

## Financial Services Consumer Panel

# When Life Happens: Understanding financial advice needs through Life Triggers

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## Context

Nearly nine in ten consumers (86%) experienced life events triggering the need for financial advice/help over the past five years, according to research commissioned by the Financial Services Consumer Panel. Yet just 9% of adults received financial advice about their pensions or investments in the previous 12 months, according to the FCA's latest Financial Lives survey. The Advice Guidance Boundary Review (AGBR) underway is exploring new approaches (i.e. Targeted Support) aimed at closing the financial advice gap.

The Panel believes that, to deliver genuinely effective support, policy must move beyond product categories and focus on the moments that matter in consumers' lives. In 2024 we commissioned YouGov to run a research project to provide evidence from the consumer perspective, ensuring that the proposed reforms reflect real-world triggers, preferences and risks.

This research casts a wider net than the pensions and investments contexts that AGBR has focused on to date. Our aim was to look at consumers' needs through their life events, rather than through specific products, and we wanted to review the appropriateness of Targeted Support against a wider range of products and services as a result.

## Summary

- Over a five-year period, nearly nine in ten consumers (86%) experienced life triggers that indicated the need for financial advice/help.
- Our research shows that only 30% of consumers know what financial product or service they need at the outset of a financial decision journey; most start with broad research.
- Targeted Support is valued as an initial starting point for further research, but it is widely seen as too broad or generic to support confident decision-making.
- Trust, impartiality and transparency are key: consumers want to know how any advice / help is paid for and why certain products are recommended.
- Most consumers want help / advice that is personalised and considers their whole situation, especially for complex or high stakes decisions<sup>1</sup>.

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<sup>1</sup> [https://www.fca.org.uk/panels/consumer-panel/publication/final\\_savanta\\_research\\_paper.pdf](https://www.fca.org.uk/panels/consumer-panel/publication/final_savanta_research_paper.pdf)

- Without addressing these consumer needs, Targeted Support may fail to deliver its intended outcomes and could lead to significant consumer harm, particularly for more vulnerable consumers affected by certain life events.

## Research methodology

YouGov's research combined both qualitative and quantitative methods to understand consumer experiences and needs, as identified by consumers, around major financial decisions.

The study began with exploratory focus groups and interviews, capturing how consumers describe 'life triggers' that may have a financial impact and the barriers they face in decision-making. Insights from this phase informed a large-scale, nationally representative survey of UK adults, quantifying how many people experience key life events, what support they seek and their satisfaction with different forms of help / advice. Additional online community discussions were held to explore ideal support journeys in depth, looking at three triggers identified as more complex: divorce, setting up a pension while self-employed, and withdrawing from a pension.

## Key findings

### Financial needs are shaped by life events, not by products

Our research draws a sharp line between a segmentation approach of customers, typically by product, and the way that consumers experience financial help needs. The Panel has consistently raised concerns that the FCA's proposed segmentation is product-first, not event-first, while in reality, consumer demand is often triggered by key life events.

Life triggers (such as starting a new job, buying a home, having a child, retirement, family and relationship breakdown, bereavement or unexpected debt) shape when, why, and how people seek help. These events are deeply personal and highly variable. Therefore, using a life trigger lens rather than a product-led approach can help to identify where consumers are most vulnerable to harm, particularly in response to certain life events.

As our research showed that only 30% of consumers knew exactly which product or service they needed at the outset, a product-led approach that does not consider consumer needs as a result of life events could be inappropriate.

Our research found that in the last five years, most UK adults (86%) experienced a major life event that led to a financial decision, with employment triggers (e.g. a new job, promotion or left a job) the most common.

This finding presents a real challenge for firms segmenting customers for Targeted Support using static common consumer characteristics or product categories as this risks missing those whose needs change suddenly.

When reviewing consumer journeys through a life trigger lens, we found that when consumers are faced with a financial decision to make, only 30% knew exactly what product or service they needed. Most started with broad research, building their understanding and confidence, often turning to familiar brands or online sources first.

