

Financial Conduct Authority (FCA)

Simplifying the Pensions

& Investment Advice Rules

For 22nd May 2026

RESPONSE FROM:

United Kingdom Shareholders' Association



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Consultation Paper CP26/10 Simplifying the Pensions & Investment Advice Rules

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Introduction

1. Both as consumers and representing retail investors, we believe that the results of this consultation, CP26-10, must not only complement the Consumer Duty but be subservient to it to ensure that the results benefit the consumer. The right results should provide a win/win position for the consumer and the financial institution (FI) but, when in doubt, the Consumer Duty must take precedence.
2. We recognise that this consultation is focussing on simpler 'rules of engagement', and agree with the two proposed key outcomes (as quoted in paragraph 8 below).
3. We feel that this consultation is also relevant to [DP25-3](#) on 'Expanding consumer access to investments'. It emphasised consumer responsibility but without emphasis on the need to help the consumer in that respect. Our response to DP25-3 can be found here at [UK Shareholders calls for honesty in the future of regulation. | UKSA](#). We do not believe this has been addressed yet, and certainly not by CP26-10.
4. This is important. CP26-10 is relying on the Consumer Duty to be both carrot and stick to make the consultation's proposals successful. Yet the late presentation of the Consumer Duty within the consultation (paragraphs 2.59 to 2.64) and the many references to the Consumer Duty, but not identifying where in the Consumer Duty, makes these references read like an 'add-on' rather than being at the heart of the consultation.
5. We had read the FCA's 'Year 2 Consumer Board Reports' ([Year 2 Consumer Duty Board Reports: progress and what comes next | FCA](#)). We felt it was a review of boards' self-assessments on their processes, good so far as it went, but where was the evidence showing the improvement, quality and impact on consumers? We were pleased, therefore, to read in the FCA's 7th May communication, [Our Consumer Duty focus areas | FCA](#), that the FCA was reviewing outcomes and had already completed a review on firms' communications with consumers. Nevertheless, the Consumer Duty remains an adjunct to this consultation.
6. Our responses to CP26-10 are in two parts. The first, under 'key observations', relate to specifics in the consultation's text that do not have corresponding questions associated with them or do not have sufficient detail for us to answer. We raise issues for you to consider as they are important for consumers. The second part is answering your consultation's questions.

Contact

7. To engage bilaterally or to discuss the points made in our response, please contact us at admin@uksa.org.uk.

Signed

Sue Milton, External Relations Director, UK Shareholders' Association

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Key observations

8. CP 26/10 proposes a way forward that is reasonable. The FCA's two key outcomes, as stated in 1.18 and 1.19 in the consultation for:
- a) "consumers to have access to a range of pensions and investment advice services to meet their varied needs, within an appropriate consumer protection framework," and
 - b) "rules to provide firms with the certainty and flexibility to grow their services and innovate how they deliver them"

will require well-designed monitoring with rigorous checks to ensure consumer protection is not eroded by poor services.

9. The three metrics the FCA has identified that will be measured, as set out in 1.22:
- consumers investing and engaging with savings and pensions decisions
 - proportion of revenue from initial or one-off adviser charges
 - consumers taking up advice

are not guarantees of actual success. These metrics measure quantity, not quality. A key, missing metric, is the actual benefits accrued by the consumer via the savings and pension choices offered and decisions made.

10. Reading the section on 'Sufficient Information', especially paragraph 2.27, we realise the focus is to remove unnecessary complexity to help financial firms serve consumers better. As suggested, simpler information may help vulnerable people gain access to appropriate advice and services. Unfortunately, it could also allow 'lazy' firms to avoid sharing vital but complex information that the client needs.
11. The proposed, corresponding safeguards - redress for when things go wrong – will be reducing. This important point is almost a throw-away line in 2.63:

[Currently] if a firm does not comply with a rule in the Conduct of Business Sourcebook (COBS) a customer is usually able to bring such a claim as breaches of FCA rules causing them a loss gives right to a PROA. Where a firm fails to comply with the Duty, the customer would not have these rights.

And is immediately 'dealt with' as if there is no issue to address:

However, consumers are still able to seek redress directly from the firm or through a FOS complaint for redress and accountability where the Consumer Duty sets the relevant standard and we do not expect these changes to result in a material reduction in consumer protection.

We note the absence of a positive statement, implying there could be a reduction. We would like to understand what the implications are for consumers. How will a

consumer's concern and a FI's response be measured against the Consumer Duty?

Without knowing what the intended impact is, it is hard to judge if that balance is correct between what is provided and what must be protected.

