Growing together, with integrity and respect

Money Wise UK® – Compliance FCA Advice Review Consultation (CP26/10)

March 2026

© Money Wise UK 2026

This document summarises the key proposals within the FCA's consultation on simplifying and modernising the advice framework, alongside the potential opportunities and risks for financial planning firms.

The consultation forms part of the broader Advice Guidance Boundary Review, aiming to:

- Improve access to advice
- Enable innovation in service delivery
- Maintain consumer protection through Consumer Duty principles

Paper: https://www.fca.org.uk/publication/consultation/cp26-10.pdf

First Published: 25 March 2026
Consultation Closes: 22 May 2026

Executive Summary

FCA Advice Reform – What It Means for Financial Planning Firms

The FCA's latest consultation represents one of the most significant shifts in the advice framework since the Retail Distribution Review.

However, this is not a fundamental rewrite of what good advice looks like.

Instead, it is a reframing of how advice can be delivered, evidenced and priced, with a clear objective:

To enable more consumers to access financial support, while maintaining standards and improving outcomes.

The Structural Issue

At the heart of the consultation is a challenge the profession has long recognised:

- Only 8.6% of UK adults received regulated financial advice in 2024
- Many firms operate with minimum asset thresholds of £250,000–£300,000+
- The typical DC pension pot at retirement sits materially below this level

This creates a structural gap:

- Many consumers need advice
- But do not fit traditional advice models

The FCA's response is not to dilute advice standards, but to enable a broader range of support models, including:

© Money Wise UK 2026

- Guidance
- Targeted support
- Simplified (limited scope) advice
- Full holistic advice

This introduces a continuum of support, rather than a single "full advice" model.

What Is Actually Changing

Across the consultation, three core themes emerge:

1. A Move to Proportionality

- "Necessary information" becomes "sufficient information"
- Suitability becomes more judgement-led
- Processes can be scaled to the client need

2. Greater Flexibility in Ongoing Services

- Annual reviews replaced by periodic reviews
- Firms can design tiered and flexible service models
- Increased focus on fair value and clear service definition

3. Stronger Reliance on Consumer Duty

- Less prescriptive rules
- More emphasis on:
    - Good faith
    - Avoiding harm
    - Supporting financial objectives
    - Consumer understanding

The Opportunity for Financial Planning Firms

For many firms, particularly those already operating structured planning-led models, these changes are evolutionary.

However, they create clear strategic opportunities.

1. Expansion of Service Models

Firms can now more confidently develop:

- Lower-cost entry points
- Modular or single-issue advice

© Money Wise UK 2026

- Technology-enabled advice journeys
- Segmented client propositions

This opens access to previously underserved clients.

2. Better Alignment Between Service, Cost and Value

The removal of prescriptive requirements allows firms to align:

- Client complexity → Service level → Fee structure

This supports:

- Improved profitability
- Better client outcomes
- Stronger Consumer Duty alignment

The Decumulation Opportunity

Perhaps the most important strategic opportunity sits within retirement and decumulation.

The UK demographic backdrop is clear:

- A growing population aged 60+
- Increasing numbers entering drawdown
- Greater responsibility placed on individuals post-pension freedoms

This creates sustained demand for:

- Retirement income planning
- Withdrawal strategies
- Tax-efficient income
- Longevity risk management
- Behavioural support through market cycles

Why This Matters in the Context of the FCA Changes

The move to flexible ongoing services and periodic reviews aligns directly with decumulation:

- Clients in drawdown typically require:
  - More frequent interaction
  - Ongoing monitoring
  - Dynamic planning
- Clients in accumulation may require:

© Money Wise UK 2026

    - Less frequent reviews
    - Lower-cost servicing

This creates a natural segmentation:

Client Type	Service Intensity	Review Frequency	Commercial Model
Accumulation	Lower	Periodic	Lower-cost / scalable
Decumulation	Higher	More frequent	Higher-value ongoing

Strategic Implication

Firms that build clear, structured retirement propositions (such as CRP-style frameworks) are well positioned to:

- Demonstrate clear value for ongoing fees
- Deliver genuinely differentiated services
- Align fully with Consumer Duty expectations

In simple terms:

Decumulation is where ongoing advice becomes most valuable — and most defensible.

The Risks

The consultation also introduces a shift in responsibility.

1. Greater Reliance on Judgement

- Less prescriptive rules
- More need for:
    - Internal frameworks
    - Consistency
    - Clear rationale

2. Increased Scrutiny

- FCA supervision
- Financial Ombudsman Service decisions
- Focus on:
    - Suitability
    - Fair value
    - Evidence of service delivery

3. Risk of Misinterpretation

Flexibility does not mean lower standards.

© Money Wise UK 2026

Firms that:

- Reduce process without justification
- Reduce service without reducing fees

will face challenge under Consumer Duty.

Market Reality

It is important to be realistic.

Many firms targeting higher-net-worth clients:

- Are unlikely to fundamentally change their core proposition
- Will continue to focus on full financial planning

However, the consultation is likely to:

- Encourage new entrants and models
- Enable larger or tech-enabled firms to scale simplified advice
- Gradually reshape how advice is delivered across the market

What This Means in Practice

This consultation is best understood as a shift:

From:

- Process-driven compliance
- One-size-fits-all advice

To:

- Judgement-led advice
- Segmented service models
- Clear alignment between need, service and cost

© Money Wise UK 2026

Final Reflection

The FCA is not asking firms to do less.

