

The Advice Gap 2025

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Introduction

Welcome to the 2025 edition of The Advice Gap. Now in its 10th year, we believe this is the definitive study into the causes of the advice gap, and how the availability and adoption of advice could be improved. As always this study blends consumer research, conducted by YouGov, with the views of the advice professionals who make up the lang cat's adviser panel. We are incredibly grateful to everyone who took the time to participate in the surveys and interviews that have fed into this paper.

As with previous studies, it is clear this is a subject the advice profession is hugely passionate about. Not only is this one of our most popular surveys in terms of the number of responses, but the quality of replies we get is almost overwhelming.

This year we ended our online survey with an open-ended question, asking: "Do you have any views in general about the advice gap?" Over two-thirds of respondents left a wide range of comments and thoughts, contributing over 6,000 words in the process. One of the driving principles behind the creation of our adviser panel is to give the advice profession (and all roles within it) a voice. As a result, we have replicated as many of these quotes and soundbites as possible throughout this report, including the following:

"It seems there are a significant number of people who need advice and would benefit from it, whether that's financially or from the peace of mind [that advice brings]. But they can't access it because it either costs too much, or the services they need are just not profitable at those levels for companies. Finding a solution would not only help those people but open up a huge untapped client list."

If ever one quote sums up the purpose of this study, it is this. We know from this and other research we carry out about the positive impact financial advice and planning can have on individuals' lives.

Yet only 9% of the population have paid for advice in the last two years. There has to be a win/win whereby those on the supply side for advice can increase adoption of their services but more importantly, more consumers can improve their financial wellbeing. We'll explore all of this in the coming pages.

This is one of our largest research exercises of the year, and it wouldn't be possible without the support of our sponsors. Huge thanks to AJ Bell Touch, Just Group, Quilter and Royal London for their support to allow you to access this report for free.

That's more than enough from me, on with the main event. I hope you find this report both useful and interesting. If you have any comments or feedback, please feel free to drop me a line.



Mike Barrett
Consulting director
the lang cat

Research sources

Consumer research

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2045 adults. Fieldwork was undertaken between 8-9 April 2025. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

Adviser research

Adviser research was conducted via the lang cat adviser insight panel during March 2025, with 201 responses received.

Key findings

50%

Half of adviser respondents in our survey say they have stopped serving clients as a result of Consumer Duty.

93%

of consumers who have paid for advice in the last two years, say it was either fairly or very helpful in helping them manage their money, an increase of 3% since 2024.

9%

of the UK population paid for advice in the last two years vs 91% who didn't. No change year on year from 2024.



The advice gap is recognised as being the result of several factors: regulatory change and other factors driving up the costs of delivering advice and technology and product solutions failing to keep pace with the changing landscape.

A problem this complex requires a range of solutions – targeted support via D2C platforms will address some needs, but further development is needed to improve advisers' capacity to better support customers in the 'accidental advice gap'. Technology needs to augment and drive efficiencies in the adviser-client trust relationship, rather than attempt to replace it.

The lang cat's invaluable research shows that advisers share this view, with a majority seeing value in a proposition that would allow them serve clients with simpler needs more efficiently and around half of advisers showing a desire to take on and support more clients.

While we can lobby for the appropriate regulatory and legislative changes to improve access to advice, streamlined platform services driving real efficiencies for advisers can help to make their valuable services available to more clients, while also supporting them in incubating their core clients of the future – building the trust relationships in which clients see so much value.

AJ Bell has launched Touch, an app-based platform allowing advisers and their clients to connect at the touch of a button, with secure, streamlined key document and task approval. We believe this, along with other steps taken by us and other providers, should go some way to addressing the advice gap and allow advisers to service a wider range of clients.

This report highlights how advice firms are increasingly grappling with an 'accidental advice gap', created by balancing regulation and commercial reality.

A quarter of customers in the survey who had previously paid for advice reported their adviser ended their relationship, in many cases prompted by regulatory change. 'Offboarding' clients willing to pay may be seen as a last resort, but we know from our conversations with firms across the country that it's a growing trend.

The conduct risk of poorly matching a service to target clients has sped-up advice firms streamlining their client books so they can help customers best-suited to the specific services the firm offers.

The problem is most acute with lower value clients seeking time hungry, complex help and advice around retirement. Yet help and advice given at this stage is both vital and requires significant expertise. Targeted support proposals won't be enough to solve this headache.

How can we ensure that no client is left behind? Technology is already playing an increasingly important role. Our solution combines digital capability with ongoing human reassurance to provide consistent, high-quality advice to clients at retirement. It enables firms to improve the efficiency of their business by moving clients who no longer fit the firm's target market to a service that is better suited to their needs.

There are grounds for optimism among the many firms and providers who see the advice gap as an opportunity to engage and serve clients who don't fit the standard template in new and exciting ways.



At Quilter, we believe tackling the advice gap is one of the biggest priorities facing the industry. Too many people are missing out on the benefits of investing and instead holding large sums in cash and not getting the help they need to make informed financial decisions.

According to the FCA, 61% of people with more than £10,000 in investible assets hold them in cash – up from 58% in 2022. At the same time, only 9% received financial advice. This points to a growing cohort of people with meaningful assets who are making financial decisions without professional support, increasing the risk of poor outcomes and missing opportunities to grow their wealth meaningfully.

That is deeply concerning at a time when financial lives are becoming more complicated. A combination of frozen tax thresholds, pensions becoming liable to IHT and various allowances being slashed means the need for personalised help and support has never been higher. Yet too many people still don't have access to the advice or guidance they need.

We regularly see first-hand the positive impact that advice can have in helping people make informed decisions, plan with confidence and avoid expensive mistakes. But the current regulatory framework often gets in the way of helping those who fall between full advice and generic guidance.

That's why we've been closely involved in the FCA's Advice Guidance Boundary Review and its policy sprint, and why we continue to invest in adviser development through the Quilter Academy.

Solving the advice gap won't happen overnight, but with the right regulatory reforms and continued industry commitment, we can move closer to a system where more people get the help they need, when they need it.



It's hard to imagine a future that doesn't involve an increased need for financial advice. Over the next 10-20 years, Generation X will be reaching retirement, many of them with a significant retirement pot, thanks to decades of workplace pension saving. Of these people, a diminishing number will have a Defined Benefit pension to speak of.

As such, many people will face the prospect of navigating an increasingly difficult conundrum of generating a sustainable income, while considering investment options, a complex tax system and a completely uncertain time frame over which they have to plan.

Some will be under-saved, thanks to inadequate savings rates under automatic enrolment, or simply too few years of saving. Those lucky enough to own their own home may be wondering whether they can utilise their housing equity in some way, but they probably won't know where to start.

But all is not lost.

This lang cat report may well illustrate how few people take advice today, but there are green shoots as we see the value people place on advice when they access it. And, of course, the inexorable rise of technology in the form of AI presents new opportunities to deliver advice in different ways.

This is a really important study – arguably the definitive one on the subject – and a body of work that may turn out to be the cornerstone of policymaking in this area in the years to come.

Background and regulation

A new political wind, but blowing in a similar direction

When we published our research last year (just) before the General Election, we made a few predictions about the potential new government, most of which were along the lines of ‘the direction probably won’t change’. Concerning Consumer Duty, the direction of travel of the Advice/Guidance Boundary Review, or pushing for bigger, better-run pension schemes, the message of the new government has been very much more of the same, but everything with a side order of Growth Agenda.

One of the government’s main objectives is to encourage investment in the UK, and to that end, the nine firms which signed the Mansion House Compact in 2023, promising to invest at least 5% of their default DC pension funds in private markets, have been joined by another eight, and are now promising to invest 10%, with half of that in the UK. With a substantial number of pension investors sitting in those default funds, it remains to be seen whether these pledges are in their best interests, or whether they’d be better off invested elsewhere.

Investing and cash savings

One promise the current government has made is to simplify the ISA landscape, which has become increasingly complex since the original products were introduced.

There are forces pushing in different directions on ISA reform – on the one hand we have the government, which would like to see more people investing in the stock market, with the objective of increasing growth. The FCA has also long been concerned that too many people are keeping their savings in cash, and missing out on the potential benefits of equity investment (a concern that was one of the main drivers of the Advice/Guidance Boundary Review).

And of course, investment firms would very much like to offer their services to more customers.

On the other hand, the building societies are keen to hold on to cash savings, which they use to support mortgage lending, and without which, they argue, the cost of mortgages will have to rise. There could, therefore, be big changes to the ISA rules – either reducing the amount that can be saved in cash or making stocks and shares ISAs more attractive. Or both. Either of these could have a big impact on the financial plans of the many people who make ISAs the foundation of their financial planning.

You can’t take it with you – and you can’t pass (all of it) on either

One big change of direction that the government has made was the announcement in the autumn Budget that from April 2027 most unused pension funds and death benefits will be included within the value of a person’s estate for Inheritance Tax purposes.

The government has pointed out that it doesn’t think pensions should be intended as a tax planning tool to transfer wealth without an IHT charge, rather than for their intended purpose of funding retirement.

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Advice and Guidance

This time last year the FCA was considering various proposals to narrow the advice gap, but now we're further forward with a focus on the option we considered would have the greatest effect, the concept of targeted support.

We've had a consultation on what this might look like for pensions, given that this is the area where the regulator thinks the lack of advice is most likely to result in the greatest harm. Targeted support would enable firms to help consumers in a range of situations, such as when someone is drawing down their pension unsustainably, or facing a dilemma about how to access their retirement income. This approach allows firms to offer tailored guidance to groups of consumers with similar needs or characteristics, rather than individualised advice.

