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SESSIONAL MEETING DISCUSSION

Please Advise Me: Advice Gap in the UK Working Party

[IFoA Sessional Webinar, Tuesday 14 January 2025]

This discussion relates to the paper presented by Chris Barnard and Robin Duffy at the IFoA sessional webinar held on 14 January 2025.

Moderator (Mr G. Ritchie): Thanks for joining the session today. This is an Institute and Faculty of Actuaries (IFoA) sessional on the Advice Gap in the UK Market. My name is George Ritchie. I am a manager in the long-term savings policy team at the Association of British Insurers (ABI). I have been leading our work on financial advice and guidance for a couple of years.

The reason we are here today is very simple: "The Advice Gap in the UK Market" Working Party has produced an excellent piece of research, titled "Please Advise Me". Quite a captivating title, I thought, hinting at what the advice gap is all about. What will also be captivating is the presentation that Chris Barnard, chair of the Working Party, and Robin Duffy will give on the research.

Like any good piece of research, there is plenty of data referenced, and a couple of statistics stood out to me when I was reading it in advance of the session. One was that most people do not receive financial advice. Most are not willing to spend more than £250 to access it, which is well below current prices for financial advice. Over half of consumers who have received guidance found that it was a little helpful, but only about 20% found it really helped a lot in their decision-making. Finally, 71% of adults did not receive any support about investments or savings into a pension or retirement planning in the full year up to May 2022. For me, that is the advice gap in a nutshell. Advice is good but it is hard to access. Guidance is okay but it is not that helpful. Many people continue to receive no support, so a solution is required. In the paper, it is clear that there is no silver bullet. I probably would not have a job if it was that straightforward. The Working Group probably would not exist either. Fortunately, a lot of the important players also agree that a solution is necessary, across the political spectrum.

The Financial Conduct Authority (FCA) and the Treasury announced their Advice Guidance Boundary Review in 2022. It got properly underway in 2023. The objective has been to start getting people the help they want, when they need it, at prices they can afford. The General Election in 2024 did not change anything. The current Chancellor referenced the Advice Guidance Boundary Review as part of her Mansion House speech, citing it as an example of how the UK is going to start regulating for growth rather than for risk. It gives me confidence that even though just half an hour ago a new Minister for Pensions was announced, the review will remain high on the agenda. It has cross-party support, which is excellent.

The star proposal of the Advice Guidance Boundary Review, to date, has been this idea called "targeted support". You might have heard a little bit about it. It is designed for the mass market. Automatically enrolled pension customers are front and centre of the FCA's current open consultation on a targeted support framework. I think this discussion and this paper came at just the right time to help us respond to the FCA's consultation paper on targeted support. Given its prominence in the debate, I wanted to take a couple of minutes to explain what targeted support is about before we get into this presentation.

So, what is it? As currently proposed, it is the ability for life companies and other FCA-authorised firms to identify a consumer. Let's say myself, being part of a predefined consumer segment or target market and a company provides suggestions to me that can help me take financial decisions. It covers investments and pensions. It does not currently cover protection products, but it could in the future. It is very much a child, if you will, of our new world of consumer duty. The scenarios, the consumer journeys and the consumer segments are not prescribed. It is outcomes-based, and in this case, the firm (the pension provider) has to make a judgement about whether or not the solutions or the courses of action it suggests are likely to produce better outcomes for me, as the consumer, than I would otherwise receive if I did not get targeted support.

To take an example, let's say it is the year 2052. I am 58 years old, still working at the ABI and still a middle manager. I come to my pension provider looking to withdraw my tax-free cash. My provider knows a few things about me – my age, salary and planned retirement date. By asking a couple more questions, they establish that I do not want to take the money out to spend it or to pay off a mortgage, but rather I want to withdraw it to put it into a savings account. This would give my pension provider enough information to say, "Look, we think George sits within a particular consumer segment that would benefit from keeping their tax-free cash within their pension for a longer period". They can make that suggestion to me, and they can explain why. They can explain the information they took from me to provide that suggestion. And that is targeted support.