It is asking firms to be clearer:

- Clear on who they serve
- Clear on what they deliver
- Clear on why it represents value

For firms already operating structured, planning-led models, this should feel familiar.

For others, it may require a rethink of:

- Proposition design
- Client segmentation
- Ongoing service delivery

Money Wise UK View

The firms best placed to benefit from these changes will typically have:

- Clear client segmentation
- Defined service tiers
- Strong retirement (decumulation) propositions
- Robust governance and documentation
- The ability to evidence value, not just describe it

The opportunity is not simply to do more advice.

It is to deliver:

The right level of advice, to the right client, at the right cost — and to clearly demonstrate why.

© Money Wise UK 2026

Overall Direction of Reform

The introduction from the FCA provides an important starting point, as it sets out not just what is changing, but why.

At its core, the FCA is highlighting a structural issue within the advice market:

- the current model does not serve enough consumers
- too many people fall outside traditional advice thresholds
- the existing regulatory framework, while robust, has unintentionally limited innovation

The direction of travel is therefore clear.

The FCA wants to see an advice market that offers multiple forms of support, rather than a single, full-advice model. This includes:

- guidance
- targeted support
- simplified (limited scope) advice
- full holistic advice

This reflects a move towards a continuum of support, where consumers can access different levels of help depending on:

- complexity
- affordability
- engagement

While simplified advice is not new, it has not been widely adopted in practice. The FCA acknowledges that this is not due to a lack of capability, but rather:

- perceived regulatory risk
- concerns around liability
- uncertainty over how rules are interpreted

As a result, firms have tended to default towards more comprehensive, and often more resource-intensive, advice models.

© Money Wise UK 2026

Direction of reform

The FCA is seeking to move towards:

- a more flexible, outcomes-based framework
- greater reliance on firm judgement
- a broader range of advice and support models

Importantly, this is not about lowering standards.

Qualification requirements remain unchanged, and adviser charging rules continue to apply. The focus instead is on enabling firms to use existing flexibility with greater confidence, while maintaining consumer protection.

Opportunity

These changes create several potential opportunities for firms:

- expansion of service models, particularly:
  - lower cost
  - modular
  - need-specific advice
- ability to serve previously underserved segments of the market
- greater commercial flexibility in how services are structured and delivered
- improved alignment between:
  - client needs
  - service level
  - cost

There is also an opportunity for new entrants and existing firms to develop propositions that sit between guidance and full advice, helping to address the well-documented advice gap.

Risk

However, these opportunities are accompanied by a shift in responsibility.

Key risks include:

- increased reliance on firm interpretation and judgement
- potential inconsistency in advice delivery across firms
- greater scrutiny from the FCA and Financial Ombudsman Service where decisions are not clearly evidenced
- risk of firms misinterpreting flexibility as reduced regulatory expectation

© Money Wise UK 2026

In practice, the move away from prescriptive rules increases the importance of:

- clear internal frameworks
- consistent documentation
- strong governance

Market reality

It is also important to recognise the current structure of the advice market.

Many financial planning firms operate with minimum asset thresholds, often in the region of £250,000 to £300,000 or higher. This naturally excludes a significant proportion of the population from accessing regulated advice.

This is reflected in FCA data, which shows that only 8.6% of UK adults received regulated financial advice in 2024.

When considered alongside wider pension and wealth trends, the gap becomes clearer.

A significant proportion of consumers have meaningful financial needs, but do not meet the thresholds commonly associated with full financial planning services. This creates a structural mismatch:

- advice thresholds are often higher than typical consumer wealth levels
- a large proportion of individuals sit in the space between:
    - needing advice
    - but not qualifying for traditional advice models

The reality is that many firms with higher asset thresholds may not materially change their core positioning.

However, these proposals may:

- encourage the development of new service models
- enable other firms to enter or expand within this underserved space
- gradually reshape how advice is delivered across the market

© Money Wise UK 2026

Final reflection

This consultation is less about introducing entirely new rules, and more about changing how existing rules are applied.

It represents a shift:

- from process-driven compliance
- to judgement-led advice

As a simple way of framing this:

The FCA is not asking firms to do less — it is asking them to be clearer about why they do what they do.

For some firms, this will create opportunity.

For others, it may highlight the need to revisit:

- proposition design
- client segmentation
- ongoing service delivery

For firms already operating a structured, planning-led approach, many of these changes may feel evolutionary rather than revolutionary.

Ultimately, the success of these reforms will depend not on the rules themselves, but on how firms respond to the flexibility they introduce.

© Money Wise UK 2026

Simplifying the Advice Rules

If the introduction sets out the strategic direction of travel, Chapter 2 begins to show how the FCA intends to translate that into changes to the rulebook.

At the heart of this chapter is a relatively simple point. The FCA believes the current framework can support different forms of advice, but in practice firms have not always felt confident using that flexibility. As a result, the market has often defaulted towards fuller, more resource-intensive advice processes, even where a client's need is narrower and more straightforward.

The FCA is therefore proposing to consolidate COBS 9 and COBS 9A into a single framework, COBS 9C, with the aim of reducing complexity and giving firms greater confidence to provide proportionate advice. This is relevant not only to firms giving investment advice, but also to discretionary managers when assessing the suitability of trading decisions.