The FCA is proposing, but not insisting, that such targeted support should be provided at no cost to the consumer, which suggests it's only the largest firms that will be able to provide it – with some interesting implications for competition in the industry.

There's also a risk that people who engage with targeted support will think they've received full advice, with the protections that come with it. The regulator appears to be happy with that level of risk, in pursuit of the greater good, but firms will need to be very clear with their customer communications and disclosure information what service it is that they're actually offering.

We're still waiting to hear the final rules, and how the concept might apply to areas other than pensions.

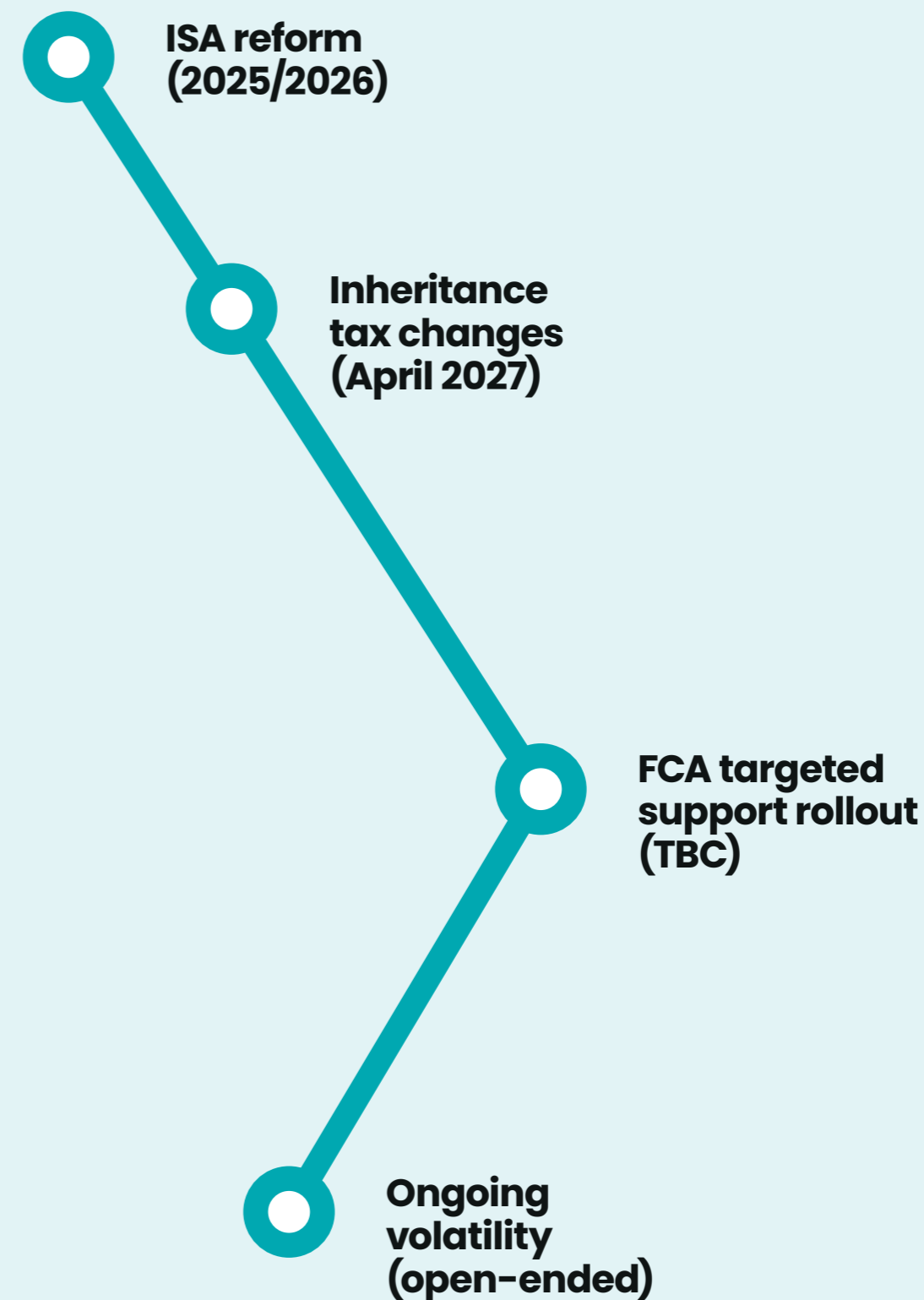
Volatility and market turmoil

Writing about market volatility and unexpected shocks is always a perilous activity, given that some terrible thing seems increasingly likely to happen to the markets as soon as you go to press.

Any hope that, post-Covid, sudden shocks might be less likely, seems to have been unfounded. That said, dealing with an unstable financial environment is a key role for financial advisers, even if their job might be to reassure their clients to sit tight and do nothing – whether the market shock is a leaked budget announcement about tax changes, a tariff war, or an over-valuation of an excessively-hyped tech stock.

There's nothing about the immediate future economic, political and regulatory environment that suggests there won't be more in the way of financial upheaval – or, to put it another way, investment opportunities in the coming months and the longer-term future. Which makes the need for advice all the more pressing.

Key upcoming developments



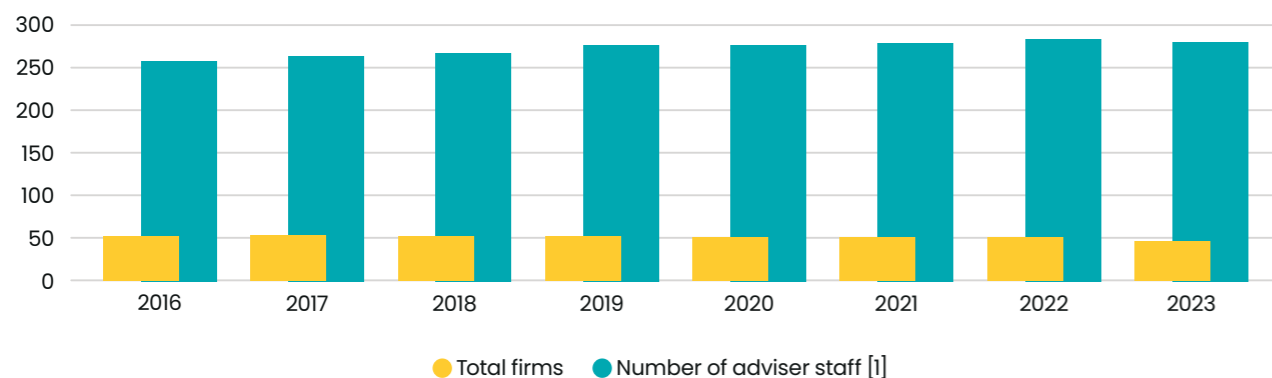
The Advice Market

There have been no dramatic changes to the structure of the advice market over the past year, but there has been a reduction in the number of firms, with the total falling for the first time since 2016 to fewer than 5,000. At a total of 4,654, that's 408 firms fewer than last year. Smaller firms saw the biggest drop, with the number of single adviser firms falling by 10% and those with two to five advisers falling 8%. This is, however, still a market dominated by smaller firms – even with that reduction in numbers 87% of firms have five advisers or fewer.

There has also been a very small decrease in the total number of advisers since last year, down around 1% to 27,941. It's too early to tell if this is an indication of the beginning of the end of consolidation, but the number of firms with six to fifty advisers was the only sector to have increased, so it suggests the growth may not be in the biggest firms but in the medium to large sector.

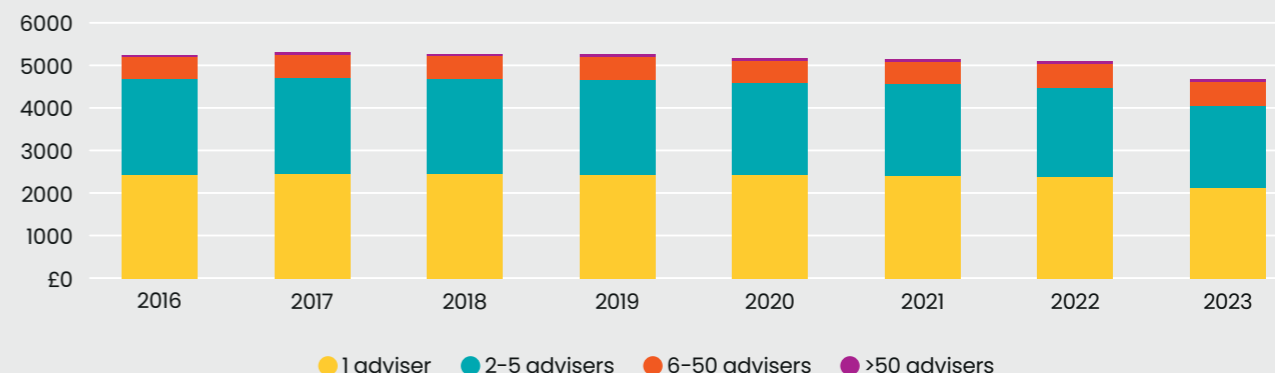
Looking at retail investment intermediation, reported revenue in 2023 decreased by 3% to £5.3 billion, compared to 2022, with fees and charges falling 2%, commission by 1% and other revenue by 12%.