Targeted support could also be where my pension provider nudges me to increase my contribution rate after they see that I have had a pay rise, or my bank sees that I have saved up £10,000 in cash and I have not touched it for a year. They might suggest, "Hey, have you thought about a stocks and shares ISA? Here's one that we offer". That is targeted support. In my view, that is a good thing. People need help. Pensions dashboards are coming soon; even more people are going to be coming to their pension providers and expecting a higher level of service than they are currently able to receive, given the existing regulatory framework. Firms will hopefully be ready with as many tools as possible by that stage.

That is enough from me. We have now got Chris (Barnard) and Robin (Duffy), who are going to talk about targeted support, amongst many other intriguing and thoughtful recommendations to help tackle the advice gap.

Chris (Barnard) is a senior actuary with Allianz, in Munich. He has over 30 years of experience in the insurance industry. He has worked in product development, pensions, finance and business steering areas. He has a current focus on customer value and regulatory initiatives. He is also a member of the IFoA Life Research Committee.

Robin (Duffy) is an experienced actuary working for Gen Re in London. He has over 10 years of experience, and his expertise covers pricing and research. He has a real interest in how the need for life insurance varies by market segment – market segmentation is a very important aspect of targeted support. The research they are about to present encompasses life, pensions and investments. It is thought leadership. It builds on existing research from within the profession and externally. Certainly, we at the ABI will be using it and referencing it in our response for the FCA in this upcoming period on the Advice Guidance Boundary Review.

Mr C. R. Barnard, F.I.A.: Just as a brief introduction, I want to say good evening and welcome to you all. Thank you for participating today. It is a real pleasure to present at this virtual sessional meeting. I joined the Advice Gap in the UK Working Party as I have been heavily involved in advisory projects in the last couple of years and also researching areas where customers have not understood the products they have bought. I think that is something we can certainly improve. Our working party was set up in 2021 to research first the emergence of an advice gap in the UK following the Retail Distribution Review; second, the consequences of this gap; and finally, proposals that could mitigate the advice gap and improve access to financial advice.

During the research, we have been able to draw from a broad range of experience and perspectives: from consulting, professionalism, education and research and of course from life

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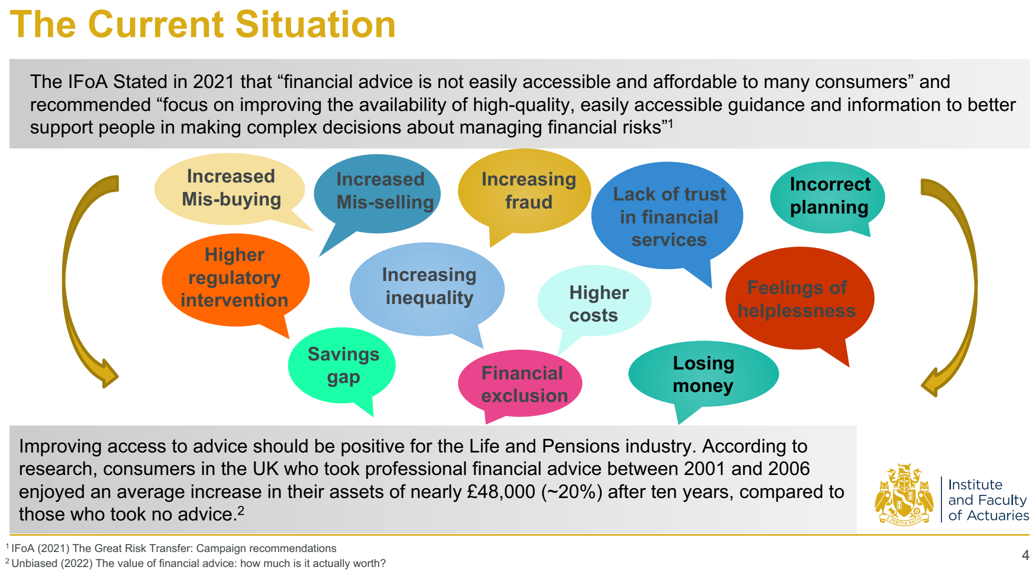

Figure 1. The current situation.

insurance and pensions. To assist our research, we carried out a survey with the actuarial profession during 2022 and 2023, and the results were quite useful in refining the direction of our research. Some of the comments provided by the participants were very helpful in giving us thoughts on how to proceed. We are now at a point where we are ready to present the ideas and start engaging in further discussions on what we as a profession should do next.