Why the FCA believes reform is needed

The FCA recognises that regulated investment advice can already be delivered in different ways. These include:

- full scope advice
- limited scope advice
- basic advice
- targeted support

In other words, the market is not intended to be built around a single model of comprehensive advice. The issue, in the FCA's view, is that simpler forms of advice have not become commercially widespread, even though many consumers do not need, want, or wish to pay for a full advice service. The examples given by the FCA include starting an ISA, contributing to a pension, investing a lump sum, or accessing a modest pension in retirement.

This matters in practice. Much of the advice market remains focused on higher minimum asset thresholds, while many consumers sit below those levels but still have genuine planning and investment needs. The FCA's wider concern is that the current framework has contributed to that gap by encouraging firms to collect the same depth of information for simpler cases as they would for more comprehensive advice.

© Money Wise UK 2026

The FCA highlights several reasons why the current rules have had a dampening effect:

- differing suitability requirements across MiFID, non-MiFID and insurance-based business have created complexity
- firms have not always felt the rules clearly permit a proportionate approach
- there is a lack of clarity around knowledge and experience requirements
- language around risk can imply that complex tools are always needed
- suitability reports are often treated as compliance records rather than client communications
- firms want more clarity on how Consumer Duty interacts with suitability
- previous guidance, particularly FG17/8, has not provided sufficient confidence in practice

Perhaps the most important practical point is the FCA's acknowledgement that firms are concerned about retrospective challenge. In simple terms, firms worry that they may later be judged to have collected too little information, even where the client's need was relatively narrow. That fear has encouraged many firms to gather comprehensive information in all cases, which increases cost and makes limited scope advice harder to deliver commercially.

The FCA's own engagement with industry also suggests that larger firms, including banks, insurers, platforms and asset managers, may have more appetite to offer simplified advice, while smaller, more traditional IFAs are more likely to remain focused on comprehensive advice. That feels like an important practical reality.

The FCA's core proposals

A single advice framework

The headline proposal is to consolidate COBS 9 and 9A into a single new chapter, COBS 9C. This would largely remove the distinction between MiFID and non-MiFID business, and between insurance-based investment products and other life policies. The FCA believes this should make the rules easier to understand and easier to apply, particularly for firms advising across multiple product types.

A further consequence is that firms with permission to provide basic advice would again be able to advise on all stakeholder products, regardless of whether they currently fall within MiFID or IDD scope.

© Money Wise UK 2026

“Necessary” information becomes “sufficient” information

This is one of the most significant changes in the chapter.

The FCA proposes replacing the requirement to gather “necessary” information with a requirement to gather “sufficient” information. The intention is to support an outcomes-based approach, where the amount of information gathered is proportionate to the nature of the advice, the complexity of the recommendation, and the characteristics of the client.

The FCA’s example is useful. Where a client wants to invest a lump sum into a diversified stocks and shares ISA, the information needed may be focused mainly on:

- investment objective
- timescale
- risk appetite
- ability to bear risk

By contrast, a more complex recommendation, such as a non-mainstream asset held through a SIPP, would require more detailed information. The key point is that suitability is still required, but the route to demonstrating it should be proportionate.

Importantly, this does not weaken expectations in more complex or higher-risk areas. The FCA is clear that pension transfers involving safeguarded benefits remain subject to the existing additional requirements in COBS 19, and the move to “sufficient” information does not dilute those standards.

Greater emphasis on proportionality

The concept of proportionality runs throughout the chapter.

The FCA wants firms to make reasoned judgements about what information is sufficient in different circumstances, rather than assuming every case requires a comprehensive review of all needs and circumstances. It also intends to support this with updated case studies in due course.

This is one of the clearest signs that the FCA is moving from a more process-led approach towards a judgement-led framework.

© Money Wise UK 2026

Knowledge and experience

The FCA also proposes clarifying that firms do not always need to assess a client's knowledge and experience before making a recommendation, particularly where the recommendation is for a product whose target market includes clients with little or no investment experience. This is likely to be most relevant in simpler, mainstream advice scenarios.

At the same time, the FCA emphasises that firms should still provide information that supports consumer understanding and can, where appropriate, educate clients as part of the process. The aim is not to remove explanation, but to avoid unnecessary friction where the recommendation is straightforward.

For professional clients, the FCA is not currently proposing substantive change. It proposes, for now, to retain the ability for firms undertaking MiFID-scope business to assume that professional clients have the relevant knowledge and experience associated with their classification.

Risk tools and attitude to risk

This is one of the more interesting parts of the chapter.

The FCA proposes using one term, "attitude to risk", to describe the risk a client is willing to take and also clarifies that firms are not required to use complex psychometric tools or detailed questionnaires in every case. Such tools may still be useful, particularly in comprehensive advice or more complex portfolios, but they are not being positioned as the only acceptable route.

The FCA also separates this from the requirement to assess a client's ability to bear loss, which remains a distinct part of assessing the client's financial situation. Again, the emphasis is on proportionality.

From a practical perspective, this should not be read as an argument against risk tools. Used well, they can provide consistency, structure and a useful basis for discussion. However, the FCA is clearly signalling that firms should not assume a complex tool is always necessary simply because risk is being assessed.

A further practical challenge remains for firms with multiple advisers. Even where the FCA allows flexibility, firms still need to be able to demonstrate consistency of approach and consistency of outcome across the business. That becomes particularly important where risk assessment is more discussion-led and less tool-driven.