12. In 2.31, the FCA proposes that:

“firms need a reasonable basis for determining that a recommendation is suitable and don't need to carry out a comprehensive review of needs and circumstances to determine optimal solutions”. In due course, we propose to supplement the new rules with case studies to provide examples of more simplified forms of advice where firms can take account of less information.

We expect firms to have a written explanation of what was decided and why. This is to provide useful transparency about the information shared and the decisions made thereon.

13. In 2.33, The FCA states it has heard:

how the current requirements to assess a client's knowledge and experience (COBS 9.2.3 R, COBS 9A.2.5 R, COBS 9A.2.6 R and COBS 9A.2.6A R) could be interpreted as implying that customers must have some prior investment experience or some knowledge in order to receive advice. This may inadvertently restrict access to advice for consumers with limited or no prior experience, many of whom could benefit most from receiving advice.

This gets to the heart of the problem for consumer protection and the Consumer Duty imposed on FIs. But just how much knowledge does any consumer need to decide product suitability? The usual approaches of age, income, outgoings, dependents, risk appetite, the short/medium/long term needs and plans, still apply. Proportionality is a useful but intangible description of what should be provided. What is actually relevant relies on sound conversations and judgement. How will this be achieved?

14. In 2.35 the FCA proposes making:

it clear that firms do not always need to assess a customer's knowledge and experience before making a recommendation.

We understand the intention but what assumptions should a firm make? To us, it seems that an assessment is always necessary. For example, will it be alright that a consumer needs no knowledge if opening up a savings account? What about needing to understand tax implications if cash goes into an ISA versus non-ISA savings account? When explaining ISAs, how much knowledge is needed to have an equity ISA? What about the unemployed but are on benefits? How eligible are they for certain products and not others and why? What about people who are working but get a benefit top up? Does that affect eligibility to some products?

Answers to your numbered questions

Question 1: Do you agree with how we have consolidated the chapters and our approach to remove the distinctions between MiFID, non-MiFID business and insurance-based investment products and other life policies?

15. Yes.

Question 2: Do you agree that changing the suitability requirement from consideration of 'necessary' to 'sufficient' information, along with the proposed supporting guidance, will give firms confidence to take a more proportionate approach to assessing suitability?

16. Makes no difference. 'Necessary'(what is needed) works just as well as 'sufficient' (what is enough).

Question 3: Do you agree with our proposed approach to considering a client's knowledge and experience?

17. Yes so long as financial advisers and institutions must record, in usefully transparent and complete information, as to what they did and why, and what they chose not to do.

Question 4: Do you have any comments on how we have defined the circumstances in which a knowledge and experience assessment need not be undertaken?

18. This is difficult to do as turning a negative action into a tangible action is always problematic because 'doing nothing' is intangible.

Question 5: Do you agree with our proposal to simplify the terminology and expectations when assessing the investment risk a client is willing to take?

19. Yes, so long as it simplifies without watering down key components on balancing the benefits versus risk.

Question 6: Do you agree with our proposals to clarify that a firm can take a proportionate approach to assessing a client's ability to bear losses?

20. Yes up to a point. The level of success depends on the firm's willingness to really help as opposed to just going through the motions.

Question 7: Do you agree:

a. that we have appropriately defined the scope of situations in which firms are required to provide a suitability report?

b. with our proposals to align the content requirements for different types of business?

c. that clarifying that the content of suitability reports should be concise and proportionate to the nature and scope of advice provided will give firms confidence to produce clearer and more consumer-focused reports?⁴⁰

d. that we should align the requirement to provide a suitability report before the transaction is concluded for all types of business (except where distance communication prevents this with consent)?

21. Yes, we agree in all four instances so long as suitability reports are provided with the consumer in mind, not the effort necessary to write the report.

Question 8: Do you agree with our proposal to remove the stated provisions and rely on the Consumer Duty? Are there any additional rules that you consider can be removed and reliance placed on the Consumer Duty?

No. See our comments in paragraph 11.

Question 9: Do you agree with our proposal to retire FG17/8 and embed its principles of proportionality in the new rules?

22. Yes.

Question 10: Are there specific scenarios that you would like to see addressed by case studies? Please outline proportionate approaches to assessing suitability in specific scenarios.

23. We recommend examples of how to approach and handle issues from consumers so that the Consumer Duty is applied.-

Question 11: Excluding qualifications and charging rules, are there any other regulatory changes we could make to facilitate the development of a market for more simplified forms of advice, or otherwise help consumers navigate their financial lives?