We will start by looking at the current situation, vis-à-vis the advice gap, and then discuss why the profession should get involved in this topic. Then we will briefly discuss some of our proposals and their implications, before outlining the next steps and wrapping up.

To summarise, our research to date indicates that there is a huge advice gap in the UK, and that has emerged following the introduction of the Retail Distribution Review in 2012. The move from traditional commissions to fee-based advice has certainly led to a two-tier market. The first tier is for the masses, with simple, standardised products and where the processes and administration can be automated as far as possible, perhaps with some online servicing. The other tier of the market is aimed towards higher net-worth individuals who perhaps require a more complex product to meet their more complex needs. Advice will still be needed, and they are willing and able to pay for that advice.

We see the gap in the market widening in the retirement space, in particular where wealthier retirees have access to various complicated retirement solutions, such as self-invested personal pensions and drawdown solutions. There is not much on offer for those who have smaller accounts, other than to take their accounts in cash or perhaps take out a traditional annuity. These problems are exacerbated by gaps in the public's economic and financial knowledge, so-called "financial literacy". For example, how much is required to provide their expected pensions and quite a bit of confusion over how financial products work and what the outcomes from those products could be.

Figure 1 highlights some of the consequences that a lack of financial advice or guidance or support can lead to in terms of incorrect financial planning for many and a savings gap emerging. These include a lack of trust in financial services, financial exclusion and even a feeling of helplessness in times of extreme financial stress. To be clear, the advice gap is important. Research has shown that consumers in the UK who took professional financial advice between 2001 and

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2006 enjoyed an average increase in their assets of nearly £48,000, which is roughly 20%, after ten years, compared to those who took no advice. So, we are talking about significant differences here.

In our view, some of the benefits of widening access to financial advice would include consumers being more likely to buy the right products at the right time for the right need and to avoid being mis-sold or mis-buying or failing to make sufficient financial provision for their future. The IFoA is aware of this, of course, and has recommended to “Focus on improving the availability of high quality, easily accessible guidance and information, to better support people in making complex decisions about managing financial risks”. That is the current situation.

Why should the IFoA get more involved in this? Having a better-advised and supported public would be beneficial for the financial services industry, including insurance and pensions. Perhaps it would help to reduce the frequency of mis-selling and mis-buying and dissatisfied customers and perhaps even improve the reputation of the financial services industry, all of which is good for us. Importantly, the IFoA is a profession and has a good reputation. We understand the issues well, and it would be difficult to argue that mitigating the advice gap and improving access to financial advice was not in the public interest. Finally, we have many touchpoints across industry and society with financial companies, industry bodies, regulators, education and research bodies and the government. Our voice still counts for something with these people.

In our view, a lack of advice may lead consumers to make decisions that are not in their best interests. That can include many items, such as being financially unprepared for retirement; holding savings predominantly in cash or having the purchasing power of their money eroded over time by inflation; making uninformed decisions when accessing their pension savings; turning to high-risk investments, without sufficient understanding of the risks; and getting advice “from unregulated sources”, such as social media “finfluencers”. As mentioned, research indicates that consumers who took professional financial advice have enjoyed higher average increases in their assets and higher pensions, compared to those who took no advice. Finally, in terms of financial inclusion, we found that an apparent gender and social imbalance regarding women and those from lower socio-economic groups being less likely to access formal advice or guidance.

We think that this last point is important, in that those with the least resources, and potentially even lower financial literacy than the general population, are effectively excluded from receiving personalised financial advice or even guidance, both of which could be suitable for their circumstances or financial needs. So, those perhaps least able to cope and with the lowest ability to absorb financial losses are particularly exposed to a lack of financial advice, guidance or support when making investment and insurance decisions. In our view, improving access to financial advice, guidance and support should be beneficial overall and motivate better outcomes for consumers.

