

The logo for Money Wise UK is a blue, brush-stroke style horizontal bar with irregular, torn edges. The text "Money Wise UK" is written in white, sans-serif font across the center of the bar, with a registered trademark symbol (®) at the end.

Money Wise UK®

Growing together, with integrity and respect

Money Wise UK® – Compliance Summary for Financial Planning Firms

February 2026

This month's update covers developments across tax advice registration, pensions regulation, AI in financial services, Consumer Duty governance, sustainability disclosures, complaint reporting, adviser charging practices, and financial promotions enforcement.

The aim of this update is to highlight key regulatory developments that may affect financial planning firms and support internal governance and compliance discussions.

Important note

This document highlights selected regulatory developments and technical updates. It is not regulatory or legal advice. Each firm should consider whether these developments apply to its own business model, permissions and client base and seek compliance or legal advice where required.

1. HMRC raises standards in the tax advice market

What has happened

HMRC has issued new guidance clarifying that anyone interacting with HMRC about someone else's tax affairs and receiving payment for doing so is considered a tax adviser and must register through an Agent Services Account (ASA).

The guidance explains:

- how to check whether you need to register as a tax adviser
- the conditions that must be met in order to register

The guidance is largely aimed at individuals providing tax advice who may not already be registered with HMRC.

Money Wise UK thoughts

This development forms part of HMRC's wider efforts to raise standards in the tax advice market, particularly where individuals may be providing tax advice without appropriate oversight.

For financial planning firms, the potential risk arises where the boundaries between:

- financial planning discussions
- tax planning considerations
- formal tax advice

become blurred.

While advisers can legitimately discuss tax implications as part of financial planning, firms should remain careful about when conversations move into formal tax advice or representation with HMRC.

Practical actions for firms

- Review internal guidance on tax discussions versus formal tax advice.
- Ensure staff do not interact directly with HMRC on behalf of clients unless appropriately authorised.
- Consider documenting referral arrangements with tax professionals where complex tax advice is required.

2. Lifetime ISA developments and potential replacement product

What has happened

HMRC has confirmed that the government intends to consult on introducing a new first-time buyer savings product, which may eventually replace the current Lifetime ISA structure.

The proposed product would:

- provide the government bonus only when funds are used to purchase a first home
- remove the withdrawal charge issue that exists within the current LISA structure

However, current Lifetime ISA rules remain unchanged.

Key reminders include:

- LISAs can still be opened until the new product becomes available
- account holders can continue contributing under the existing rules
- the account must be open for at least 12 months before it can be used for a property purchase without penalty

Money Wise UK thoughts

The Lifetime ISA has always operated as a hybrid product, combining elements of both retirement saving and first-time buyer support.

The government's proposed changes appear intended to simplify the home purchase element, potentially making the product easier for consumers to understand.

For advisers, the important point is that the current regime remains unchanged for now, so existing advice and planning strategies should not be altered prematurely.

Practical actions for firms

- Ensure advisers remain clear on the 12-month rule for property purchases.
- Avoid assuming the LISA regime will change immediately.
- Monitor consultation developments when further details emerge.

3. Making Tax Digital – new rules for sole traders and landlords

What has happened

From 6 April 2026, more than 860,000 sole traders and landlords will be required to comply with Making Tax Digital (MTD) for Income Tax.

The rules apply where combined income from self-employment and property exceeds £50,000.

Affected individuals must:

- keep digital financial records
- submit quarterly updates to HMRC using recognised software

These updates are not additional tax returns, but reporting updates designed to improve tax administration.

Money Wise UK thoughts

While primarily an administrative change, the new rules may alter how some clients manage their finances.

Clients who previously maintained relatively informal records may now need to engage with:

- bookkeeping software
- accountants more regularly
- quarterly reporting requirements

Financial planners may increasingly receive questions relating to tax administration, even though these matters sit primarily within the remit of accountants.

Practical actions for firms

- Identify clients who may fall within the MTD income thresholds.
- Encourage affected clients to engage early with their accountant.
- Avoid providing detailed tax filing guidance unless appropriately qualified.

4. FCA consultation on pensions regulation (CP25/39)

What has happened

The FCA has proposed significant reforms affecting digital pension planning tools and non-advised pension transfers.

The consultation includes proposals for:

- a new regulatory framework for interactive digital pension planning tools
- a standardised process for non-advised DC-to-DC pension transfers
- new obligations for firms promoting or facilitating non-advised pension consolidation

A proposed three-step transfer process includes:

1. Written consumer consent to gather pension information
2. Standardised information request to ceding schemes
3. A clear side-by-side comparison before any transfer can proceed

The FCA expects to publish final rules in the second half of 2026.

Money Wise UK thoughts

The FCA is increasingly focusing on how consumers make retirement decisions in digital environments.

Tools that appear helpful may unintentionally influence decisions without delivering regulated advice. The regulator is therefore seeking to ensure consumers receive clear and comparable information before making transfer decisions.

Practical actions for firms

- Monitor developments if your firm uses digital retirement planning tools.
- Ensure projections remain clear and balanced, avoiding the impression of personalised advice where none is intended.
- Watch for further consultations regarding SIPP regulation later this year.

5. FCA launches “The Mills Review” – AI and the future of financial services

What has happened

The FCA has launched a major review examining the long-term impact of artificial intelligence on retail financial services.

The review will examine:

- future development of AI technologies
- the impact of AI on firms and market structure
- how consumers may interact with financial services in the future
- how regulation may evolve in response

The FCA notes that around 75% of financial services firms already use AI, although applications remain relatively early stage.

