity should be re-verified. If the client is unable to provide evidence to meet the requirements of any of the Routes to ID verification (outlined below), you should take into account whether the client was previously able to prove their identity when assessing whether it's appropriate to proceed in giving advice, and this should be noted on Casebook.

If a client's income and expenditure have already been verified do I need to check again?

Once the client's income and expenditure have been verified, their evidence only needs to be re-verified if their circumstances have changed or more than 3 months have elapsed, provided the client is still being advised on the same matter. This is the case even when the client has been referred to another agency.e.g. the DRO Hub, provided they're still being advised on the same matter and will get new proof if evidence is over 3 months.

If the client later returns because they need further advice on the same or a separate debt issue, or because their circumstances have changed, then their income and expenditure should always be re-verified.

Do I need to see physical copies of the client's verification documents?

Clients can scan or photograph their ID and income and expenditure evidence and send this electronically, either where they didn't have their documents with them when they attended their appointment, or in the case of telephone clients. See the [Handling Data](#) and note that

this is subject to information assurance controls. We have a legal responsibility for the information once we have received it. Where clients send electronic copies of ID documents these **should always** be securely deleted from all systems once verified.

Can I submit a DRO if income and expenditure have not been verified?

An approved intermediary (AI) may be asked to submit a DRO application by a client who the AI believes is not eligible for a DRO. In this case they should use the [sample letter here](#) to confirm the risk of proceeding. Insolvency Rules (rule 9.5) say an AI **must** submit an application when asked to do so by the client, and in theory this might happen where income, expenditure and debts have not been verified. The Insolvency Rules must be followed though and the application submitted. The adviser should make clear case notes and adapt this [letter](#) explaining eligibility could not be fully determined as the client did not give the AI enough information to verify eligibility.

Can I request a credit report if the client's identity has not been verified?

The client identity verification checks should always be completed prior to obtaining a credit report on behalf of a client.

Verifying income and expenditure

The following documents are acceptable evidence to verify a client's income and expenditure

Income	Expenditure
Bank statement	Bank statement
Wage slip	Spending diary
Benefits award letter	TV licence
Student loan or registry notification	Water / telecoms bill
Child maintenance letters	Child maintenance letters
	Any other bill for an essential service

Checking a client's identity

You should **not** take copies or scans of client documents during the ID verification process. You should only review the relevant documents as outlined below, and make a note of the documents that you have seen. See [summary guidance](#) as well.

Example scenarios

Identity verification

The FCA has a list of acceptable documents for opening a bank account to use when obvious ID is not available; the same principles of which can apply to debt advice. You can access the list of documents [here](#).

Example 1 - A client calls your telephone line for advice and talks to a debt adviser straight away. The adviser asks for evidence of identity at the start when explaining the service. At the end of the advice session the client is asked, as part of their next steps, to provide evidence that verifies their identity. There is no further client contact. In this situation the adviser has taken reasonable steps to verify the client's identity.

Example 2 - A client meets with a debt adviser and has brought in a recent credit card statement, council tax bill and their driver's licence. Their identification is verified.

Example 3 - A client attends your drop in service. They are homeless, they are not claiming benefits and cannot provide any of the examples of acceptable proof for verification. Identification cannot be verified but advice and support continues as this is in the best interests of the client. Attempts could be made to verify identity with a homeless shelter. This could be by letter or phone call noting the name of the person an adviser speaks to at the shelter. The FCA has a list of acceptable documents for opening a bank account to use when obvious ID is not available; the same principles of which can apply to debt advice. You can access the list of documents [here](#).

Income and expenditure verification

Example 1 - A client has made an informed decision after options advice and would like to use their disposable income to make pro rata payments to their creditors. They are capable of making these offers themselves but would like to include the financial statement that has been drafted by your local office. Though this is an advice only case, the financial statement will be shared with a third party and therefore evidence of income and expenditure must be on file.

Example 2 - A client has opted for a Debt Relief Order (DRO) as a way of dealing with their debts. Your Authorised Intermediary has taken responsibility for the case and is supporting the client through the applications process on a casework basis. It is expected that evidence of income and expenditure is on file to ensure that 1) the client qualifies for a DRO and 2) that the implications of a DRO have been fully identified and explained to the client.

Example 3 - A client has accessed advice via your telephone service. The client is unable to verify their income and expenditure over the phone and agrees to send this on to the local office. The advice process continues with the adviser explaining that any advice provided so far is based on what the client has told them and that if this is wrong, this could lead to incorrect advice. The adviser asks the client to provide this again, as part of next steps.

Example 4 - A client attends for advice but their partner is not present. There are joint debts and both contribute to the household expenditure from their own wages. Only the client wants debt advice and does not want their partner to find out about this. The adviser is able to verify the client's identity, income and expenditure at the appointment but not their partner's. The adviser could continue to give advice, apportioning any expenditure based on the client's income only and could note the client's wishes that the advice be kept confidential from their partner. This would justify why it is inappropriate to request verification from the partner.

Example 5 - This time the client's partner does want debt advice but is not at the appointment. The adviser is unable to verify the partner's identity, income and expenditure. They could continue to give advice and clearly note that they were unable to verify at the appointment, but they will request verification documents as follow up work. The case notes

should also clearly state that the advice is as accurate as possible based on what their client has told them, but that some information is not yet verified.

NB: It is preferable to get a partner's consent to store their proof of identity, income and expenditure but in some cases we may not receive consent despite asking for it. We should always ask for consent where appropriate (but see example 4). Without the partner's consent we are able to store personal data which would include details of their identity, income and expenditure, as a legitimate interest. We would not be able to store special category data without their consent.