

Advice Policy Team
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN



By email

12 May 2026

Dear Sir/ Madam,

CP26/10: Simplifying the pensions and investment advice rules

The Panel welcomes the opportunity to respond to this consultation and is broadly supportive of the aims.

Our primary observation is that Simplified advice is unlikely to be taken up by smaller IFA firms, primarily for commercial reasons. Smaller advice firms have lower profit margins so, in order to remain financially viable, will necessarily prioritise taking on clients with larger sums to invest who are seeking holistic advice. Within this broad context, we would encourage the FCA to create the right regulatory conditions for larger firms to focus on simplified advice.

Considering potential barriers for uptake by larger firms, we highlight the need for care if moving to suitability assessments based on 'sufficient information' rather than necessary information. While a positive step which should improve client experience, improve efficiency, and save time, a key concern is the potential for challenge from retrospective claims if the fact find does not go into sufficient detail. It will therefore be important that there are clear examples of what is deemed sufficient recognising that the default, when there is ambiguity, is to stick to the full fact-find. This is often the position taken by compliance and professional indemnity insurance (PII) providers.

We have provided below specific comments on aspects of the which are most likely to impact smaller firms:

- **The removal of mandatory annual reviews** – moving from annual suitability reviews to periodic suitability reviews is in theory a step in the right direction. However, creating subjectivity around when periodic reviews happen will in practice increase administrative burden on smaller firms seeking to document what is deemed the appropriate number of reviews for every client to ensure compliance. It would also be helpful to clarify expectations regarding how the number of reviews, or the cadence of reviews, links to the ongoing advice charge e.g. should a client remain on the same charging structure when their reviews move from annually to bi-annually, and might it be appropriate to increase charging when moving to more regular reviews for certain clients? This is why worked examples are key.
- **Dealing with disengaged clients** – With respect to disengaged clients, small firms face a binary decision of whether to charge or not charge. Clear indicative thresholds to help with this would be welcomed. It is also important to note clients respond to different communication methods in different ways, for example, they may be unresponsive to emails and post, but very responsive to direct messaging such as WhatsApp. There is therefore a need to clarify that different communication methods can be used when determining whether a client is disengaged.
- **Simplified suitability reports** – these are again a step in the right direction, but there has to be a joined-up strategy from the FCA, FOS, and PII and compliance providers. Currently, firms operate a 'defensive documentation' approach due to potential complaint risk. Concise reports will help customer understanding, but there

needs to be assurance that simplified suitability reports would not be used against firms by the FOS in the event of a complaint.

- **Clarification on knowledge and experience** – updating the rules and guidance to steer firms into having a greater focus on client education, rather than a historic assessment of a client’s knowledge and experience is welcomed. It will be vital to provide examples of good practice, poor practice, and myth-busting to ensure clarity for advisers.
- **Legacy commission reform** – This is a step in the right direction. Incoming clients may often have no idea that they are still paying these fees indirectly. Greater clarity is important, however, some firms have a significant proportion of their income from this source, so personalised transition periods and sufficient time to move to service agreements should be part of any change.
- **Consolidation of COBS 9/9A** – While sensible, the net effect is that smaller firms will need to make more judgement calls. This means, through direction from PII and compliance providers, that firms will need to document their rationale more extensively. This could result in significant time being spent on documentation. Again, clearer FCA guidance will be important.

The Panel would be happy to engage further with the FCA on any of the points raised in this response.

Yours sincerely,

[signed]

Will Self
Chair, FCA Smaller Business Practitioner Panel