This may be even more relevant in decumulation. Where the client's priority is sustainable income rather than simply accumulation, standard risk tools may only form part of the picture. Questions around spending needs, income sustainability, capacity for volatility and behavioural comfort often require broader judgement than a single score can provide.

© Money Wise UK 2026

Suitability reports

The FCA's comments on suitability reports are also noteworthy.

There is a clear attempt to move reports away from being treated primarily as defensive compliance documents and back towards their intended purpose: helping the client understand why a recommendation is suitable. The FCA says suitability reports should be concise, consumer-focused, and proportionate to the nature of the advice. They do not need to repeat information or risk warnings already clearly provided elsewhere, particularly where a layered communication approach better supports consumer understanding.

Just as importantly, the FCA states that records evidencing suitability should be kept separately from the suitability report itself. In other words, the report is not expected to carry the full weight of the firm's compliance record.

This reflects a wider point in the consultation: firms should not confuse good client communication with internal evidential record-keeping. Both matter, but they do not need to be the same document.

The FCA is also proposing a more consistent approach to when suitability reports must be provided, generally requiring them before the relevant transaction is concluded, subject to limited exceptions where distance communication makes this impractical.

Greater reliance on Consumer Duty

A central theme running through this chapter is the FCA's intention to rely more heavily on Consumer Duty and remove certain overlapping or redundant Handbook provisions.

The FCA's argument is that Consumer Duty already requires firms to:

- act in good faith
- avoid foreseeable harm
- support customers in pursuing their financial objectives
- ensure consumer understanding

Taken together, it believes these obligations provide a sufficiently strong outcomes-based framework to allow some more prescriptive rules to be removed.

This is a significant shift. It means the FCA is placing more confidence in a principles-based framework, but it also means firms will need to be more confident in their own interpretation and governance. That creates flexibility, but it also increases the importance of being able to explain and evidence why a particular approach is appropriate.

© Money Wise UK 2026

There is also an important nuance here. The FCA acknowledges that where a specific COBS rule is removed and reliance is instead placed on Consumer Duty, consumers may not have the same private right of action they would have had for breach of a Handbook rule. However, the FCA does not believe this results in a material reduction in protection because redress remains available through firms directly, the Financial Ombudsman Service, and wider supervisory or enforcement routes.

FG17/8, charging and qualifications

The FCA also proposes retiring FG17/8 on streamlined advice. Although firms found parts of it useful, particularly the case studies, the FCA considers it outdated and believes its core principles should instead be embedded directly into the new rules, with updated case studies published alongside or shortly after final rules.

On charging, the FCA is not proposing to relax the RDR framework. Regulated advice will still require explicit adviser charging, and vertically integrated firms will still be unable to cross-subsidise advice through product charges. The FCA's view is that relaxing those rules for simplified advice would create arbitrary boundaries and unnecessary complexity.

Similarly, it is not proposing to reduce qualification standards. Level 4 remains the minimum standard for regulated advice, although the FCA notes that the existing training and competency framework already allows supervised trainee routes for up to four years.

Money Wise UK observation

The broad message of this chapter is not that suitability matters less. It is that the FCA wants firms to demonstrate suitability in a way that is more proportionate to the advice being given.

For firms already operating structured, planning-led processes, much of this may feel evolutionary rather than revolutionary. However, for firms that have defaulted to a one-size-fits-all model, this chapter is a clear invitation to revisit how advice is scoped, evidenced and communicated.

In our view, the most important point is this:

The FCA is not removing the need for robust advice; it is trying to remove unnecessary friction that has made simpler advice harder to deliver.

Whether this leads to a meaningful expansion of limited scope advice remains to be seen. The FCA itself notes that larger firms, banks, insurers, platforms and asset managers may have more appetite to develop these models, while many traditional IFAs are likely to remain focused on comprehensive advice.

That feels realistic.

© Money Wise UK 2026

In practice, the firms most likely to take advantage of these changes may be those with:

- scale
- strong process design
- effective use of technology
- clearly segmented client propositions

That said, even firms that do not intend to enter the simplified advice market should not assume this chapter is irrelevant to them. The themes of proportionality, consumer understanding, clearer reporting and stronger reliance on Consumer Duty will affect all firms.

A final practical challenge for firms is no longer simply whether a recommendation is suitable, but whether the firm can clearly explain why the depth of process used was appropriate to the client and the recommendation in question.

© Money Wise UK 2026

Ongoing Advice Services & Suitability Reviews

If Chapter 2 focuses on how advice is delivered, Chapter 3 turns to one of the most commercially significant aspects of the advice market: ongoing services.

This is an area where there is naturally a degree of tension. Financial planning firms need to be commercially viable, and a significant proportion of that viability is driven by ongoing fees. The FCA notes that around 80% of adviser charge revenue relates to ongoing services, covering approximately 3.7 million clients.

That statistic highlights the importance of this area. Ongoing services are not a peripheral part of the advice model; they are central to how many firms operate.

At the same time, the FCA's February 2025 multi-firm review of ongoing financial advice services examined whether firms are delivering the services that clients have paid for. This chapter builds directly on that work and reflects continued regulatory focus on ensuring that ongoing fees are justified by genuine service delivery and client outcomes.

The FCA's position is not that ongoing charging is inappropriate. Rather, it is that ongoing services must:

- deliver genuine value
- reflect differing client needs
- be clearly defined and understood
- be evidenced in practice

Alongside this, the FCA recognises that the current rules may have been interpreted differently across the market and, in some cases, may be overly prescriptive. The direction of travel is therefore towards greater flexibility, but with a stronger emphasis on Consumer Duty.

