FCA
Financial Services
Consumer Panel

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Dear FCA,

Financial Services Consumer Panel response to Simplifying consumer investment disclosures

The Financial Services Consumer Panel welcomes the opportunity to respond to CP26/24: Simplifying Consumer Investment Disclosures. Our comments reflect the Panel's longstanding position that consumers should receive clear, understandable, and comprehensive information that enables them to make active, informed investment decisions aligned with their needs, circumstances, and risk tolerance.

Across the consultation questions, the Panel supports the FCA's direction of travel toward a simpler, more coherent disclosure regime that improves comparability and supports Consumer Duty outcomes.

Key points:

- **Clarity and comparability:** The Panel supports streamlined pre- and post-sale disclosures, including clearer presentation of ongoing costs, service costs, and explicit transaction costs.
- **Consumer understanding:** The Panel agrees with removing cumulative effect illustrations and supports backward-looking cost impact information, which is more meaningful for consumers.
- **Cash disclosures:** The Panel supports improved transparency around cash interest, retained interest and cash fees, both pre- and post-sale, but is keen to ensure consumers can properly compare alternative approaches.
- **Regime coherence:** The Panel agrees with consolidating disclosure rules into COBS 6A and aligning implementation with the CCI regime.
- **Transition:** The Panel supports the proposed 18-month transition period and emphasises the need for clear communication, so consumers understand which regime applies at each stage.

- **Consumer testing:** The Panel reiterates that ex-ante and ongoing consumer testing is essential to ensure the new regime improves consumer understanding and decision-making.
- **Metrics:** The Panel continues to call for clear, outcome-based metrics to assess whether the new regime improves consumer understanding and decision-making.

In particular, the Panel considers that the success of the proposed regime will depend on three essential safeguards: disclosures must be tested with real consumers before and after implementation; firms must be required to evidence that consumers understand the key cost and cash information presented to them; and the FCA should define clear outcome-based metrics to assess whether the regime improves consumer understanding, comparability and decision-making in practice.

The Panel also emphasises that any additional flexibility for firms should not weaken comparability or allow essential information to be omitted. The regime should preserve minimum standards for the content, prominence, and timing of disclosures so that consumers can compare products and services on a consistent basis.

The Panel encourages the FCA to ensure that the new disclosure framework works effectively across digital, mobile, and non-digital journeys, including for consumers with lower financial confidence or capability. Simpler disclosure should mean clearer, more accessible, and better-timed information, not merely shorter documents.

Overall, the Panel believes the proposals represent a positive step toward a simpler, more effective disclosure framework that better supports retail investors. The Panel’s detailed responses to Questions 1–16 are set out at Annex A.

Yours sincerely,

Chris Pond
Chair, Financial Services Consumer Panel

Annex A – Responses to CP26/24: Simplifying Consumer Investment Disclosures

1. Do you agree with our proposals on how firms should disclose pre-sale costs of investing? If not, why not, and what presentation would you propose?

The Panel agrees with the FCA's proposals. Clear, early, and standardised pre-sale cost disclosures are essential for consumer understanding and informed decision-making.

The Panel welcomes the FCA's proposal to align pre-sale cost disclosures with the CCI regime by focusing the main cost figure on the total of ongoing product costs and service costs, while requiring one-off costs, transaction costs, performance fees or carried interest costs to be disclosed separately and explained clearly.

This approach is consistent with the Panel's previous response to CP24/30, where we emphasised that consumers benefit most when ongoing costs are presented prominently, supported by simple explanations and practical examples. Presenting ongoing product costs together with service costs should help consumers understand the recurring costs they are likely to bear and compare the overall cost of different products and services more easily.

The Panel also supports the FCA's proposal that pre-sale costs should be personalised, annualised, and shown both as a percentage and in pounds and pence. This is important because consumers often struggle to translate percentage charges into the actual amount they will pay. Showing both measures should make disclosures more meaningful and reduce the risk that consumers underestimate the effect of costs on returns.

We agree that other costs should not necessarily be aggregated into a single headline figure where this could obscure their nature or imply that irregular or contingent costs will be incurred annually. However, firms should be required to explain clearly when such costs may arise, how they are calculated, and how they could affect the consumer's investment. Disclosures should be layered and designed in a way that highlights the most decision-useful information first, while allowing consumers to access further detail where needed.