That is a summary of the background to the advice gap, our working party and the research. We have not focused in this presentation on why there is an advice gap. That is covered in more detail in the draft paper. It is clear that the cost of good quality advice is quite high and that appears to be a function of the complexity of the advice and the compliance and regulatory environment, which means that only people with decent savings or incomes are willing to pay, and advisors will only really service that higher income/higher net-worth segment of the population in the first place.

Let us talk about how we propose to mitigate the advice gap and the consequences of what we are suggesting.

Mr R. Duffy, F.I.A.: We focused on four proposals. There are some other options, but we think these four are key. I am going to start by talking about clarifying the advice and guidance boundary because it is not always clear what constitutes advice versus what constitutes guidance. There is a risk that a firm is going to be too cautious. They might be worried about being on the wrong side of the line. The FCA and the IFoA are both supportive of trying to clarify the advice and guidance boundary. This would need to be accompanied by a significant awareness campaign to ensure that firms are fundamentally happy with the idea of offering wider guidance options.

Our second proposal is on flexible remuneration models. Under the current structure, which is fee-based, there is a risk that people are put off by a large fee. As a result, they do not seek advice, which again is undesirable. There is also a risk that people pay for advice and then they do not end up taking out a contract. One alternative to this fee-based approach is for customers to pay for advice by product charging. This needs to be considered as part of the consumer duty, and certainly including advice charges within products and platform fees does reduce transparency, so it may not be ideal in that regard. It is important that the total cost of products and services is adequately disclosed to consumers so that under any change to a remuneration model, they are clear about what they are paying for advice.

The third proposal we came up with involved targeted support. This is for targeting specific consumer segments – specific target markets for "people like you" as it were – rather than an individually personalised recommendation. This may help to bridge the gap between guidance and regulated financial advice. It does this by using the limited personal information on customers and circumstances to try to put them into a particular segment, to try to think about what the needs of the person and people in that segment are going to be like and to try and use that to help them make an informed decision. This is less comprehensive than full advice. However, it does have a correspondingly lower cost. It may be possible to use this as a more cost-effective way of offering advice to those who might not otherwise be able to access it. It may be good from a financial inclusion point of view that people who might not be able to afford "full-fat" advice may benefit from targeted support, which is going to be a lot better than not having any advice or any guidance at all.

The final proposal is about utilising Consumer Duty. This is key to how any specific product is chosen, presented or suggested to consumers. Under Consumer Duty, consumers should receive the support they need, the appropriate product type and investment choices to meet their needs, value for money and good consumer outcomes. This should gradually improve consumer trust in advisors and hence the level of advice that people receive.

I am now going to discuss further some of the implications of these proposals. In summary, we believe that our proposals will benefit both consumers and the industry. Expanding advice at lower costs may promote financial inclusion for less affluent groups, which is clearly desirable from a societal perspective. As a result, people might make more informed choices and may be more likely to invest in products that are suitable and meet their needs better. This could lead to improvements in consumer outcomes again, which seems like a no-brainer in terms of being beneficial for society.

Doing this may mean that consumers are more empowered to save, invest and protect. There is no silver bullet. We have raised several issues around the advice gap and what the problems are. We anticipate that our solutions will solve many of these issues. However, the key takeaway is that there is no single solution that fixes everything. What we are proposing would help to reduce the advice gap, but obviously, it is not perfect. There are other things that could be done. It is quite difficult to eradicate the advice gap completely. As a community, what we want is to try to reduce the advice gap as much as possible.

Mr Barnard: We have mentioned a couple of times that we should increase the actuarial profession's voice and presence in this area. We do believe that the profession has a duty to advocate to improve access to financial advice and that this topic is in the public interest and in the interest of the profession. To this end, we recommend that the IFoA should establish a permanent advice gap practice area or panel or at a minimum a member's interest group, which can act as a supporting voice, a sounding board and a trusted partner with suitable organisations that are active in this area. We also suggest that there should be at least two sub-areas that would focus first on retirement planning and financial education and second on women's access to financial advice because, unfortunately, some research has indicated that fewer women than men access formal advice or guidance at all.