*"I would have preferred using Google over directly going to the bank, as I am more likely to get more options, not just limited to one entity."*

– Female, 34

This wider breadth-first approach is especially true for consumers where there are complex triggers, and when information is confusing or unfamiliar. In practice, 56% of participants reported conducting research or seeking advice when faced with a major life event – numbers that are even higher for certain triggers, such as remortgaging (84%), starting a business (80%), buying a home (70%), setting up a pension (69%) or starting to withdraw from a pension (65%).

Our research shows that different people, with different needs and levels of knowledge, will seek out different things at different points. Life doesn't fit neatly into product categories, and neither does demand for financial support. In fact, our research found that tailored advice reflecting people's evolving personal situations is what consumers value most, rather than generic, product-led suggestions.

There are real dangers in relying on product-led identification of consumers for Targeted Support to solve the financial advice gap. Our research showed the risks are especially acute for some groups:

- younger adults (who tend to rely more on informal and digital sources but are less trusting of financial firms),
- people approaching retirement (who delay seeking financial help / advice and risk poor outcomes without personalised help),
- and those facing divorce or debt (who often receive unsatisfying, generic guidance and could face long-term harm as a result).

In addition, vulnerable customers are more likely to have additional or different needs that Targeted Support may not identify. If targeted support does not meet the needs of these vulnerable consumers, it could limit their ability to make decisions or represent their own interests, putting them at greater risk of harm.

Ultimately, financial needs are shaped by consumer lives, not by available products. If Targeted Support doesn't reflect that reality, there is a real risk that the advice gap will not close.

## **Financial advice should be unbiased, comprehensible and bespoke<sup>2</sup>**

Across our qualitative research discussion groups, participants shared similar perceptions of what good financial advice should look like – personalised, fitting with their circumstances and goals.

Participants told us that unsatisfactory advice would be:

- Generic
- No next steps or plan
- Single option given
- No personal information taken into account
- Pressure to go with a particular product/route
- No personal contact

Whereas satisfactory advice would look like:

- Unbiased, i.e. not pushing a particular product or provider
- Comprehensible – doesn't use financial jargon
- Review of circumstances
- Bespoke/personalised advice
- Options with benefits and risks outlined for each

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<sup>2</sup> [https://www.fca.org.uk/panels/consumer-panel/publication/final\\_savanta\\_research\\_paper.pdf](https://www.fca.org.uk/panels/consumer-panel/publication/final_savanta_research_paper.pdf)

## The importance of trust

From our qualitative research, we repeatedly heard that sources of trustworthy help, and the help itself, must be impartial, transparent and comprehensible. These aren't just nice-to-haves; they're the bedrock for any support or advice to be considered credible and reliable. As consumers sift through sources and compare options, trust is the single most important factor guiding their decisions.

What does trust look like in practice? Consumers with more than £10k in savings, for example, were likely to prioritise getting advice that was unbiased – 11% cited impartiality as their main requirement. For those with less than £10k, practical considerations like speed, ease of access, or low cost sometimes took precedence, but even then, trust was never far from the top of the list.

Participants in our research were acutely sensitive to the risk that firms offering Targeted Support would be concealing how they monetise these services, expressing fears of hidden commission structures. Our participants wanted to see not just advice, but clear disclosures about how advisers or firms are paid – and strong reassurances that any advice would be genuinely in their interests, not skewed towards products that benefit the provider. Without this, trust might quickly evaporate, and with it, the value of the advice or support on offer.

## Consumers criticise Targeted Support for being too broad

*“Because other people are doing it doesn't mean it is right for me. I will need more information.”*

– Female, 36

Our research found that consumers perceive Targeted Support as too generic and broad for consumers to make confident, individualised decisions, highlighting risks that, in some cases, this approach could actively erode trust.