Overall, the FCA's proposal supports the Panel's position that consumers should receive clear, understandable, and comprehensive information before and throughout their investment journey. We consider that the proposed approach strikes an appropriate balance between comparability, simplicity, and completeness, and is consistent with firms' obligations under the Consumer Duty to support consumer understanding.

However, the Panel notes that getting the content of the disclosures right is not in and of itself sufficient. How the disclosures are made and the timing of such disclosures within the consumer journey are also very important. We think it would be helpful for the FCA to remind firms of these broader points and ensure firms are underpinning their approach with appropriate consumer research.

2. What can be done to enable and encourage firms to deliver dynamic and engaging pre-sale cost disclosures?

The Panel supports more dynamic, interactive, and mobile-friendly disclosures. Static documents and PDF-based disclosures are unlikely to be sufficient on their own to support consumer understanding, particularly where consumers are making decisions through digital journeys or on mobile devices. The Panel therefore welcomes the FCA's encouragement for firms to embed cost information more effectively into the customer journey, rather than simply making it available as a separate document.

Firms should be encouraged to adopt interactive digital formats sliders, hover-over definitions, scenario visualisations, and layered disclosures to improve consumer engagement.

As the Panel has previously noted, interactive tools can significantly enhance comprehension and confidence. They are particularly useful where they help consumers translate percentages into pounds and pence, compare costs across products or services, and understand the relationship between costs and investment outcomes. However, the Panel notes that consumers should also be able to access key costs information at a later stage (e.g. so consumers can refer to it in the event of a dispute) so firms should be taking appropriate steps to ensure this is also provided in such a format.

The FCA should support firms through guidance and consumer-testing insights to ensure innovations genuinely improve understanding. The FCA should support firms through guidance, examples of good practice, and consumer testing insights, including evidence on which presentation methods are most effective for different groups of consumers and different types of investment journey.

3. Do you agree with our proposals for the presentation of post-sale cost disclosures? If not, why?

The Panel agrees with the FCA's proposed post-sale disclosure approach. Total costs should be presented clearly in pounds, pence and as a percentage, supported by breakdowns that avoid misleading consumers. Post-sale totals should include ongoing, one-off, performance and explicit transaction costs This aligns with our previous position that post-sale disclosures must balance simplicity with sufficient detail to maintain comparability and transparency.

4. Do you agree with our proposal to permit a 'reasonable estimate' of costs to be disclosed post-sale? If not, why?

The Panel supports the proposal to allow firms to use reasonable estimate of actually incurred costs when actual costs cannot be calculated, provided that estimates are clearly labelled, based on a standardised methodology, and accompanied by explanations of their limitations and firms use best endeavours to ensure accuracy. This approach reduces friction without weakening accountability. It aligns with the Panel's emphasis on clearer product design and improved information.

5. Do you agree with our proposal to remove the requirement for a cumulative effect illustration pre-sale? If not, why?

The Panel agrees with the FCA's proposals of removing the requirement for a personalised pre-sale cumulative effect illustration. Forward-looking cumulative illustrations often confuse consumers and may create unrealistic expectations. Removing rigid cumulative effect illustrations is appropriate if firms replace them with clear scenario-based explanations or interactive tools that help consumers understand how costs affect returns over time. Firms should be able to evidence to the FCA why they consider their chosen approach delivers an appropriate level of consumer understanding.

6. Do you agree with our proposal to require firms to show the effect of costs on performance in regular post-sale reporting in the way described? If not, why?

The Panel agrees with the FCA's proposal that regular post-sale reporting should show how total costs have reduced investment performance over the reporting period, and that this information should be available over the lifetime of the service. Regular post-sale reporting showing the effect of costs on performance is essential for transparency and supports ongoing value-for-money assessments.