24. We are unable to answer this.

Question 12: Do you agree with our proposals to clarify our rules on provision and charging for ongoing services?

25. Yes but would like to see what 'good' looks like. We believe that charging should be transparent, clear, understandable and useful. The charging information should be provided in a format that allows comparison between differing products to ensure not only the product is suitable but also the cost placed upon the consumer is appropriate.

Question 13: Do you agree with our proposal to remove the annual suitability requirement for firms providing ongoing services in relation to business that falls under MiFID II or the IDD and to replace it with a requirement for firms that conduct periodic suitability assessments to do so in keeping with the Consumer Duty?

26. Yes, so long as it is clear which aspects of the Consumer Duty apply. Who interprets 'suitability' and the relevant frequency of a suitability requirement? We would expect this to be made clear to the consumer.

Question 14: Should we consider further transparency requirements or guidance to mitigate the potential market impacts of the proposed rule change and ensure consumers understand the service and receive fair value?

27. See paragraphs 25 and 26. What will the impact be on charges if there are less frequent series of reviews? Will they decrease?

Question 15: Do you agree with our proposal to include Handbook guidance to clarify our expectations about firms' compliance with the Consumer Duty when handling

disengaged clients? If not, please explain why and any other options we should consider.

28. Yes.

Question 16: Do you agree that we should work with industry to publish examples of good and poor practice to support firms in complying with Consumer Duty standards in the context of disengaged clients? If so, please provide examples around the topics set out above.

29. Yes. We have no examples to share but do believe it would be useful to test out scenarios with a number of consumers. We would be happy to help here.

Discussion paper and annex questions

Question 17: Should the FCA consider changes to our rules on legacy trail commission? If so, should this be done via enhanced transparency, a sunset date, a transitional period, or any other option?

30. Our preferred order, given the options in 4.3, are:

Last choice: Maintaining existing arrangements unchanged

3rd choice: Enhancing transparency of trail commission arrangements to affected clients

2nd choice: Ending the existing arrangements in the future, by introducing a sunset date on these payments

1st choice: Ending the existing arrangements but introducing a transitional period to enable financial advisers more time to adapt, agree final payments, or agree with clients to convert trail commission arrangements into ongoing service agreements

Question 18: Do you have any views on the likely impact on consumers and firms that pay and receive trail commission? Can you give us any specific details or estimates of the impact that these changes may have and the potential for consumer harm?

31. We have no examples but we believe that trail commission will place a higher than necessary charge on consumers, so they should be removed as per our 1st choice in paragraph 30. But each case is different so a full, frank, honest and useful discussion that is recorded, must take place between the FI and the consumer affected.

Question 19: What value does this commission represent to operators of alternative investment products, distributors, and retail investors? What is the impact on firms, consumers and the market if these commissions were not allowed?

32. Not applicable to us so unable to comment.

Question 20: Do you agree with our proposal to allow platforms to rebate commission received from alternative investment fund managers in the same circumstances as commission received from authorised fund managers?

33. Seems sensible.

Question 21: Do you have a view on what would be appropriate suitability requirements for services provided to professional clients, including whether there is merit in differentiating by client type as well as the scope and nature of services provided as well as the nature of products recommended?

34. No as not applicable to us.

Question 22: Do you agree with our assessment of the costs and benefits of these proposals? Please outline why you do or why you do not, sharing any evidence that may improve our assessment.

35. Unable to comment.

Question 23: Do you have any comments on our equality and diversity considerations?

36. None.

About UKSA (United Kingdom Shareholders' Association)

37. UKSA represents the views of individual investors. We have around 12,000 members. In addition to our own members, 12 to 13 million people own shares or have investment accounts with platforms in the UK.
38. The Office for National Statistics estimates that at the end of 2018 UK-resident individuals held 13.5% of the UK stock market, up by 1.2% from 2016 and moving away from the historical lows of 10.2% in 2008. In 2020, the Financial Times estimated that 15% of the UK stock market is held by individual shareholders resident in the UK. In addition to this there are many more who have money invested in shares via funds, pensions and savings products such as employee share ownership schemes.
39. UKSA was originally formed to provide individual shareholders with a voice, influence and an opportunity to meet like-minded fellow investors. It is structured as a non-profit making company with annual subscriptions. An elected Chairman and Board of Directors (all volunteers and individuals with a wide range of backgrounds and experience) monitor a regional organisation. Each region benefits from oversight by an elected regional Chairman and Committee.
40. There are many agents and intermediaries in financial markets. Unlike them, UKSA represents solely those people who are investing their own money. See www.uksa.org.uk