Why the FCA is focusing on ongoing services

The FCA acknowledges that clients require different levels of support depending on their circumstances.

For some, particularly those with simpler needs or earlier in their financial journey, a lighter-touch service may be appropriate. For others, particularly those approaching or in retirement, ongoing advice may need to be more frequent, more detailed and more hands-on.

© Money Wise UK 2026

The FCA also recognises that firms are operating in a changing environment, including:

- increasing use of technology
- evolving client expectations
- the emergence of different charging models, such as subscription or retainer-style services

This aligns with the broader theme set out earlier in the consultation: a move away from a single standardised approach towards a more flexible range of services designed around client needs.

Clarifying what firms can charge for

A key proposal in this chapter is clarification that firms can offer and charge for services related to advice, even where they are not making a new personal recommendation on each occasion.

In practice, this means that ongoing services can include both:

- proactive elements, such as reviews and planning
- reactive elements, such as availability, support and ad hoc guidance

provided they relate to investments previously recommended to the client.

However, the FCA is clear that this flexibility does not reduce expectations. Firms must ensure that:

- the service meets an identified need within the target market
- the service provides fair value
- clients are given clear information about the nature and cost of the service
- clients can make an informed decision about entering into, continuing, or exiting the arrangement

This is a key practical point. Financial planning firms incur fixed costs, including staffing, technology and regulatory requirements. At the same time, part of the value delivered through ongoing advice is often less tangible, including reassurance, behavioural support and peace of mind.

In this context, firms will increasingly need to clearly articulate:

- what the ongoing fee covers
- what level of service the client should expect
- how often the client should expect interaction
- what is and is not included within the service

Importantly, this is not just about communication. Firms will also need to evidence that the service is being delivered and remains proportionate to the fee charged.

© Money Wise UK 2026

The FCA also proposes clarifying that where ongoing payments relate to the cost of an initial recommendation, rather than an ongoing service, those payments should only continue until the original advice cost has been fully paid.

Moving from annual to periodic reviews

One of the most significant proposed changes is the move away from mandatory annual suitability reviews.

The FCA proposes replacing this with a requirement for firms to carry out periodic suitability assessments, with the frequency determined by the needs and circumstances of the client and in line with Consumer Duty.

The rationale for this change includes:

- varying consumer needs across different life stages
- the cost and resource implications of annual reviews
- the potential for more flexible models to improve access and support fair value

In practice, this reflects a well-understood reality within financial planning. A client in early accumulation with a simple investment strategy may not require the same frequency of review as a client in decumulation, where income sustainability, withdrawals, tax and changing objectives require closer monitoring.

This proposal therefore allows firms to better align:

- review frequency
- service intensity
- pricing

However, the FCA is clear that this flexibility does not reduce the requirement to demonstrate fair value. Firms must be able to show that:

- the service provided remains appropriate
- the frequency of review is justified
- the fee charged is commensurate with the service delivered

The FCA is also actively seeking feedback on whether additional transparency requirements may be needed to ensure that firms do not reduce service levels without a corresponding adjustment in fees.

© Money Wise UK 2026

Technology, flexibility and evidence

The FCA also highlights that firms are not restricted in how they deliver ongoing services.

There is scope for firms to use technology to:

- support ongoing suitability assessments
- deliver reviews through different channels
- develop more flexible service models

This may include:

- digital updates
- hybrid review processes
- segmented service propositions
- subscription or retainer-style charging structures

However, this flexibility is accompanied by a clear expectation around evidence. Under Consumer Duty:

- firms must demonstrate fair value
- services must meet customer needs
- clients must understand what they are receiving

This reinforces the importance of not only designing an appropriate service, but being able to demonstrate that it is being delivered in practice.

Disengaged clients

The treatment of disengaged clients is an area where the FCA's expectations are becoming clearer.

While there are currently no explicit prescriptive rules, the FCA expects firms to have policies in place for situations where clients are paying for ongoing services but are not engaging. This should include consideration of whether fees should continue and, where appropriate, stopping those fees.

The FCA notes that industry practice in this area varies significantly, which raises concerns about consistency and whether all firms are meeting their obligations under Consumer Duty.

© Money Wise UK 2026

Rather than introducing rigid rules, the FCA proposes to provide guidance and work with the industry to develop examples of good and poor practice. It specifically highlights the need for firms to consider:

- how disengagement is defined
- how disengaged clients are identified
- how firms attempt to re-engage clients
- when fees should continue, be stopped or refunded
- how engagement is recorded and evidenced

The FCA also recognises that disengagement may be temporary and that a principles-based approach is more appropriate than a fixed rule. However, it is clear that continued charging without meaningful service delivery would be inconsistent with Consumer Duty.

Money Wise UK observation

The broad message of this chapter is that ongoing advice is not being weakened, but it is being reframed.

The FCA appears to accept that a single annual review model may not always be the most appropriate way to deliver value. It is encouraging firms to design more flexible ongoing services, with different levels of support, review frequency and pricing structures. However, this flexibility is combined with a stronger emphasis on clarity, evidence and fair value.

This also needs to be viewed in the context of a changing demographic landscape.