The regulator is inviting industry responses by 24 February 2026.

Money Wise UK thoughts

AI has the potential to significantly reshape how consumers interact with financial services.

One key question for the industry is whether consumers may increasingly interact with AI-mediated interfaces, rather than directly with financial firms.

For advice businesses, the strategic issue is not simply whether AI is used internally, but who ultimately owns the client relationship.

Practical actions for firms

- Maintain internal oversight of AI use across the business.
- Ensure human oversight remains in place for client-facing communications.
- Monitor how AI may affect client expectations around speed, accessibility and personalisation.

6. Consumer Duty – FCA reminder of core expectations

The FCA continues to emphasise the importance of the Consumer Duty framework, which requires firms to deliver good outcomes across four outcomes:

- Products and services
- Price and value
- Consumer understanding
- Consumer support

The Duty applies throughout the entire lifecycle of a product or service.

Money Wise UK thoughts

Consumer Duty is increasingly becoming the central framework for regulation.

Supervisors are now asking:

- what outcomes customers are actually experiencing
- what evidence firms have to support those conclusions
- what actions firms have taken where improvements are needed

Practical actions for firms

- Ensure Consumer Duty board reports include clear management information and analysis.
- Document evidence supporting conclusions about customer outcomes.
- Avoid high-level reports that simply state “no issues identified”.

7. Sustainability Disclosure Requirements (SDR)

What has happened

The FCA continues implementing the Sustainability Disclosure Requirements (SDR) regime, including guidance on how sustainability investment labels should be applied and communicated.

The objective is to ensure sustainability claims are:

- clear
- evidence-based
- not misleading

Money Wise UK thoughts

For financial planning firms the primary challenge is often client understanding rather than regulation itself.

Clients may assume sustainability labels guarantee certain outcomes, whereas in practice sustainability strategies can involve different approaches and trade-offs.

Practical actions for firms

- Ensure sustainability claims in client communications are clear and proportionate.
- Align marketing materials with the disclosures provided by investment managers.
- Avoid overstating the certainty or impact of ESG strategies.

8. CP25/36 – Client categorisation and conflicts of interest

The FCA has issued consultation paper CP25/36, exploring changes to client categorisation rules and conflicts of interest management.

The consultation forms part of the FCA's broader efforts to support investment culture while maintaining appropriate consumer protections.

Money Wise UK thoughts

Client categorisation is sometimes treated as an administrative classification exercise, but it carries significant regulatory consequences.

Professional clients receive fewer regulatory protections, so firms must be confident that opt-up processes are robust and clearly documented.

Practical actions for firms

- Review procedures for professional client opt-up assessments.
- Ensure conflicts of interest registers capture business model conflicts where relevant.
- Monitor the consultation outcome for potential changes.

9. FCA commentary on “fair value”

The FCA has published further commentary explaining how firms should interpret fair value under the Consumer Duty.

Fair value is not simply about price. Firms should consider the overall relationship between cost and the benefits delivered to the client.

This may include:

- the level of service provided
- product features and performance
- the needs of the target market

Money Wise UK thoughts

Fair value assessments are becoming a core part of product governance and Consumer Duty oversight.

For advice firms, demonstrating value often includes evidence of:

- ongoing financial planning
- portfolio oversight
- client engagement and service delivery

Practical actions for firms

- Ensure a documented fair value assessment process exists.
- Review adviser charging structures periodically.
- Include fair value discussions within Consumer Duty governance reporting.

10. Adviser charging and client death

The FCA has clarified that ongoing adviser fees should stop when the firm is notified that a client has passed away.

This is because the adviser agreement exists between the firm and the deceased client. Any work conducted for the estate or executors requires a new client agreement.

Practical actions for firms

- Ensure adviser fees stop immediately upon notification of death.
- Establish clear procedures for engaging with executors under new agreements where required.

11. Financial promotions enforcement – “influencer” prosecutions

The FCA has confirmed that seven social media influencers were fined for communicating unauthorised financial promotions.

Their combined audience exceeded 4.5 million followers.

Communicating unauthorised financial promotions under FSMA may lead to fines or imprisonment of up to two years.

Money Wise UK thoughts

The regulator is clearly demonstrating that it will pursue financial promotion breaches on social media platforms.

This reinforces the need for firms to maintain strict oversight of any marketing activity conducted online.

Practical actions for firms

- Ensure marketing teams understand financial promotion rules for social media.
- Avoid collaborations with individuals who are not authorised to communicate financial promotions.

12. Complaint reporting changes (PS25/19)

The FCA has introduced changes to the complaints reporting process.

Firms will now need to capture two additional data points:

1. Whether the complainant was identified as vulnerable
2. Whether the complaint relates to the firm's failure to consider vulnerability

Complaints reporting will also move to calendar year reporting, with the first report covering January–June 2027.

Practical actions for firms

- Update complaint registers to capture vulnerability data now.
- Prepare systems for future calendar year reporting requirements.

13. CPD reminder – protection and long-term insurance

Although the FCA removed the 15-hour CPD requirement for non-investment insurance, there remains a 15-hour minimum CPD requirement for long-term insurance distribution, including:

- investment bonds
- insured pensions
- annuities
- with-profits policies
- long-term care insurance

Training on areas such as:

- vulnerable clients
- complaints handling
- AML
- conduct rules

may also contribute towards CPD requirements.

Final thoughts

The regulatory direction continues to emphasise three broad themes:

- consumer outcomes and transparency
- technology and digital engagement
- governance and accountability

For financial planning firms, maintaining clear documentation, proportionate oversight and strong governance processes remains the most effective way to navigate ongoing regulatory change.