Financial Advisers and Firms

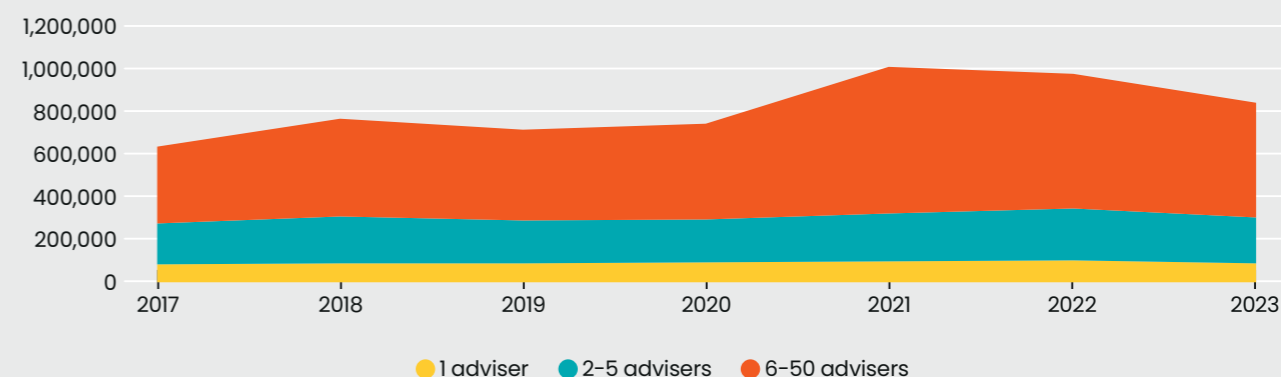


1: Source www.fca.org.uk/data/retail-intermediary-market-2023

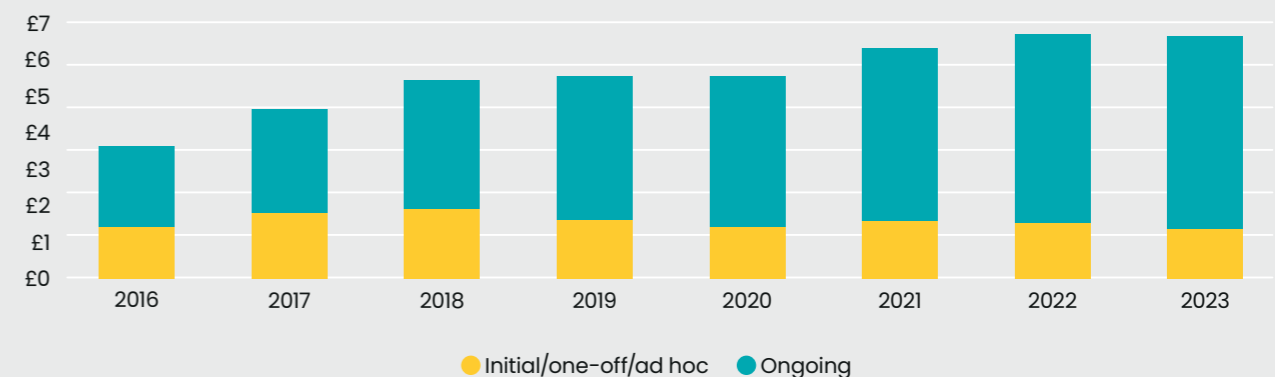
Size of advice firms



Pre tax profit per firm



Type of revenue (£bn)

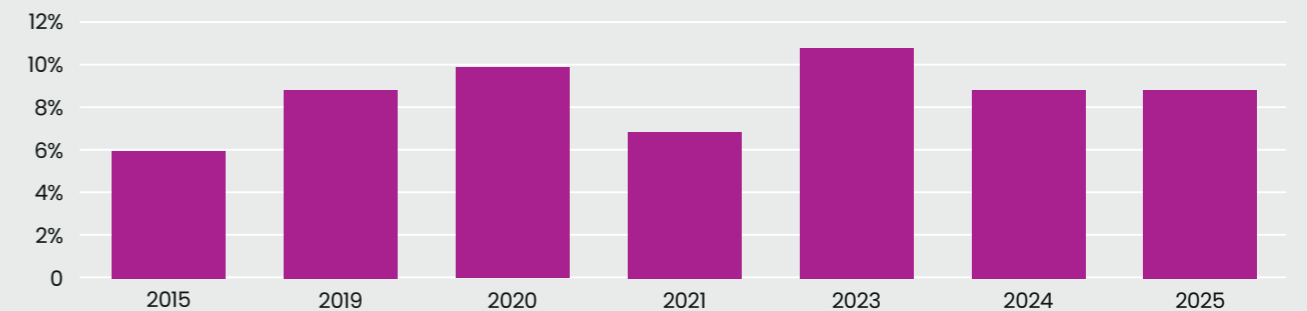


What is the advice gap?

At the highest level we define the advice gap as the difference between those who have, and have not, paid for advice (including mortgage advice) in the last two years.

Our 2025 research has these figures as 9% of the UK population vs 91%, matching the results of our 2024 survey. This figure of 9% has therefore now been static for two years, following a fall from 11% in 2023.

Thinking about the last two years, have you received any paid-for advice?



Our advice gap study has now been conducted for a decade, starting out with research organised by the Citizens Advice Bureau ^[1]. We have been running with this in our own name since 2019, and you can find all the historic reports through our website ^[2].

Over the last decade by far the biggest influencing factor on the advice gap came in the form of the 2015 Pension Freedoms. The freedom to have more choice and flexibility around how and when to access your retirement income saw the demand for advice increase dramatically, as consumers sought help with the inherent complexity surrounding these decisions. We saw a small drop in the number of people paying for advice during post-pandemic 2021 (note, the 2020 survey was conducted in early March 2020, just prior to lockdown) and then a two percentage point drop in 2024 that we attributed to the changes introduced as a result of Consumer Duty ^[3].

[1] www.citizensadvice.org.uk/policy/publications/the-four-advice-gaps

[2] www.theadvicegap.co.uk

[3] The regulation, not the band

Behind the advice gap – what are the causes?

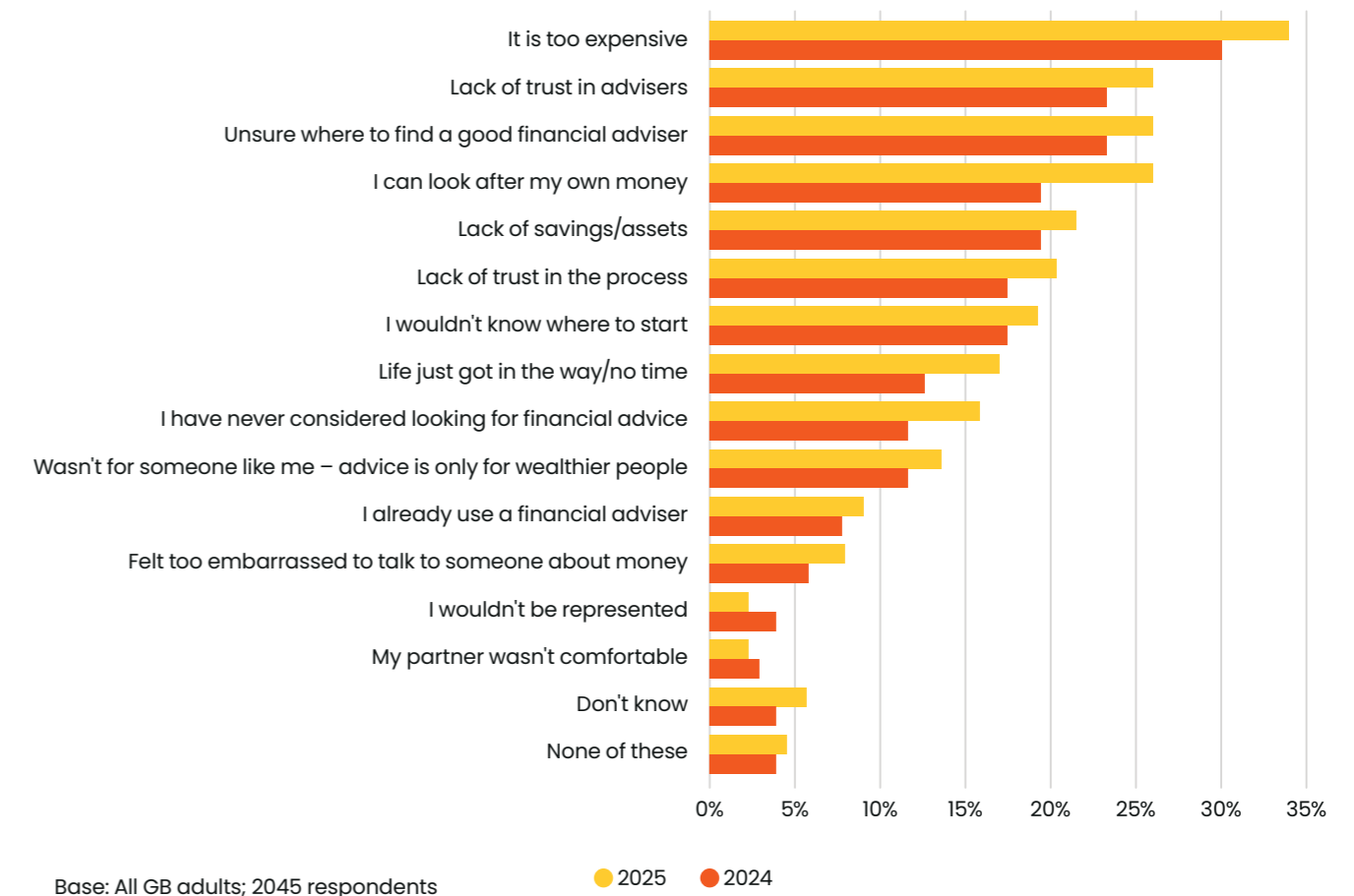
For this section we turn our attention largely to the 91% of the population who are not paying for advice. There are many factors at play within this cohort, both on the supply side and the demand, beliefs and preferences displayed by consumers. We'll look at both adviser and consumer research to help understand these factors in detail and following on from this section we will then look at how these issues might be addressed. First up, let's look at what the consumer research is telling us.

