

The logo for Money Wise UK, featuring the text "Money Wise UK" in white, sans-serif font, centered within a blue, brush-stroke style background that has irregular, torn edges.

Money Wise UK[®]

Growing together, with integrity and respect

**Consumer Understanding: Good Practice
and Areas for Improvement
A Money Wise UK[®] Perspective on the
FCA Review (March 2026)**

Introduction

On 13 March 2026, the Financial Conduct Authority published its review: *Consumer understanding: good practice and areas for improvement*.

The focus is simple, but significant:

Do customers understand the information firms provide?

This sits at the heart of the Consumer Duty, where firms must not only communicate clearly but also demonstrate that their communication leads to genuine understanding.

This paper builds on the FCA findings and sets out:

- What the regulator is seeing in practice
- What good looks like
- Where firms are falling short
- What this means for financial planning firms

Why Consumer Understanding Matters

Consumer understanding is not a “communications issue”.

It is an outcomes issue.

The FCA’s work highlights a persistent challenge:

- Many consumers struggle with financial terminology
- Long documents reduce engagement
- Complex journeys create friction
- Confidence with financial decisions remains low

The risk is clear:

If clients do not understand, they cannot make informed decisions.

And under Consumer Duty, that becomes a regulatory issue.

This aligns with the broader direction of travel we are seeing across the FCA’s work, including recent consultations on advice reform, where consumer understanding is positioned as a core outcome alongside suitability and fair value.

What Good Practice Looks Like

The FCA identifies several consistent themes across firms that deliver strong outcomes.

1. Using Insight to Identify Where Customers Struggle

Firms demonstrating good practice are not guessing.

They are using real data:

- Call listening
- Complaint analysis
- Website analytics
- Client feedback
- Drop-off points in journeys

The key difference is focus on outcomes, not activity.

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This is where many financial planning firms already have an advantage.

Smaller, planning-led firms often have:

- Direct client conversations
- Immediate feedback loops
- Clear visibility of confusion points

The opportunity is to formalise this into management information (MI).

2. Testing Communications with Real Customers

Good firms test both before and after making changes.

This includes:

- A/B testing
- Client comprehension checks
- Follow-up calls
- Surveys

The key principle:

Communication is only effective if it is understood.

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In practice, many firms make changes based on:

- Internal opinion
- Compliance preference
- Industry norms

Rather than testing with clients.

This is a clear area of opportunity.

3. Writing Clearly and Simply

The FCA continues to emphasise:

- Plain English
- Short sentences
- Clear structure
- Logical flow

Alongside layered communication:

- Summary first
- Detail available if needed

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This aligns directly with a shift we are seeing:

From “compliance-led documents” → to “client-led communication”

This is particularly relevant for:

- Suitability reports
- Ongoing service descriptions
- Client agreements

4. Designing Journeys That Support Understanding

Understanding is not just about documents.

It is about the entire client journey.

Good firms use:

- Calculators
- Visual aids
- Videos
- Step-by-step processes
- Timely prompts

Crucially, these are tested, not assumed to work.

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For financial planning firms, this links closely to:

- Onboarding processes
- Retirement planning journeys
- Ongoing service engagement

This is where CRP-style frameworks can naturally support better understanding through structure and repetition.

5. Supporting Customers with Characteristics of Vulnerability

Good firms:

- Identify vulnerability early
- Adapt communication methods
- Test with vulnerable groups
- Provide alternative formats

This is not treated as a separate process, but embedded throughout.

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This remains an area where:

- Intent is often strong
- Execution is inconsistent

Particularly around:

- Recording vulnerability
- Adapting communication consistently
- Evidencing outcomes

6. Clear and Balanced Financial Promotions

The FCA continues to highlight:

- Risks and benefits must be equally clear
- Jargon should be avoided
- Layout and presentation matter
- Communications must work across devices

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This is particularly relevant given:

- Increased use of digital channels
- Growth of social media content
- Expansion of educational marketing

Firms must ensure:

Simplicity does not become oversimplification.

7. Effective Use of Design and Structure

Good communication is not just about fewer words.