The UK population is ageing, and the number of consumers moving into later life and retirement continues to grow. This creates a significant opportunity for financial planning firms. A growing number of individuals will require support with:

- retirement planning
- pension access decisions
- sustainable income in decumulation
- tax planning
- later-life care considerations
- intergenerational wealth transfer

For firms with strong retirement and decumulation propositions, this represents a clear opportunity to deliver ongoing services that are both valuable and necessary.

At the same time, the FCA's direction is a reminder that demographic growth alone is not sufficient. Firms must still demonstrate that:

- services are clearly defined
- services are delivered consistently
- fees are aligned with the service provided

© Money Wise UK 2026

- clients understand what they are paying for

In practical terms, this suggests several areas of focus for firms:

- clearer client agreements and service descriptions
- defined service levels aligned to client segments
- robust processes for evidencing service delivery
- clear policies for disengaged clients
- governance frameworks that link service, cost and value

The move from annual to periodic reviews is likely to be most effective for firms that already segment their clients and tailor their service accordingly. Where a firm can clearly explain why different clients receive different levels of service, this change supports better alignment between client need and cost.

Where firms operate a one-size-fits-all model, the proposals may instead highlight the need to revisit how ongoing services are structured.

Ultimately, the key test is not how frequently a review takes place, but whether the ongoing service provides genuine value to the client and can be clearly explained and evidenced.

© Money Wise UK 2026

Trail Commission and Commission for Non-Advised Distribution

If Chapters 2 and 3 focus on simplifying advice delivery and reshaping ongoing services, Chapter 4 moves into a different but still important part of the market: commission.

This chapter is different in tone from the earlier parts of the consultation. The FCA is not yet consulting on a firm proposal to change the rules in this area. Instead, it is opening a discussion and gathering evidence on whether the current framework around legacy trail commission and certain forms of non-advised distribution commission continues to support good consumer outcomes.

That distinction matters. This is not an immediate rule change. However, it is clearly a signal that the FCA sees this as an area where the existing regulatory framework may no longer sit comfortably with its wider direction of travel, particularly around fair value, transparency and conflicts of interest.

Why the FCA is looking at this now

The FCA frames the Advice Guidance Boundary Review as a “once in a generation” opportunity to modernise the wider advice and support framework. In that context, the regulator considers it appropriate to revisit whether the remaining rules that allow legacy commission continue to make sense in a market that has otherwise moved on significantly since the Retail Distribution Review.

The FCA’s position is not that all commission is automatically harmful. Rather, it wants to better understand:

- whether legacy trail commission continues to deliver value
- whether it creates poor consumer outcomes
- whether it distorts firm incentives
- what the practical impact would be if these arrangements were phased out

This is therefore as much a market review as a policy discussion.

Legacy trail commission

The main focus of Chapter 4 is trail commission still payable on advised products bought before the RDR rules came into force.

When RDR was introduced in 2012, it banned both upfront and trail commission on new advised retail investment sales. However, it allowed pre-existing contractual trail commission arrangements to continue. The FCA notes that such payments remain permitted on advised products bought before 31 December 2012, subject to certain conditions.

© Money Wise UK 2026

The broad trend is that commission has reduced significantly since RDR. Before RDR, commission accounted for around 80% of adviser firm revenue. By 2013 it had fallen to 56% of retail intermediary revenue, by 2016 to 26%, and by 2020 to 15%. However, the decline has slowed in recent years and in 2024 commission still represented 12% of revenue, totalling £674 million. The FCA also notes that these arrangements remain more prevalent among smaller firms and firms authorised before 2013.

That is why this remains relevant. Although legacy trail commission is no longer the dominant source of adviser remuneration, it is clearly not immaterial.

The FCA's concern

The FCA identifies several areas of potential concern.

First, there is the question of value for money. Advisers receiving trail commission are not subject to explicit regulatory requirements to provide an ongoing service in return for those payments. Their obligations depend primarily on the historical contractual arrangements with product providers, rather than on the more modern framework that applies to ongoing adviser charging.

Second, there is the risk of conflicts of interest. The FCA notes that an adviser may still be receiving trail commission on an investment product while also charging the same client separately for ongoing advice, or offsetting the commission against adviser charges. There is also a risk that firms may be reluctant to recommend switching if doing so would mean trail commission ceases.

Third, there is the issue of consumer awareness and transparency. The FCA points out that many consumers may not remember that trail commission is being paid, may not know that it is still being paid, or may not even know who is receiving it. This becomes more complicated where the original adviser is no longer trading and the legacy book has been sold. In practice, this may make it difficult for consumers to understand whether they are paying commission and whether it represents good value.

Fourth, there is a practical problem around switching away. Even where a client may benefit from moving to a cleaner, commission-free structure, that switch may involve costs, exit penalties or tax consequences. The FCA therefore recognises that remaining in a product that pays trail commission may still be in the consumer's best interests in some situations.

This is an important nuance. The FCA is not assuming that every legacy arrangement is harmful. It is exploring whether the current framework allows too much inconsistency and whether change may be justified.

© Money Wise UK 2026

Potential future options

Although the FCA is not consulting on rule changes at this stage, it does outline possible approaches if it were to move forward in future. These include:

- leaving current arrangements unchanged
- improving transparency for affected clients
- introducing a sunset date to end legacy trail commission in future
- introducing a transition period to give firms time to adapt, agree final payments, or move clients onto modern ongoing service arrangements

This gives a fairly clear sense of the direction of thinking, even if the FCA is not yet taking a formal position.