Behind the advice gap – Consumer research

To start with we asked consumers for the reasons they might not choose to take financial advice. These are purely subjective and emotional reasons, as opposed to any harder aspects such as affordability and lack of investable assets (we'll look at these supply side issues as part of the adviser research). For now, we can see that there are multiple factors at play here, and whilst there are some small changes vs last year's results, the main barriers, and especially the trust barrier, remain.

This trust barrier is a significant issue for what we know is the target demographic for most financial advice firms, the over 45 age cohort. Amongst this group 27% of respondents say they lack trust in advisers, compared to 24% overall. 29% of 45-54-year-olds are unsure where to find a good adviser, compared to 24% overall, further exacerbating this feeling of lack of trust.

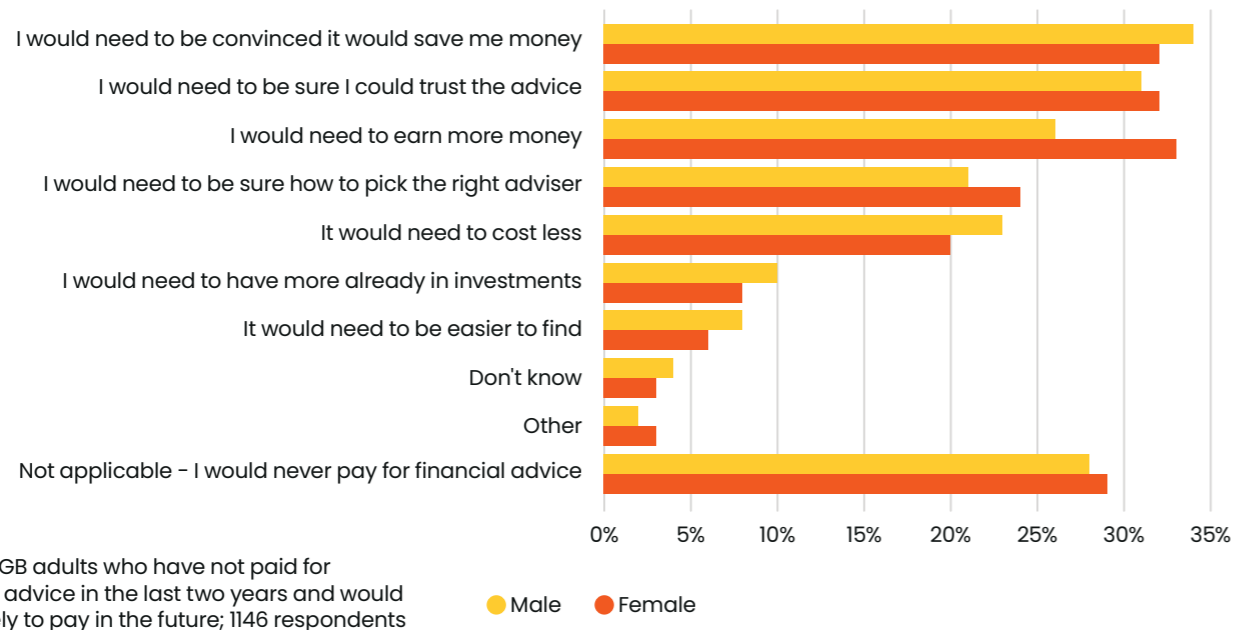
Imagine you considered looking for financial advice, but in the end decided not to, which, if any, would be your reasons for not getting the advice?



It is also worth noting that the age cohort for whom cost is least of an issue is the over 55s, with only 25% of these respondents identifying this as a barrier compared to 31% overall.

Amongst those who haven't paid for advice in the last two years, just under one in five (19%) say they are likely to pay for advice at some point in the future.

You previously said that you would be unlikely to pay for financial advice at any point in the future... Which, if any, of the following would need to change for you to pay for financial advice?

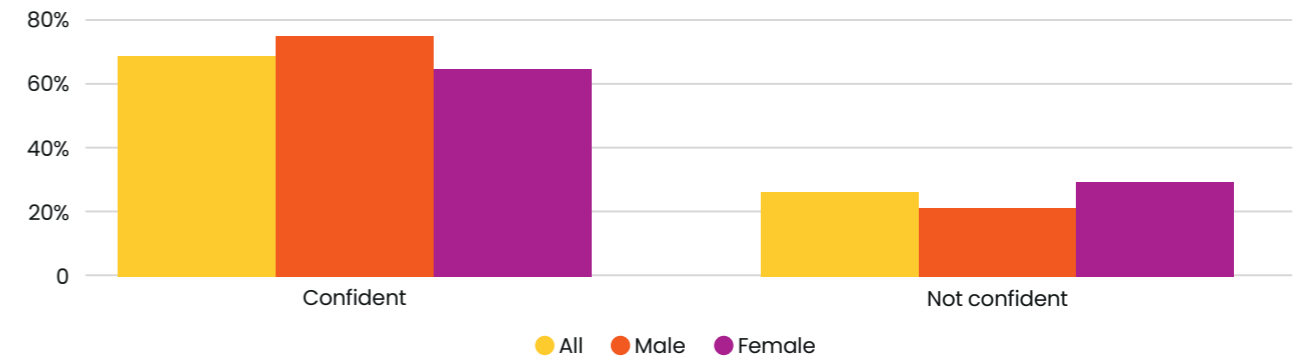


When we ask this cohort what would need to change for them to pay for advice, we can see the issue of trust rearing its head again. Around 3 in 10 (29%) of respondents are steadfast in their views that they would never pay for advice, but for the remainder it is a question of affordability, trust and value. **Or to put it another way, if these respondents could be convinced of the value of advice, and that it can be trusted, they would be much more likely to pay for advice.** We will see later how these factors mirror the positive endorsements those who are paying for advice make, but it is clear there is a bit of a paradox here.

Those who are paying for advice believe it represents value, yet a perceived lack of value represents the biggest barrier to advice adoption.

The need to be convinced that advice is of value overlaps with the issue of confidence. Whilst there is much more to financial advice and planning than just selecting products, when we asked purely about products or services over two-thirds (69%) of the population say they are confident selecting products or services themselves.

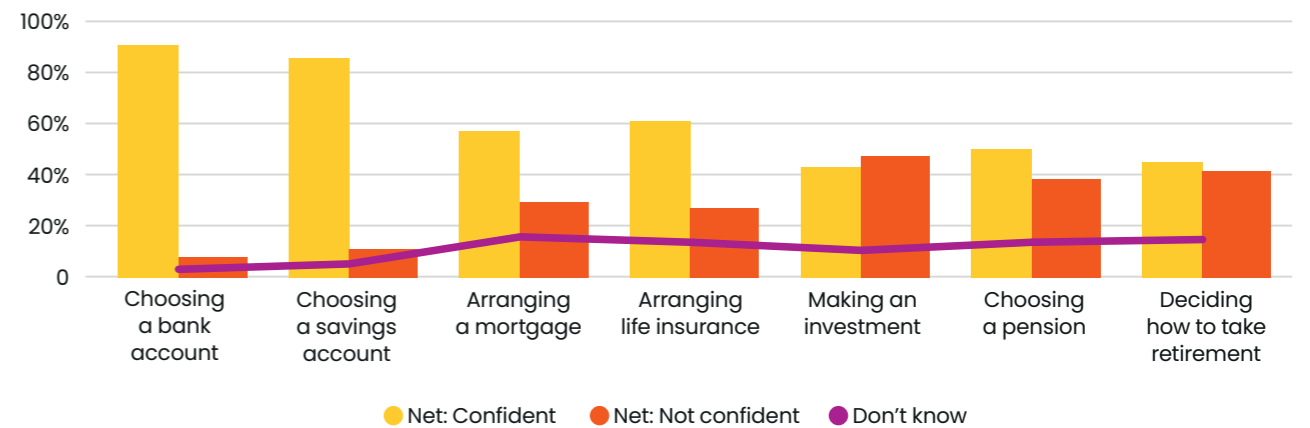
To what extent are you confident, if at all, when choosing financial products or services for yourself?



The challenge for the advice profession is not only to more clearly articulate the value of advice, but also the nature of services that are available to consumers. We know from separate research that the way consumers identify value

is subjective and nuanced [1], however whilst overall confidence in selecting financial products is high, it falls dramatically depending on the type of products and financial decisions financial advisers tend to provide help with.

Overall, to what extent do you feel confident, if at all, when doing the following?