7. Do you agree with our proposal to improve up-front disclosures about cash interest? If not, why?

The Panel agrees. Clear, upfront disclosure of cash interest rates and any associated fees is necessary to help consumers understand the true value of holding cash within investment products and to compare options effectively. The Panel agrees that firms should clearly state, before a consumer chooses a provider, whether they charge fees on cash, whether they retain interest, the rate paid to clients, and how that rate is set. However, given firms can choose either to charge fees or retain interest, we would encourage the FCA to consider whether more needs to be done to help ensure consumers can properly compare the costs in different offerings. For example, should charges be provided in pounds and pence and as an equivalent interest rate percentage? Where firms retain interest rather than imposing a specific charge for holding cash, should they make the cost to the consumer explicit so that information can be directly compared to fees charged by other providers?

8. Do you agree with our proposals on how information should be disclosed when firms receive money from consumers? If not, why? Would our proposals present any operational difficulties?

The Panel agrees with the FCA's proposal requiring firms to disclose, in periodic reporting to retail clients, the interest paid and any fees charged on cash balances, presented clearly and in a way consumers can understand. Information provided at the point of receiving consumer money must be clear, timely, and accessible. While some firms may face operational challenges in updating systems to deliver real-time disclosures, these changes are necessary to support good consumer outcomes. Communication should address barriers for less financially literate consumers using simple language and multiple formats.

9. Do you agree with our proposal to require disclosure of interest paid and fees charged on cash balances in periodic reporting to retail clients? If not, why?

The Panel agrees with the FCA's proposals requiring firms to disclose, in periodic reporting to retail clients, the interest paid and any fees charged on cash balances, presented clearly and in a way consumers can understand. Cash balances can materially affect returns, and consumers need visibility of interest earned, fees charged, and the net impact. Periodic disclosure of interest paid, and fees charged is essential for transparency and helps consumers understand the net effect of holding cash within investment products.

10. Do you agree with our proposals to combine COBS 6.1 and COBS 6.1ZA and other relevant rules into one new chapter, COBS 6A, for all investments business? If not, why?

The Panel agrees. Consolidating rules into a single chapter will reduce complexity, improve consistency, and support clearer consumer journeys.

11. Do you agree with our proposals to remove the rules in COBS 6.1ZA.15B–15J? If not, why?

The Panel agrees, provided minimum standards remain to ensure firms do not omit essential information. Flexibility must not come at the expense of comparability.

12. Do you agree with our proposals in relation to pensions business? If not, why?

The Panel agrees. Maintaining pension-specific rules is appropriate but urges the FCA to ensure clear explanations of what is included or excluded, given consumers often struggle to distinguish between product types.

13. Do you agree with our proposals to delete CASS 9.4 and move these requirements solely into COBS 6A? If not, why?

The Panel agrees. Consolidating disclosure rules improves coherence and reduces fragmentation. The Panel emphasises the importance of ensuring changes are consistent throughout the Handbook and cross-references updated.

14. Do you agree with our proposed requirements on disclosures for professional clients and eligible counterparties? If not, why?

The Panel agrees as long as the categorisation of professional clients and eligible counterparties do not capture less sophisticated investors (see our response to CP25/36[1]. The proposed approach is proportionate and maintains transparency while recognising the sophistication of professional clients. Allowing professionals to negotiate bespoke disclosures is proportionate and maintains clarity for retail consumers.

15. Do you agree with our proposed transition period for the new COBS 6A rules? If not, why?

The Panel agrees with the FCA's proposal that the revised COBS 6A cost disclosure rules come into force near the Policy Statement in Q4 2026, with an 18-month transition to June 2028. The Panel reiterates the need for clear timelines and communication, so consumers understand which regime applies during the transition. The proposed transition period gives firms sufficient time to update systems and processes without compromising consumer outcomes.

16. Do you agree with our proposals for coordinated implementation with the CCI regime? If not, why?

The Panel agrees with the FCA's proposals amending the CCI transition so that where manufacturers produce product summaries early, distributors can continue giving KIDs/KIIDs during the transition. The Panel understands that with that approach manufacturers would not need to update legacy KIDs/KIIDs unless there is a material change but must keep them publicly available until full CCI go-live on 8 June 2027. The Panel believes that coordinated implementation will ensure consistency across disclosures and avoid unnecessary complexity for consumers, who do not distinguish between regulatory regimes.

[1] financialservicesconsumerpanelresponsetocp25-36clientcategorisationandconflictsofinterest.pdf