Our research showed that consumers thought there were potential benefits to Targeted Support when presented with an example:

- **It's a starting point** – given that many don't know where to start or look when searching, Targeted Support at least provides a point to conduct further research.
- **It's simple** – it gives a clear and simple summary of what to do.
- **It raises awareness** – Targeted Support can raise awareness of what is available to consumers.

Consumers, however, also expressed concerns, highlighting these drawbacks:

- **Too broad** – the main drawback is that it is too vague, which impacts trust and confidence in the Targeted Support. The majority feel it would not be of use to them.
- **Irresponsible** – some feel Targeted Support could lead to people choosing options that aren't suited to their circumstances, especially for decisions which have lifelong implications (like pensions or mortgages). Some see it as a cynical cost-saving measure by firms rather than an attempt to provide genuine help.
- **Easy to ignore** – imagining a digital recommendation, some felt that this makes it easier to ignore than talking to a financial expert.

Our research participants wanted to see a range of sources included in any Targeted Support messaging, so they could carry out further research. They also wanted warnings to be included to make sure it is clear that the recommendation did not take into account their full personal situation and needs.

*“Seems like a quick way of checking pension options and potential changes. A disadvantage would be an ability to interrogate the site and question the outcome, and uncertainty whether the recommendation was correct”*

– Female, 61

We know that the '*People in similar circumstances*' messaging at the forefront of Targeted Support can be powerful. Behavioural science refers to this kind of nudge as leaning into 'affinity bias', where consumers are more likely to act if they believe others like them acted the same way. In our survey, of those who had received professional financial advice and had been given advice framed around '*People in similar circumstances*', 81% said they were influenced by knowing what others in similar circumstances had done.

An affinity bias, combined with an insufficient level of detail in the segmentation leading to a Targeted Support recommendation, has the potential to point consumers in complex circumstances towards unsuitable products. There is a risk that Targeted Support, as proposed in CP25/17, will provide biased or insufficiently neutral financial support due to inherent limitations in segmentation and personalisation.

## Targeted Support is seen as a stepping-stone

Our research is clear: Targeted Support alone is unlikely to be the solution to closing the financial advice gap. Instead, consumers see it as a useful first step – one rung on the ladder, but not enough to reach the top.

Participants described Targeted Support as a helpful way to orientate themselves when faced with a new financial challenge, particularly when they weren't sure where to start. More than half (56%) began their financial decision-making journey with online research, often to build basic understanding and confidence. In this sense, Targeted Support provides a much-needed signpost, helping people move from uncertainty to action.

But, for most people, the financial decision-making process is rarely linear or limited to a single source. As our research and the Panel's previous work<sup>3</sup> repeatedly showed, consumers pull together insight from a range of places – friends and family, online resources, employers and sometimes professional advisers. Targeted Support must be seen as just one piece of this wider jigsaw puzzle.

This wider context matters. When a consumer's journey is driven by a life event or 'trigger' (particularly events such as family breakdown, inheritance or retirement), their initial uncertainty often leads them to cast the net wide. Our data showed that only 30% of consumers facing a financial decision because of a life event knew what product/service they needed. To do their research, they seek a mix of formal and informal help, asking questions – and only turning to professional advice when absolutely necessary. Notably, those experiencing more unexpected or complex triggers (including divorce and inheritance) often reported lower satisfaction with the support available, highlighting where Targeted Support alone might fall short.

Our research participants consistently told us that, as their knowledge grows, their questions become more specific, which is where the limitations of Targeted Support really show. For complex or high-stakes decisions, consumers want tailored, personalised advice that takes account of their whole financial situation.

Our evidence suggests Targeted Support will be at its best when it acts as a stepping stone, helping consumers get started, but always signposting to where more detailed, personal support can be found as their needs evolve.

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<sup>3</sup> [www.fca.org.uk/panels/consumer-panel/publication/final\\_savanta\\_research\\_paper.pdf](http://www.fca.org.uk/panels/consumer-panel/publication/final_savanta_research_paper.pdf)

## Consumers see value in Simplified Advice

Our research participants told us they saw a role for Simplified Advice, especially for those who can't or won't pay for full financial planning. People see the value in being able to clarify points of confusion or build a foundation of financial knowledge before making bigger decisions.