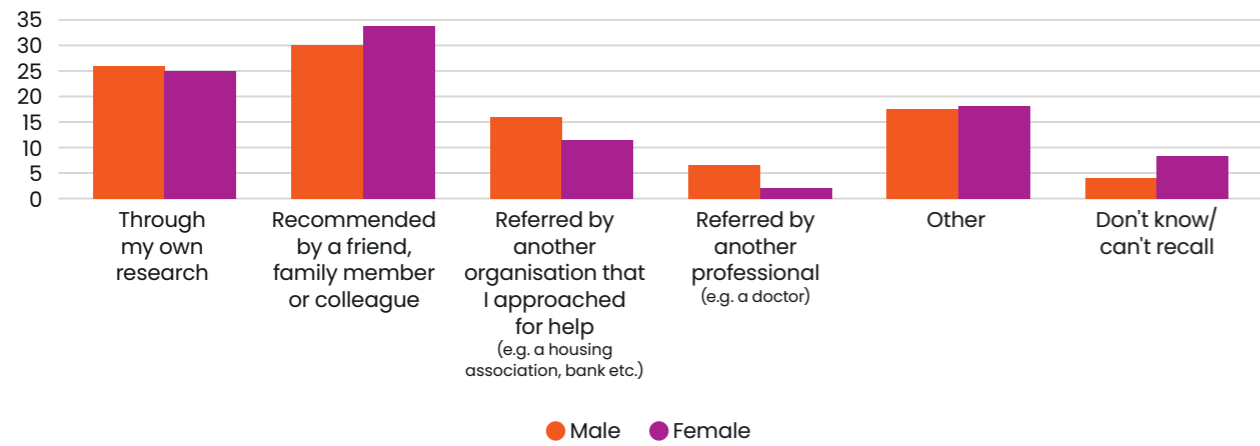


When we look at how consumers find an adviser we can see the importance of referrals. Having a trusted friend or family member recommend an adviser is good way to help bridge the trust gap

highlighted above. This is especially important for women, who are much more likely to want to rely on a referral as opposed to their own research.

[1]: <https://thelangcat.co.uk/report/the-meaning-of-value-2024/>

Which ONE, if any, of the following best describes how you initially found advice?

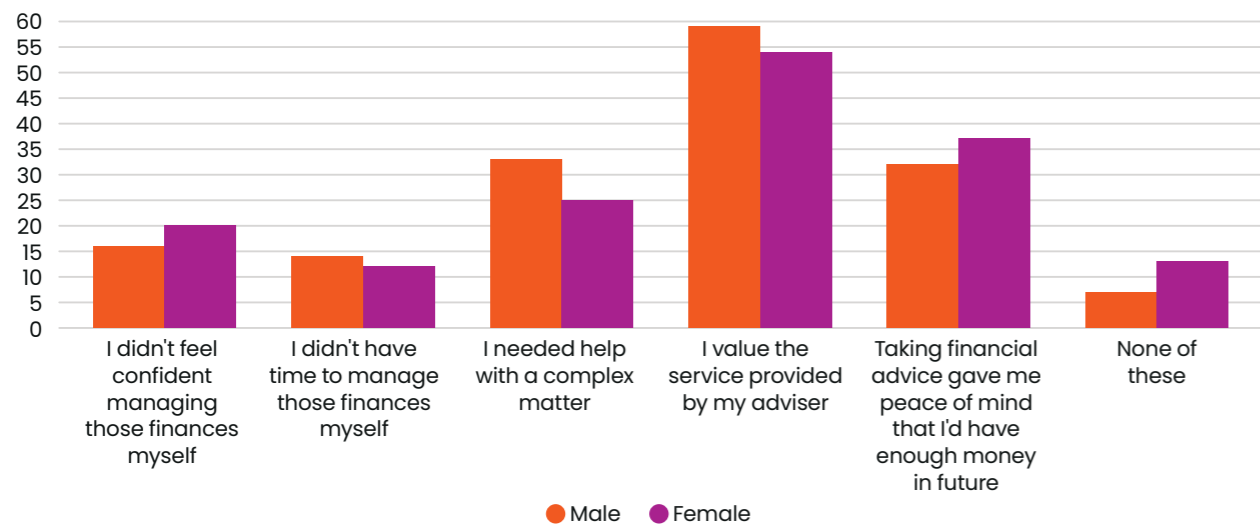


Base: All GB adults who have received free or paid specialist financial advice; 413 respondents

Amongst those who have paid for advice in the last two years there are a range of reasons as to why they decided to pay for advice. For some it is about help with a complex matter or gaining reassurance that they will have “enough” money in future. Over half (56%) recognise the value that their adviser can add.

The recent FCA Ongoing Advice Review [2] was more about the delivery of these services as opposed to whether consumers value them, however it is clear that the answer to the second part is increasingly positive.

You previously said that you had paid for financial advice in the last two years... Why did you decide to pay for advice?

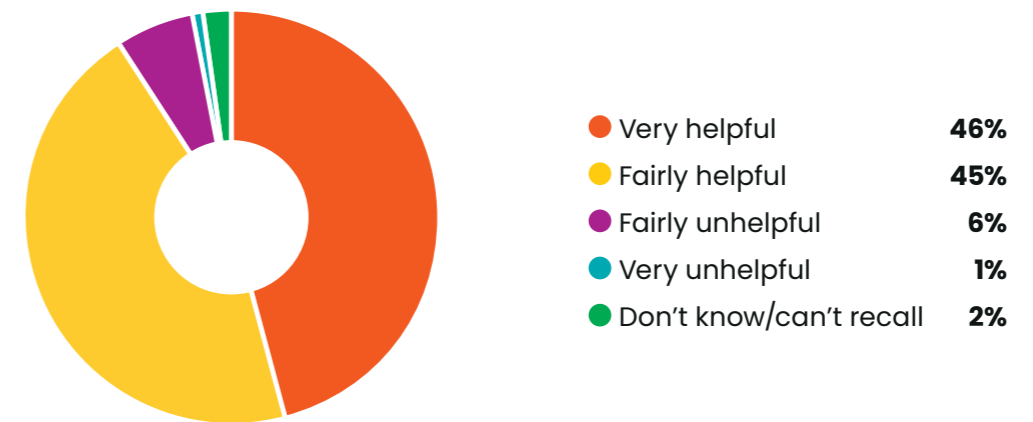


[2] <https://www.fca.org.uk/news/press-releases/fca-finds-vast-majority-ongoing-suitability-reviews-delivered>

This positive endorsement of the value of advice continues to shine through when we ask whether people who paid for advice found it helpful.

Overall, 93% say it was either very or fairly helpful in helping them manage their money, a 3% increase from our 2024 study.

How helpful or unhelpful did you find this advice in helping you manage your money and make financial decisions?

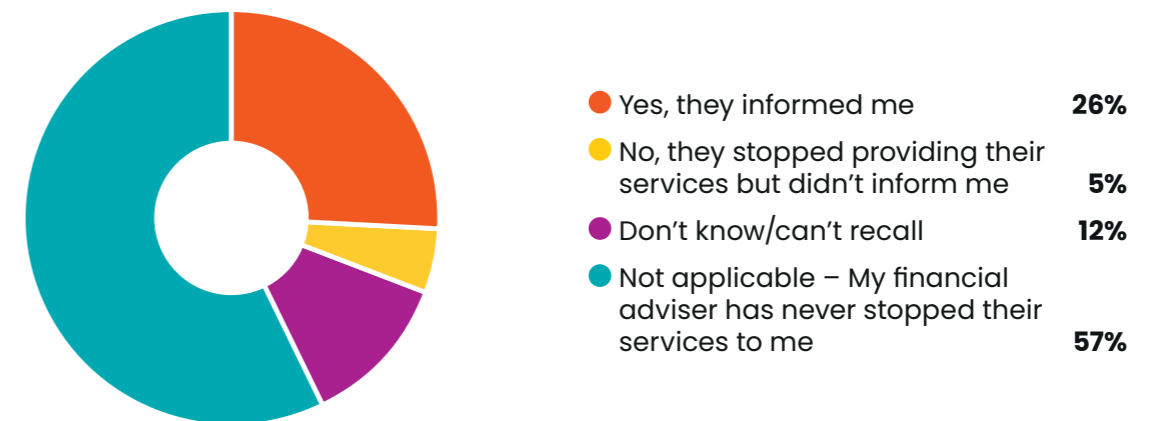


Base: All GB adults who have received free or paid specialist financial advice; 413 respondents

Whilst for the majority of consumers their experience with advice is a positive one, for some they find the relationship ending due to circumstances out of their control. We first identified this “accidental advice gap” last year,

with around half of advice firms saying they had stopped serving some clients as a result of Consumer Duty. As a result, this year, we asked consumers for their views.

Previously, you mentioned that you currently have, or have had hired a financial adviser for professional financial guidance in the past... Were you ever informed they could no longer provide their services to you?