In conclusion, it is important that we all understand that the advice gap in the UK is a complex and nebulous concept, when you look at the reasons for its emergence and what we can do to try and get more people obtaining advice and more people offering advice. As mentioned, we do not have a silver bullet to solve all the issues that we have raised. What we have tried to do is demonstrate how access to financial advice and guidance could be improved if the ideas and conclusions of our research are followed. To summarise one more time: clarify the advice guidance boundary, have flexible remuneration models and targeted support and support all of this through a very strong focus on consumer duty.

Moderator (starting the Q&A session): Thank you very much. I want to introduce the other two panellists, and then we will get into questions. First, we have Burcin Arkut. Burcin has held various actuarial roles across the UK and Europe for more than 25 years. He has worked with government and regulators to help shape public policy across the insurance industry, and he is the deputy chair of the Life Board of the IFoA.

We also have Xinbin, also known as "Max", Xu. Max is an aspiring actuary. He had an actuarial internship in Hong Kong and now studies at Cass Business School. In this working party, he has focused on technology-driven solutions, given his specific experience in the software industry as a product specialist.

Question: What are the panel's views on removing HMRC barriers for the use of pension schemes to facilitate payments for advice? There are numerous obstacles to members being able to use their pension assets to pay for the advice or trustees and scheme sponsors to pay for advice where they would be able and willing to do that. Wouldn't it be a public good to ease those restrictions to help people get past the barrier of upfront costs that are currently putting them off paying for good quality advice?

Mr B. Arkut, F.I.A.: I think the question is referring to DB to DC. It is a type of transfer or a transaction. I am not an expert on that topic per se, but there are certain rules around the fact that any transaction above £30,000 from DB to DC requires advice, as far as I remember. Second, when you think about the DC scheme side, there is the availability of using £500 and getting advice from your employer. There is not a significant take-up on that kind of advice either. I do not know if I have answered the question or not, but maybe we will take it away and come back with further insight.

Question: Has the working group considered the role AI might have in reducing the cost of advice and improving upon the existing robo-advice that is in the market, which in turn could help close the advice gap?

Mr X. Xu: We have thought about several technology drivers, including AI, to provide specific targeted support. Before I answer this question, maybe we can think about how advice works. It was limited to insurance companies, agents and the potential policyholder. Now we have AI. We believe AI could be a new end in this network; we also want another end, which is the other policyholders or potential policyholders. We hope, as a potential policyholder, we can not only receive advice from AI but also from other potential policyholders. We imagine a scenario where we put these two ends into platforms like Money Saving Expert. In this forum, people can receive advice from robots, and they also can read posts written by other policyholders. The posts or advice in these forums could also be used to train the AI and provide better advice in the future. With these two ends, the network will be more complex, not proportionally but exponentially, because more relationships could also be trained by AI agents. It is what we are trying to propose. This is covered in more detail in our paper.

Moderator: That proposal that Max (Xu) was running through was not discussed in the presentation today but is in the paper that sets out the full research. I do see another question about where the predictive analytics and AI solutions are being deployed to assist in delivering low-cost advice, and I think that was partially covered in Max's question. We are thinking about seeing that potential playing out for targeted support from the member firms that I speak to. There is always a risk with the introduction of AI, given the regulatory requirements in these

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frameworks, where you do want to know exactly what you are going to be saying back to a customer, so you do not breach that advice guidance boundary, wherever it lies after the introduction of targeted support.

Question: Do people need advice in most cases with the recommendation to invest in a particular product or do they just need coaching, which has both lower regulatory requirements and lower costs? What about education on the value of advice? £250 is a lot for many to pay, but people would pay a similar amount for a plumber or other types of services that they need in their lives. Could education play a role in showing people the value of advice?

Mr Barnard: I think that the last part on coaching is important and touches on the topic of financial literacy, which is shockingly low in most markets. We had a paper on this in 2020 covering the issue of financial literacy and the problems emerging from a financially illiterate population. It is very difficult to move the level of financial literacy over time. There are so many initiatives and so many bodies working on this, well-meaning bodies with quite a bit of investment, but no meaningful improvement in financial literacy. We do agree that it may be a good idea to coach people on the value of advice. It may be something to look at. I am not 100% convinced it is going to move the needle, but it might result in a marginal gain.