Our research participants told us that the benefits of Simplified Advice would be:

- **Low-cost** – it provides access to those who can't afford full financial planning.
- **Expert advice** – it can help to guide their own research, building confidence that they are looking in the right direction.
- **Foundation building** – it can cover the basic concerns and questions and help build knowledge.

Whereas the drawbacks would be:

- **Bias** – based on the product-led example shown to participants, some felt the Simplified Advice may be pushing a particular product, which the firm is being commissioned to promote.
- **Options** – many feel offering only one option is insufficient. To be of more use, it needs to show the pros and cons of what else is available.
- **Single meeting** – they feel one meeting is not enough when deciding on a large decision such as pensions, and that one session isn't enough to feel confident, as crucial details may be overlooked.
- **Too few details** – it impacts confidence in this form of Simplified Advice if it is not based on the full picture of a consumer's circumstances.

*“If this advice is only based on limited information about your financial situation and goals, then there is a risk that something important is overlooked.”*

– Female, 52

While our research participants told us they saw value in a Simplified Advice offering, they did not see it as appropriate to make confident financial decisions. For big decisions, they wanted to defer to an IFA for in-depth reviews of their circumstances and tailored support. This did not necessarily detract from the value of Targeted Support or Simplified Advice as stepping stones – participants saw these as a potential precursor to paying for a financial adviser.

## Panel recommendations

To achieve good outcomes for consumers the Panel make the following recommendations:

### 1. Build awareness of life triggers into Targeted Support segmentation:

The FCA should ensure that firms clearly define consumer segments by including common financial life triggers, providing appropriately tailored responses and recognising changing consumer needs. The FCA should require firms to proactively identify and support consumers whose vulnerability may be temporary or triggered by a life event, rather than relying only on product-based definitions.

### 2. Prioritise trust and transparency:

Our research showed trust to be the most important factor when consumers look at financial advice options, and participants were wary of suggestions that could be biased or linked to commissions. The FCA should provide guidance identifying standardised segment definitions and prescribe how these assumptions are communicated to ensure consumers understand what data underpins the Targeted Support. The FCA must close the trust gap by ensuring that firms are providing advice and support that is demonstrably clear and transparent. Disclosures around remuneration and incentives should be standard, not optional, to counteract deep consumer scepticism found throughout the research.

**3. Design Targeted Support as a stepping stone, not an endpoint:**

Our research showed that consumers want access to a range of information sources to inform their decisions. Targeted Support should be positioned as an early signpost, helping consumers begin their journey, but always providing clear routes to more tailored, personalised support. The FCA should require that firms build in signposting to impartial resources and routes to professional advice, making it easy for consumers to do their own research and to escalate as their needs become more complex.

**4. Use inclusive design principles to design for higher-risk and more vulnerable groups:**

The FCA should ensure that firms focus interventions and future testing on those life events and demographics identified as highest risk (such as divorce, inheritance, and debt) as well as those less likely to have confidence in the system (e.g., younger adults, those with lower income or educational attainment). Protections and oversight are needed to ensure that those in complex or vulnerable situations are not left out or subject to harm.

**5. Acknowledge the limitations of Targeted Support clearly with warnings:**

In our research, consumers repeatedly criticised Targeted Support for being too broad and not relevant to their individual needs; the majority felt it would not be of use to them. Warnings should be clear that recommendations may not reflect individual circumstances, and consumers should be encouraged to consider their personal needs.

## About the Panel

The Financial Services Consumer Panel (FSCP) is an independent statutory body set up to represent the interests of consumers (both individuals and small businesses) in relation to the regulation of financial services. Members of the Panel are recruited via open competition and have a range of experience including financial inclusion, financial services industry, consumer protection and law.