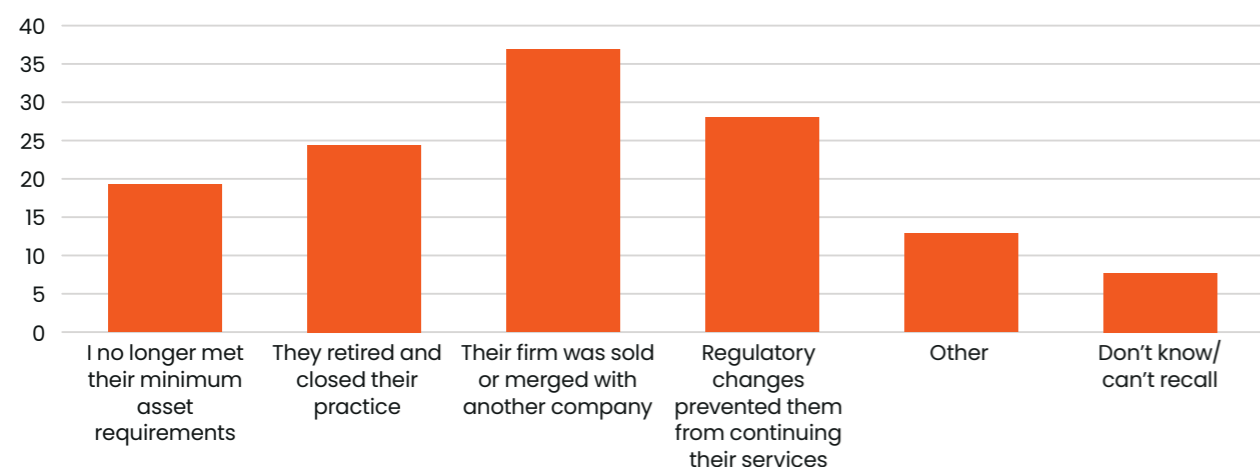
Base: All GB adults who have/had hired a financial adviser; 273

Just over a quarter of consumers who have previously paid for advice (including mortgage advice) have found the adviser ending the relationship. When we asked these consumers what reasons were given for this, M&A activity came out top with 37% but regulatory changes were cited by 28% of consumers as the main reason.

We clearly wouldn't expect consumers to know the details behind this, so can't say definitively that Consumer Duty has caused the advice gap to worsen, however these results alongside our adviser research on page 31 certainly lead us to this conclusion.

For which, if any, of the following reasons did your financial adviser give for ending their services?

Fieldwork for this question was undertaken online by YouGov Plc on 23-24 April 2025, with a total sample size of 2066 GB adults. The figures have been weighted and are representative of all GB adults (aged 18+).



Base: All GB adults who previously were told their financial adviser could no longer provide their services; 71 respondents

Having looked at what our consumer research is telling us about the causes of the advice gap, it's time to dive into the supply side to see what advisers are saying.

The adviser research was conducted via the lang cat's adviser panel during March and April 2025. We had 210 responses to the survey and also conducted interviews with a number of individuals (you'll see quotes from these interviews throughout this section). As always, we are eternally grateful to everyone who took the time to share their views. It is also worth noting this study continues to generate a lot of interest among our panel members, with over 6,500 words of unprompted responses received via the survey. We've tried to use as many of these as possible throughout.

The commercial reality around advice has always been there, but we saw this starting to become more explicit in last year's study, the first one conducted in a post-Consumer Duty world. We saw then that most firms had identified a more focused and increasingly narrow target market as a result of Consumer Duty. The regulatory requirement to document your target market, and to ensure fair value, was the catalyst for firms to review their client bank. Last year we saw almost half of advice firm respondents had stopped serving at least some clients as a result.

Looking at this year's results, we can see this narrow target market remains. Respondents serve a wide range of clients, stretching from mid 30s to later life, but the focus on the at-retirement client segment is clear. Only 14 firms reported average client ages in their 40s, and only one firm has an average client age in their 30s. (We'll return to this firm later on.)

Our previous studies have shown two consistent themes. Firstly, this is clearly a subject advice professionals are passionate about. Every day they see the value of advice making a positive difference to their clients' lives and financial futures. It is natural that advisers want more people to benefit from this. However, commercial reality inevitably kicks in. Advisers are not paid to deliver social policy, they run businesses. This leads us to our second theme – the target market for advice continues to narrow.

What would you say is the average age (to the nearest whole number) of your clients?

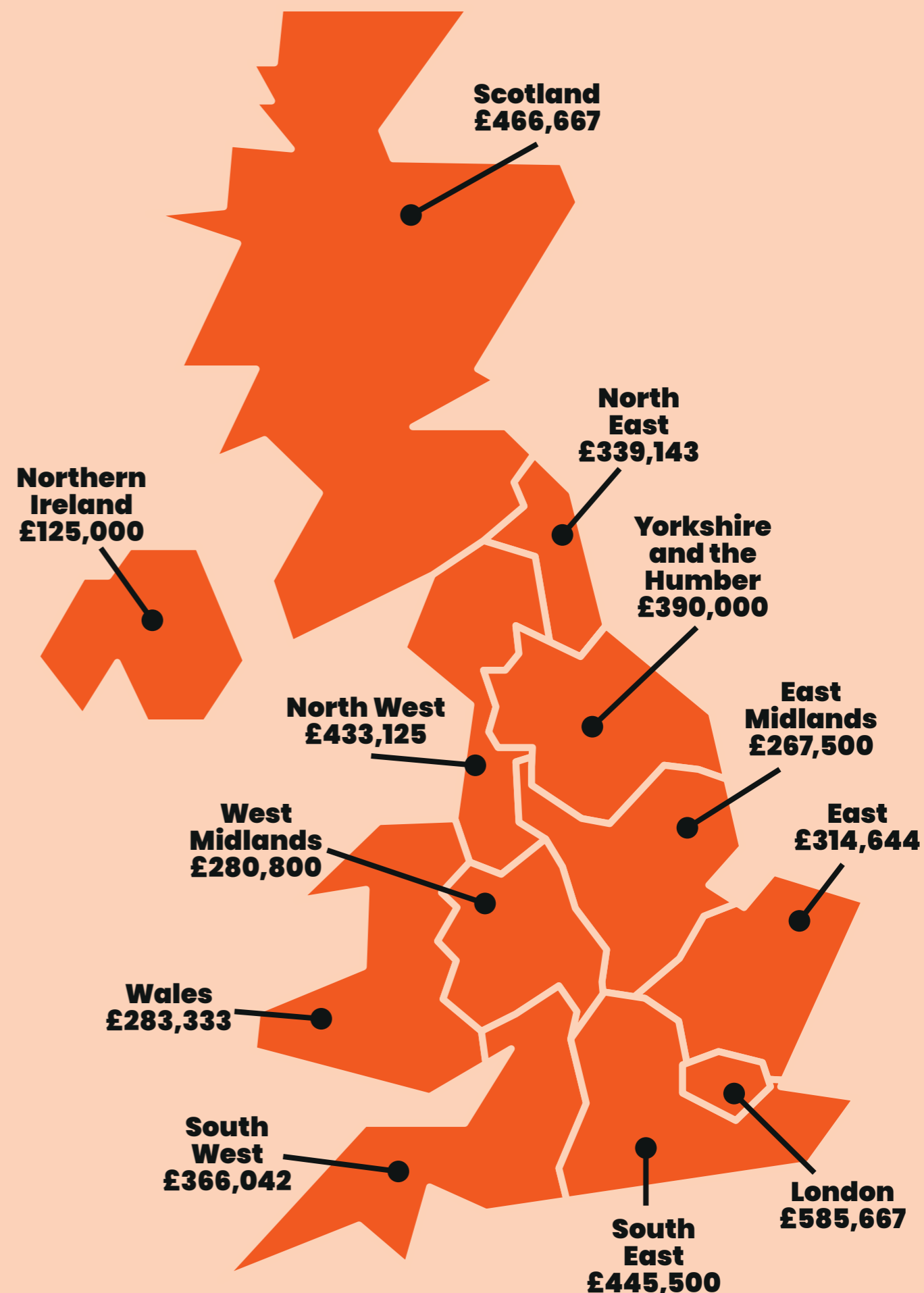
Average	59
Mode	60
Median	60
Min	35
Max	80

We also asked about typical portfolio sizes, with the average now above £400k for the first time. The smaller firms on our adviser panel report a lower average case size, however while the

largest firms also enjoy the largest case sizes there are signs that lower value clients are also served as a secondary proposition.

What would you say is the typical portfolio size of a new client for you at present?

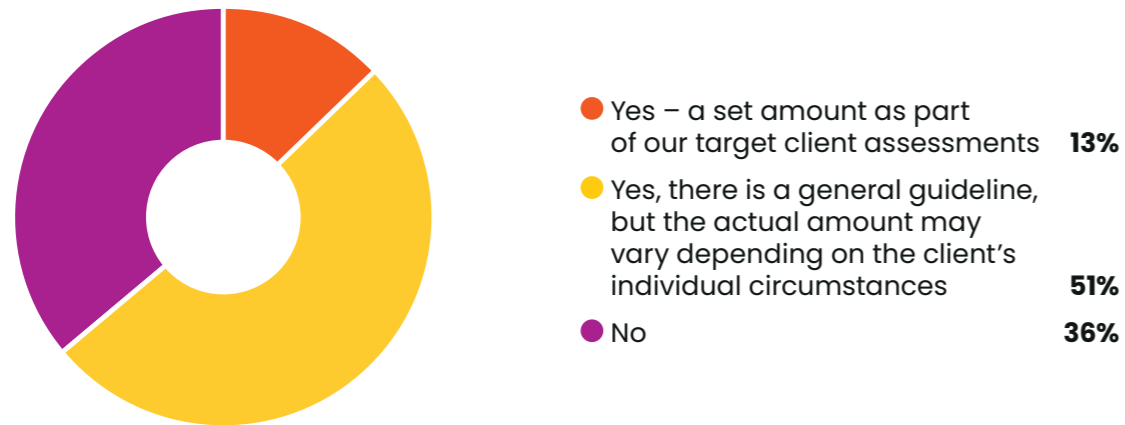
Firm size	Average	Mode	Median	Min	Max
<£50m	£333,553	£200,000	£300,000	£10,000	£1,000,000
£50m – £100m	£347,993	£200,000	£250,000	£75,000	£1,500,000
£100m – £250m	£430,257	£250,000	£350,000	£85,000	£1,250,000
£250m – £500m	£659,524	£250,000	£350,000	£150,000	£2,800,000
£500m – £1bn	£350,526	£350,000	£300,000	£60,000	£1,000,000
£1bn+	£536,556	£500,000	£450,000	£25,000	£3,000,000
Overall	£411,026	£200,000	£300,000	£10,000	£3,000,000



Just under two-thirds of respondents have a minimum asset requirement for clients, although for the majority this tends to be more of a general guideline rather than a set amount.