Impact on firms

The FCA is equally clear that any change here would not be costless.

For adviser firms, legacy trail commission may still represent an important revenue stream, particularly for older and smaller firms. Changes could affect:

- recurring income
- the economics of servicing certain clients
- business valuation
- succession and retirement planning for adviser businesses

The FCA notes, for example, that self-employed advisers close to retirement may still rely on trail commission for a significant proportion of their income. It also recognises that entitlement to trail commission may form part of a business's value when it is sold.

For product providers, the FCA notes that many legacy products and share classes can be uneconomic to maintain, particularly where only a relatively small number of consumers remain invested in them. Some providers may therefore favour a clearer framework that allows more consistent movement away from such arrangements.

So while the chapter is clearly framed through the lens of consumer outcomes, it is also asking a broader commercial and structural question about how the market should complete the transition away from pre-RDR remuneration models.

© Money Wise UK 2026

Commission in non-advised distribution

Chapter 4 also touches on commission in the non-advised market, particularly around execution-only distribution of certain alternative investment products such as Venture Capital Trusts and Enterprise Investment Schemes.

The FCA notes that platform operators are generally required to pass commission on in full to the client in limited circumstances, whereas execution-only brokers may still be able to receive certain third-party payments where permitted under inducement rules. In practice, this appears to create inconsistent outcomes across different distribution channels.

The FCA is therefore exploring:

- why commission persists in some parts of the market, particularly VCTs and EISs
- what value this commission represents to operators, distributors and investors
- whether this creates competition distortions
- whether differing treatment between platforms and execution-only brokers leads to inconsistent consumer outcomes

In addition, the FCA is consulting on a relatively minor technical change to allow platforms to rebate commission received from alternative investment fund managers in the same way as commission from authorised fund managers, in order to avoid inadvertent detriment to consumers.

Money Wise UK observation

The broad message of this chapter is that the FCA is not comfortable leaving historical commission arrangements entirely untouched simply because they are legacy.

There is no immediate proposal to remove trail commission, and that distinction matters. However, this chapter feels like a clear signal that the FCA considers this part of the market unfinished business.

From a policy perspective, that makes sense. The wider consultation is centred on:

- fair value
- clarity of service
- modern charging structures
- better consumer understanding

Legacy trail commission sits somewhat awkwardly alongside those themes. In some cases it may still reflect an historic arrangement that continues to work reasonably well. In others, it may create a less transparent and less defensible form of remuneration than the ongoing charging structures that have developed since RDR.

© Money Wise UK 2026

In our view, this chapter raises three practical points for firms.

First, firms should understand their exposure. For some businesses the commercial significance may now be small. For others, particularly older firms or acquired books of business, it may still be meaningful.

Second, firms should think about defensibility. Even if the rules do not change immediately, the direction of travel suggests that firms relying on legacy commission arrangements may increasingly need to consider whether these can still be clearly explained as fair and appropriate.

Third, firms should not assume that because this is a discussion chapter it can be ignored. If the FCA ultimately decides to consult on reform, the groundwork is being laid here. Firms that understand their existing exposure, client impact and potential transition options will be in a much stronger position than those that treat this solely as a distant policy issue.

For many financial planning firms, this is therefore less an immediate compliance project and more a strategic watching brief. But it is still an area worth reviewing now, particularly where historic trail income remains material to the business.

© Money Wise UK 2026

Professional Client Suitability Standards

Chapter 5 is much shorter than the earlier sections and, at this stage, is more of a discussion point than a major reform proposal.

The FCA is not proposing a significant immediate change here. Instead, it is inviting views on what suitability requirements should apply to advice provided to professional clients in the future. For now, the draft rules broadly retain the current position, with professional client business continuing to be treated in a similar way to how it is treated under the existing COBS 9 and 9A framework.

Why the FCA is raising this

The FCA notes that the current framework applies different suitability standards to professional clients depending on the type of business involved. In practice, this has resulted in three different approaches:

- non-MiFID rules in COBS 9 largely do not apply to advice for professional clients
- MiFID-derived rules in COBS 9A do apply, but allow firms to make certain assumptions about a professional client's knowledge, experience and, in some cases, ability to bear risk
- IDD rules do not allow those same assumptions to be made

This means that, even within the professional client space, the current framework is not especially tidy or consistent.

The FCA's current position

For the purposes of this consultation, the FCA is not seeking to redesign that framework immediately. Instead, it proposes to apply the new consolidated rules to professional client business in broadly the same way as the current rules apply, while inviting views on whether a more proportionate and coherent approach should be considered in future.

The FCA suggests that one possible direction could be a more proportionate framework, taking account of:

- the type of professional client
- the nature and scope of the service provided
- the complexity of the product being recommended

That would move the professional client framework closer to the broader theme running through the consultation: proportionality, judgement and clarity.

© Money Wise UK 2026

Money Wise UK observation

At this stage, Chapter 5 is unlikely to have a major immediate impact for most financial planning firms focused primarily on retail clients.

However, it is still useful because it signals that the FCA is aware that the professional client framework may also need modernising over time. The same issues seen elsewhere in the consultation — complexity, inconsistency and the need for a clearer outcomes-based approach — are also being recognised here.

For firms that do undertake professional client business, the key point is that there is no immediate structural shift, but there may be future movement towards a more proportionate and consolidated framework.