It is about:

- Structure
- Visual hierarchy
- Navigation
- Accessibility

Examples include:

- Expandable FAQs
- Clear headings
- Chunked information

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This is often overlooked in financial planning firms, where:

- Documents are technically correct
- But difficult to navigate

A small change in structure can significantly improve understanding.

8. Strong Management Information (MI) and Monitoring

The FCA is clear:

Firms should monitor understanding, not just communication.

This includes:

- Tracking confusion points
- Monitoring engagement
- Reviewing outcomes
- Testing improvements

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This links directly to broader Consumer Duty expectations:

- Evidence
- Outcomes
- Continuous improvement

Firms should move towards MI that answers:

- Where are clients confused?
- What have we changed?
- Has it improved understanding?

9. Governance and Accountability

Good firms:

- Assign clear ownership
- Track decisions
- Embed changes into processes
- Maintain oversight

Consumer understanding is not a one-off project.

It is an ongoing responsibility.

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This is where many firms can strengthen:

- Clear ownership (often unclear)
- Documented decision-making
- Ongoing review cycles

Where Firms Need to Improve

The FCA identified several recurring weaknesses:

1. Changes Without Testing
 - Updates made without evidence
 - No validation of effectiveness
2. Overly Complex Communications
 - Long documents
 - Poor signposting
 - Information overload
3. Cosmetic Improvements
 - Rewording without addressing root causes
 - Design changes without impact
4. Weak Support for Vulnerable Customers
 - Inconsistent identification
 - Limited adaptation
5. Poor Governance
 - Lack of ownership
 - Limited oversight
 - Weak MI

What This Means for Financial Planning Firms

This review should not be seen in isolation.

It sits alongside:

- Advice reform proposals
- Ongoing service scrutiny
- Fair value assessments

The combined message is clear:

It is no longer enough to provide information.
Firms must demonstrate that clients understand it.

In practice, this creates several implications.

1. Suitability Reports Must Evolve

Reports should:

- Explain, not just justify
- Be concise and structured
- Support decision-making

2. Ongoing Services Must Be Understood

Clients must clearly understand:

- What they receive
- How often
- What it costs

This is central to:

- Fair value
- Consumer Duty

3. Retirement and Decumulation Require Higher Standards

In decumulation:

- Decisions are more complex
- Outcomes are more sensitive
- Understanding is critical

This reinforces the importance of:

- Structured retirement propositions
- Clear communication
- Ongoing engagement

4. MI and Governance Must Strengthen

Firms should be able to evidence:

- Where clients struggle
- What changes were made
- Whether understanding improved

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The FCA's message is consistent with the wider direction of travel:

From providing information → to delivering understanding.

This is not about:

- Shorter documents
- Simpler wording alone

It is about:

- Better design
- Better structure
- Better journeys
- Better evidence

For financial planning firms, this creates both:

A Challenge

- Rethinking communication
- Embedding testing
- Strengthening governance

An Opportunity

Firms that do this well will:

- Improve client outcomes
- Strengthen trust
- Enhance engagement
- Better evidence value

Final Reflection

A simple way to frame this:

The FCA is not asking firms to say less.

It is asking them to ensure what they say is understood.

For firms already operating:

- Planning-led processes
- Clear client engagement
- Structured propositions

This should feel evolutionary.

For others, it may require a more fundamental rethink.

Practical Checklist

Consumer Understanding – What to Review

1. Communication

- Are documents written in plain English?
- Is information layered and structured?

2. Testing

- Do we test communications with clients?
- Do we measure understanding?

3. Client Journeys

- Are journeys simple and intuitive?
- Where do clients struggle?

4. Vulnerability

- Do we identify and record vulnerability?
- Do we adapt communication consistently?

5. MI and Monitoring

- Do we track understanding outcomes?
- Do we evidence improvements?

6. Governance

- Is there clear ownership?
- Are decisions documented?

Closing Thought

Consumer understanding is not a soft concept.

It is becoming a hard regulatory expectation.

The firms that succeed will not be those who:

- Communicate the most

But those who can demonstrate:

Their clients truly understand.