Do people need advice, or do they need coaching on advice, if a very small segment of the population is receiving some kind of formal advice? In our view, there is a segment of the population that wants advice and was not able to access it or was not able to find the avenues that could provide advice, or for which advice is simply too expensive. Anything we can do to help those people receive better support, and better guidance in their financial journey, we see as a good thing. We do not see that everyone will be able to access advice or want to, but there is a sizeable chunk of the population who clearly would like some kind of support, even if they only realise this after the event but were not able to receive it in time.

Question: Tax changes brought in after an investment has been taken out can have a drastic impact on the outcome for the client. Do you see financial advisors keeping their clients informed and aware of these tax changes and other changes that happen? There is the forthcoming inheritance tax change, which will bring unused pension pots into the calculation of whether somebody owes inheritance tax or not and may mean a lot of advice is needed. It will bring a lot of consumers into paying inheritance tax that previously would never have thought about it. Will they get that advice? Will all these people who potentially need it get it? How easy is it to access? Do you see financial advisors keeping clients informed about changes that occur through government policy changes?

Mr Duffy: Do I see financial advisors keeping their clients informed? It depends. If there is a reason for financial advisors to stay in touch with their customers at that point, I do see them keeping clients informed. Where financial advice is more one-off in nature, and there is no subsequent follow-up, or there is no need for subsequent follow-up, I think you can argue that financial advisors might not keep their clients highly informed. We need to find a way to get financial advisors to build an ongoing relationship with their clients. There are potentially incentives for them to do that, especially given that there is more scope for up-selling, if you have regular advice, as opposed to just advice on a one-off occasion.

On to the second question on the forthcoming Inheritance Tax (IHT) change on unused pension pots. My immediate view on this is that this is something that will potentially increase the size of people's assets and hence the amount of IHT that they need to pay. In many cases, given the sums of money involved, the people who are going to be affected are those who were initially underneath the IHT threshold and are now going to be above it after including unused pension pots. If their situation is relatively straightforward, then something like targeted advice might well be quite a good solution for them compared to full-fat advice, which is more suitable for people with more complex needs. My guess is that this group of people will be less likely to have less complex needs. So perhaps similar solutions that we talked about in this presentation might be applicable to those persons.

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Question: Targeted support appears to be a very good solution. What are the key barriers to providing targeted support and how can these barriers be overcome?

Mr Arkut: What are the issues with targeted support? The recent paper that came out from the FCA provided some clarity and tried to put it in context. This is all about coming up with homogeneous groups, with customers who have similar attributes that can be categorised. We know that customer segmentation can be quite granular, and it can be as granular as you like. At that point, it may be difficult for the companies to justify that kind of customer segmentation, depending on needs. Having said that, I think that the industry has done a lot of work around Consumer Duty, because it was a catalyst to better know your customer. I think that would be the first contact point, to bring that into the targeted support regime. The other issue with targeted support is the fact that it is not advice or guidance, it is something in between. There is a possibility, and this is highlighted in some of the publications, that the customer may end up with the view that they are getting personalised advice, which is not the case. It is all about that kind of customer segment, and how you fit in that customer segment will determine the kind of target support that you will get.

Moderator: Consumer understanding of what they are receiving is an important aspect that the FCA has talked about a lot. Providers will have to be able to make sure that consumers understand that they are receiving this type of support, which is not advice and is not guidance. It is something distinct, and this presents a challenge. Unless the regulatory framework is tight, which is unlikely, given it is an outcomes-based approach, there is always a risk of liability concerns for a provider to give targeted support to an individual, and then for that consumer to ultimately have a bad outcome, for whatever reason. The individual complains about that to, say, the Financial Ombudsman Service (FOS). Then there is a decision made by, say, the Financial Ombudsman announcing that target support did not meet a certain standard it should have. There is a subjective element as to whether any targeted support meets the better outcomes threshold, which is written into the targeted support proposals at the moment.

Question: What is the panel's view on the cost of advice versus the value? For most people, do you think it is worth it? You referenced in the presentation research that investments for those advised customers versus non-advised customers had increased significantly. Was there anything else you wanted to say on the value of advice and how that stacks up against the cost?