In practical terms, this chapter is best viewed as a watching brief rather than an urgent action point. It does, however, reinforce the broader message of the consultation: the FCA is looking across the advice framework as a whole and asking whether current distinctions still make sense in a more modern, Consumer Duty-led environment.

© Money Wise UK 2026

Final Summary

Bringing the Consultation Together

This consultation is less about introducing entirely new rules and more about reshaping how existing rules are applied in practice.

Across the document, a consistent theme emerges:

- The FCA believes the current framework can already support different types of advice
- But in practice, firms have not always felt confident using that flexibility
- As a result, the market has often defaulted to comprehensive, process-heavy advice models

The proposed changes aim to address that.

What Has Changed in Substance

At a technical level, the changes include:

- Consolidation of rules into a single framework
- A shift from "necessary" to "sufficient" information
- Greater emphasis on proportionality
- Removal of mandatory annual suitability reviews
- Increased reliance on Consumer Duty

However, the more important shift is conceptual.

What Has Changed in Approach

The FCA is moving:

From:

- Prescriptive rules
- Standardised processes
- Compliance-led documentation

To:

- Judgement-based decision making
- Proportionate advice delivery
- Outcome-focused regulation

© Money Wise UK 2026

This creates flexibility.

But it also increases responsibility.

What Has Not Changed

It is equally important to recognise what remains consistent:

- Qualification standards remain at Level 4
- Adviser charging rules remain unchanged
- Suitability remains central
- Consumer protection remains a priority

This is not deregulation.

It is repositioning the framework around outcomes rather than process.

What This Means for Firms

For many financial planning firms, particularly those already operating structured, planning-led approaches, these changes will feel evolutionary rather than revolutionary. However, the implications are still significant.

Firms will increasingly need to demonstrate:

- Why a particular level of advice was appropriate
- Why a particular service model was chosen
- Why the fee charged represents fair value
- That the service is being delivered in practice

In simple terms:

It is no longer enough to follow a process.
Firms must be able to explain and evidence why that process was appropriate.

The Bigger Strategic Picture

The consultation also highlights a broader shift within the advice market:

- A move towards segmented service models
- Greater use of technology and scalable advice
- Increased focus on ongoing service value
- Continued growth in retirement and decumulation demand

© Money Wise UK 2026

This is likely to lead to a more diverse market structure, where:

- Some firms continue to focus on full holistic advice
- Others develop simplified or hybrid models
- Larger or more scalable businesses expand into underserved segments

Final Thought

A useful way to frame this consultation is:

The FCA is not asking firms to do less.
It is asking firms to be clearer about why they do what they do.

For firms that already have:

- Clear propositions
- Defined client segments
- Strong governance
- A planning-led approach

this creates opportunity.

For others, it may act as a prompt to revisit how advice is structured, delivered and evidenced.

© Money Wise UK 2026

Practical Checklist

What Firms Should Consider Now

The rules are not yet final.

However, many of the themes are already clear, and firms that act early will be better positioned to adapt.

1. Proposition & Client Segmentation

- Do we have clearly defined client segments (e.g. accumulation vs decumulation)?
- Is our service aligned to client need, or is it largely standardised?
- Do we have clarity on where we sit across:
  - simplified advice
  - full advice
  - ongoing service models

2. Suitability & Advice Process

- Can we clearly justify the depth of information gathered for each type of advice?
- Are we able to demonstrate why information collected is "sufficient"?
- Do we rely on process, or can we evidence judgement and rationale?
- Are risk assessment approaches:
  - consistent across advisers
  - proportionate to the client need

3. Ongoing Service Proposition

- Is the scope of our ongoing service clearly defined?
- Do clients understand:
  - what they receive
  - how often
  - what it costs
- Can we evidence that the service is actually being delivered?
- Are review frequencies aligned to:
  - client needs
  - complexity
  - life stage

© Money Wise UK 2026

4. Fair Value & Charging

- Can we clearly demonstrate that our fees represent fair value?
- Is there alignment between:
    - service level
    - client complexity
    - cost
- Are there any areas of cross-subsidy risk within our fee structure?

5. Decumulation & Retirement Proposition

- Do we have a clearly defined retirement / decumulation framework?
- Are we able to demonstrate:
    - income sustainability
    - ongoing monitoring
    - client outcomes
- Is our ongoing service particularly strong and defensible for:
    - drawdown clients
    - later-life planning

6. Disengaged Clients

- Do we have a clear definition of a disengaged client?
- Do we track engagement consistently?
- Do we have a policy for:
    - re-engagement
    - stopping fees where appropriate
- Can we evidence decisions in this area?

7. Governance & Documentation

- Are internal frameworks clearly documented?
- Can we demonstrate consistency across advisers?
- Are we separating:
    - client-facing communication
    - internal compliance records
- Are we comfortable defending our approach to:
    - the FCA
    - Financial Ombudsman Service

© Money Wise UK 2026

8. Strategic Positioning

- Are we comfortable with our current target market?
- Do we want to:
  - remain focused on higher-value clients
  - or expand into underserved segments
- Do we have the infrastructure (technology, process, resource) to support:
  - simplified advice
  - scalable models

Closing Reflection

Firms do not need to change everything.

But they do need to be able to answer, clearly and consistently:

- Why do we do it this way?
- Who is it designed for?
- How do we know it works?

Those that can answer those questions with confidence will not only meet the regulatory expectations, but will likely be better positioned commercially as the market continues to evolve.

© Money Wise UK 2026