For those which do have a set threshold, the mean average value of this amount is £276k, with the mode average being £100k.

Do you have a minimum asset requirement for clients to become customers?



I think there is too much emphasis on large investment and pension advice (as it’s more profitable for the firm). This means young people are exposed to the ‘glamour’ of investment returns, which can result in young people making poor decisions with their money. In reality, other needs (such as protection) are far more important for them. Access to these vital advice points for young people is not given enough exposure and not enough attention. Perhaps this is down to poor innovation?

“As an industry we need to move away from only considering ongoing service clients because they are the only profitable clients to service. There are lots of client segments that require transactional [advice] and an incubation service.”

“The minimum asset level needed to service a client profitably is creeping up, £250k is about the minimum these days. I’m certainly more mindful about taking on lower value clients now.”

“The amount of work we have to undertake for smaller clients is virtually the same as larger ones, so it becomes a question of profitability and commercial reality. It is mathematically impossible to close the advice gap.”

“We charge a flat fee for planning and implementation but ad valorem for ongoing – this allows for the risks involved.”

“Consumer Duty made firms think more closely about the cost of delivering their services. We applied a minimum fee as a result.”

Because the use of minimum asset requirements tends to be more of a guide than a hard and fast rule, only 5% of firms will turn prospective clients away when approached by those who don’t meet the minimum assets level.

The vast majority of firms we heard from either have a specific proposition in place for those who don’t meet the stated minimums, or will attempt to help where they can.

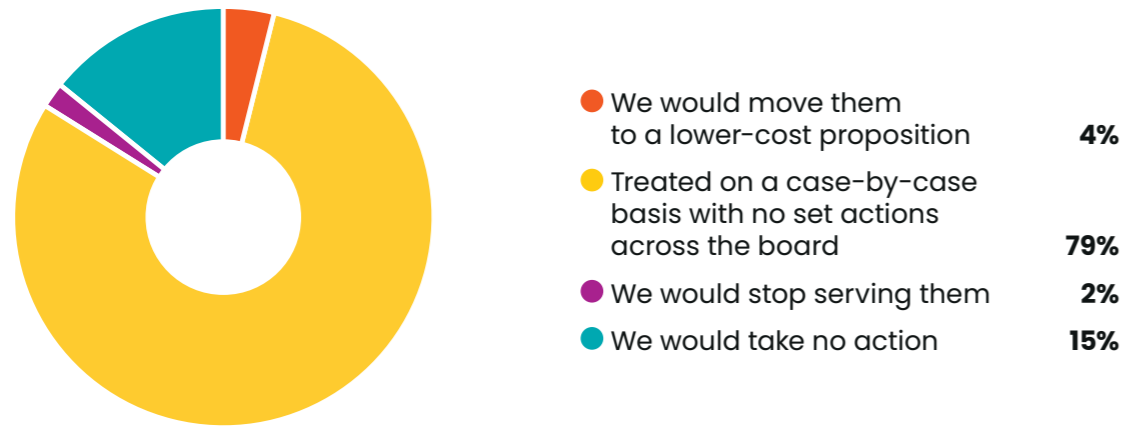
What would you do if a potential client with assets below the minimum asset requirement approached you?



Finally on the subject of minimums, we asked what firms would do if clients' assets fell below the minimum levels required, perhaps over time due to changing circumstances. Again, there is

no hard and fast approach here, with just under four out of five firms treating this on a case-by-case basis.

What happens if a client's assets fall below the minimum asset requirement over time, possibly due to withdrawals, market movements, or other factors?



We start by assessing if we provide a cost effective and beneficial service, failing this we identify where they can obtain suitable guidance and refer them accordingly.

“ We have a guided service that the client would be referred to, we would also consider advice depending on client circumstances.”

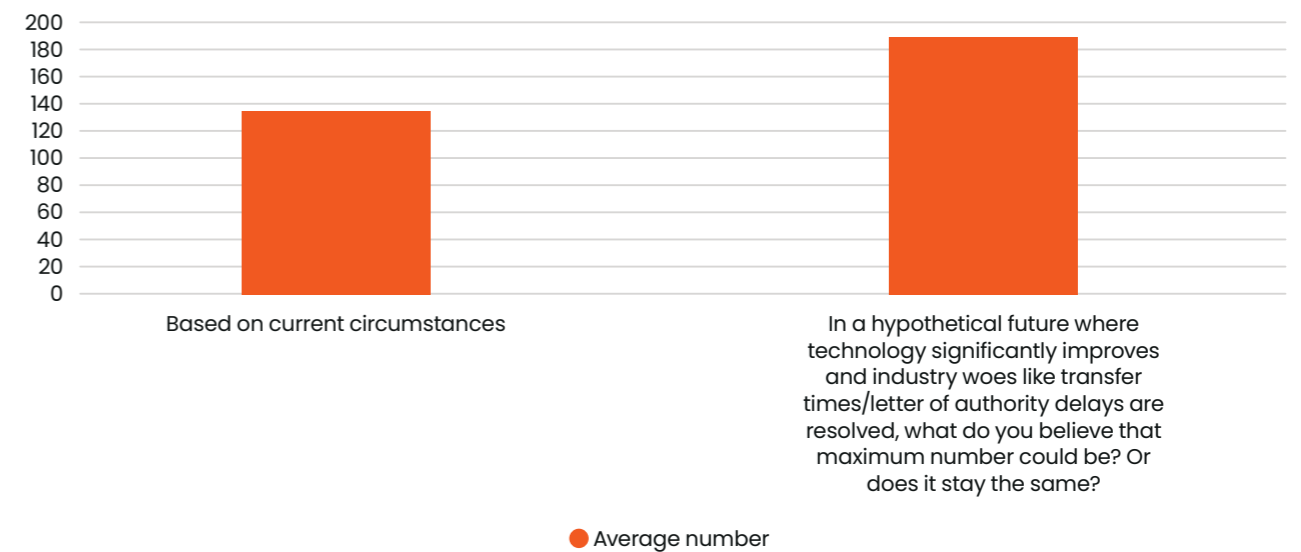
Usually meet, help point in the right direction, or do one-off piece of work on structure and send on their way suggesting they come back for one-off advice when things change.

“ I always give everyone an hour of my time to point them in the right direction if they are to self-serve. For some people we charge a fixed fee for a further consultation, which will help them self-serve in the best possible way.”

Next up we wanted to look at the issue of capacity. One of the drivers behind advice firms becoming more targeted in their client acquisition is the time it takes to deliver advice. With the sector being dominated by small firms, it is entirely sensible that advisers are discerning about the clients they work with. But there are also blockers within the advice process that could at least in theory be removed, thus freeing up time for more clients to be served.

We asked this question in two ways. Firstly, what is the number of clients that respondents believe can be served per adviser based on current circumstances? And secondly, if by magic all the blockers in the advice process were removed, how might this capacity increase?

What is your opinion on the maximum number of clients that can be effectively advised per adviser?



If they are part of a family network or if it would be in their best interests to help then we will. We plan to introduce a service for those that do not need a regular advice service but perhaps more an ad hoc one.

“ We have a transaction only offering via video call/Docusign.”

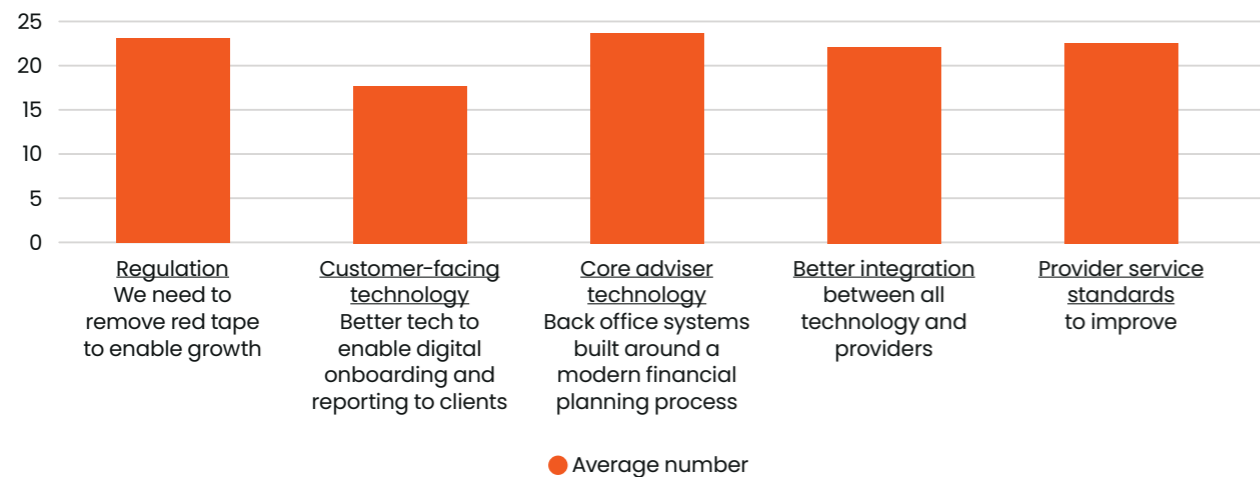
Those we heard from on our adviser panel believe a further 38% capacity could be unlocked if the regulatory landscape were made easier, if technology were to improve and various industry woes such as transfers, letters of authority delays and poor service were finally resolved. In terms of priorities, regulation,

provider improvements and technology all come out as fairly equally balanced. However, in terms of how to achieve this extra capacity, respondents believe the area of focus for technology should be on core adviser systems and integrations, rather than customer-facing tech.