Mr Barnard: Regulated financial advice is quite expensive for the average person. You are talking about maybe a couple of thousand pounds based on some of the figures I have seen. That is a lot of money. If you have the assets, if you are someone who can afford them, the research shows that you are better off than if you did not have advice. Is that good value for money for the mass market? It is less clear for people with a smaller amount of assets, a lower income and simpler needs. Maybe such a payment would not appear to be value for money for such a market. Therefore, we want to see more providers of different kinds of advice. Hence the push to clarify the advice and guidance boundary, the push for targeted support and the push for some of the ideas that were presented in the paper on the technology front. If you can provide cost-effective guidance to a wider market, maybe you will see the same kind of positive value for money consideration, and that would be a useful thing to do. We don't have that research to date, so we cannot source this view, but that would be my first comment.

Question: What should the IFoA do? Advice is good, where it can be accessed, but it is expensive, so it isn't for everybody. It is not a mass market concern. Should the IFoA be more active in highlighting that elephant in the room? Mass market advice cannot be cost-effective under the current compliance regime. Unless there are AI innovations, the gap will only get wider. Does the IFoA need to be more active in highlighting that idea?

Mr Barnard: I support that idea. I think it is a very good comment. I am not sure how the IFoA would take this forward, but I do believe that it is the right thing to do. The IFoA is a profession and has a public interest duty. This is topical, and it is important. It has also received a lot of interest. We have a good understanding of the topics, and we have a good voice. I think it is the

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right thing to do to get more involved in this and to highlight the issues and potential solutions, as we have mentioned.

Question: Under targeted support, are there proposals to protect pension providers if they nudge a customer to take action that, in hindsight, proves to be suboptimal?

Moderator: Essentially, there will be a threshold, which is currently called the “better outcomes threshold”, and the provider would have to establish that their target of support passes that threshold for them to give it to the consumer. If they can evidence to the regulator that any targeted support that was offered to a consumer passed that threshold, then from the regulator’s perspective, and if the regulator agrees, they should be protected in the sense that the nudge was appropriate under this regulatory framework. The risk comes from Financial Ombudsman decisions potentially being different from those of the regulator. At the current point in time within the proposals, more needs to be thought out with respect to the relationship between the Financial Ombudsman and the FCA and exactly how the Financial Ombudsman would interpret targeted support-related complaints. There is a regulatory framework that will both balance and protect consumers, but also give some confidence for firms. There is more to do, I think, in this area. We have a consultation paper out now without rules on targeted support. There is going to be one with rules, hopefully by the middle of the year, and then a policy statement after that. There is still time for the FCA to figure all of those details out.

Question: In the research, did you establish a minimum fee payable to financial advisors, for purchasing savings and investment-type products? Did we find that there is a minimum fee payable to IFAs?

Moderator: From my understanding, there is no minimum amount payable. As the markets evolved, especially since the Retail Distribution Review, it has been the case that fewer and fewer advisors are going to be taking clients with portfolios in the £30,000–£100,000 range. The focus of the financial advisor is getting higher and higher up that wealth spectrum because of the level of risk and compliance and other factors they need to consider before giving financial advice to anybody. While there is no minimum, it is never going to be very cheap given the economics of it.

Question: Are better outcomes purely financial, or can they also include peace of mind and ability to manage on an ongoing basis? Can the outcome that you achieve for a particular consumer be not just a financial outcome, but also the fact that they have received some support, so they feel better about it, or giving them the skills, in a way, to manage on an ongoing basis?

Moderator: I think maybe, from the perspective of targeted support, it could be not just financial, because the finances do not always work out. There is risk with investments. A lot of it is about how the consumer feels comfortable with the decision they take. So, not just targeted support, but clarifying the boundary or the other recommendations in the paper.

Mr Arkut: For better outcomes, I would like to link this back to the Consumer Duty’s price and value outcome. You must take both sides. It is not just the cost, but also the service. As the question points out, it is peace of mind. I would like to think that service, which should be evidenced on an ongoing basis, should have that peace of mind element. That is where the value of advice is. It is not whether it is simplistic or whether it is holistic advice, but rather any sort of comfort that the advisors can provide to the customers should be considered.

Moderator: Thank you very much for your questions and thanks also to our speakers, for your efforts and for writing the paper. I hope you enjoyed the discussion.

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