“Yes it’s not my problem, we are a trading business, not a charity. [The advice gap] has been made by the regulators with too many rules and requirements, thus I am tired of a problem in society being an issue for our industry. If it’s an opportunity then let someone take it, I have no interest in low value clients, and certainly not at my time of life.”

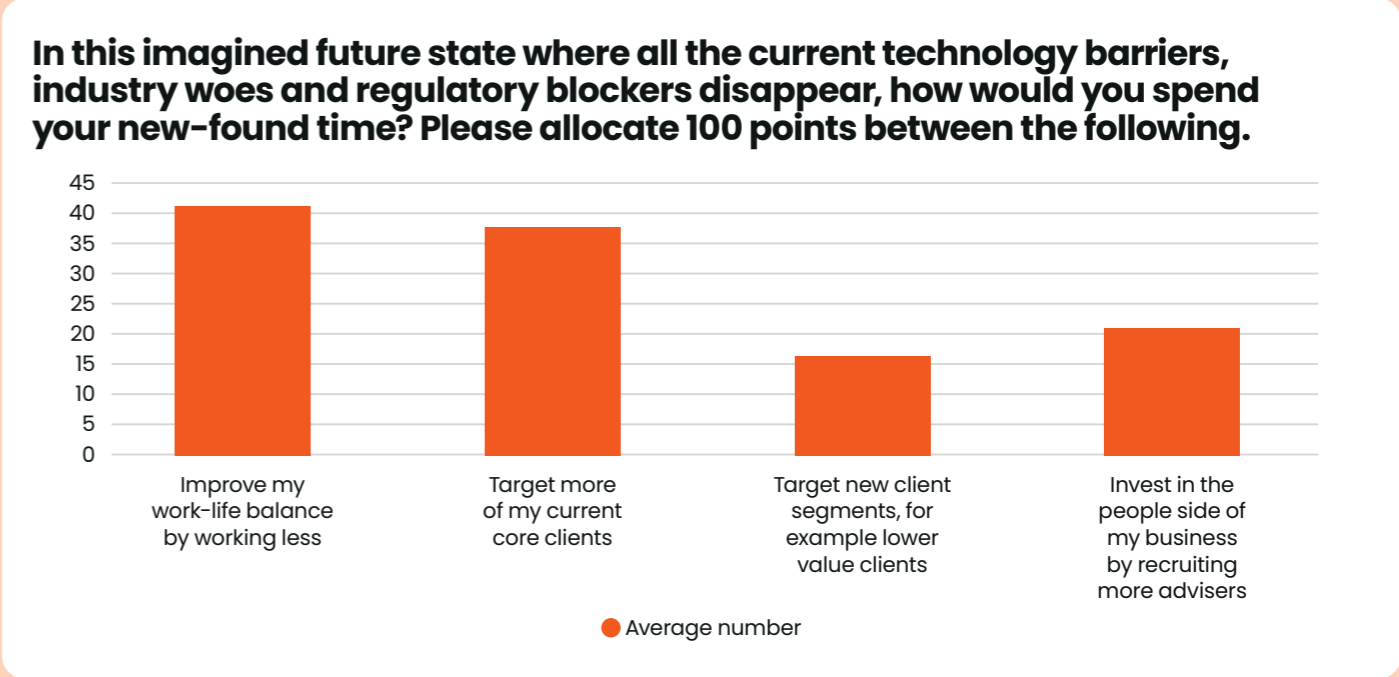
“I just can’t see our kind of small firm ever having anything much to do with this – clients seek us out when they get to really complex or tricky points in their lives, when suddenly paying for advice feels like a worthwhile expense.”

If we are to stand a chance of this imagined future state becoming a reality, what are the priorities to solve? Please allocate 100 points [viewed as 100%] depending on where you think the greatest level of improvement is needed.



However, it’s worth reiterating that advisers are not paid to deliver social policy. They run businesses and also have their own lives to live. This comes across loud and clear when we asked respondents what they would do with all this imagined newly found time, were the blockers to be magically removed. This is a hypothetical scenario, sure, but when we asked firms what they think, we found that addressing the advice gap by targeting new client segments sits at the bottom of the priority list. Work-life balance and doing more of what we are already doing trump social policy.

“My time is always going to be an expense as I am a financial planner. Full advice will never be available for everyone and there is not a need for it either.”



“There are gaps in every aspect of life, as much as it would be lovely for there not to be in advice, I can’t see it happening.”

“Unfortunately there is little desire in most established IFA firms to take on a very different model (lower value, higher numbers of clients) especially with the initial investment into people and tech that this would require.”

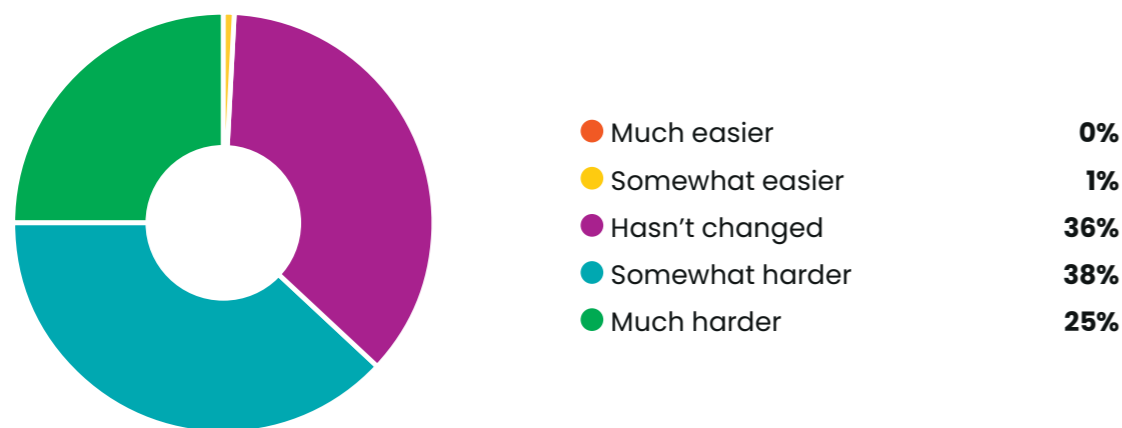
Advice firms point the blame at regulation which makes it harder to serve lower value clients. Specifically in relation to Consumer Duty just under two-thirds say this initiative, which is about two years old, has made things even harder.

This is especially the case for the smallest firms, with 30% of firms under £100m AUA saying things are much harder. Only two respondents overall said life had become easier.

Consumer Duty has added another layer of red tape that means bringing on board new clients with small portfolios is virtually impossible, due to the time-cost.

“ While the FCA’s work in this area should be acknowledged, the simple fact is in many cases it is just not currently profitable for a small IFA practice to create/implement a service proposition aimed at lower value clients, irrespective of the progress that has been made from a technology perspective over more recent years. All the while this issue remains, it is unlikely that any positive progress will be made towards reducing the advice gap that currently exists, although I fully acknowledge and agree that something needs to be done to do so.”

To what extent has Consumer Duty made it easier or harder to serve clients with a low amount of investable assets?



Half of respondents in our survey say they have stopped serving clients as a result of Consumer Duty (up from last year) with the average age of these clients being 54.

On average these 'accidental advice gap' clients represent 11% of a firm's overall client bank, but smaller firms (those in the £50m-£100m bracket) report a greater proportion, rising to 17%.

“ I think Consumer Duty has made it necessary to put clients in boxes, which has pros and cons. It has made decisions about who to take on based on their assets more straightforward, but at the same time it has made it difficult to provide advice to those with a smaller portfolio, so they miss out.”

“ A reduced level service has to be the future, acknowledged by the client without subsequent recourse to the Financial Ombudsman Service for example, for not receiving the full fat service. I don't think any adviser trusts a provider to offer that guidance service. The only viable way we have found is to stay in touch with clients and be available to them on a time-costed basis but not take a fee from them and thus not provide an annual suitability review.”

“ The need to fully review clients on an ongoing basis, when their relatively unchanging circumstances simply don't require it, makes a number of 'smaller clients' unviable and pushes advisers to 'orphan' them, increasing the advice gap. We have long been discouraged from subsidising smaller clients with larger clients but to service all clients who seek advice there is no other option. To provide the full service that is required by the FCA and Consumer Duty is almost impossible for lower level clients and still break even on them.”

I view the Consumer Duty as having a very positive impact on the industry in improving standards and making firms focus on their target audience. There is an increasing burden on advice firms to comply with new rules and ongoing costs remain high. While it would be great to introduce new propositions for lower value clients, whenever we have looked into it, it is simply not financially viable.

What proportion of your clients, if any, have you had to stop fully serving as a result of Consumer Duty? (By firm size)



For over a third of these firms, “stopped serving” meant the clients were completely off boarded. Outside of these clients we see a range of approaches being adopted, sometimes with a mixture of the options shown below being used.

A few moved into D2C. Some were off boarded and some recommended to another local adviser connection who serves lower value clients.

If anything Consumer Duty has made it worse, although this could arguably be down to how firms are implementing Consumer Duty within businesses rather than due to the actual regulation.

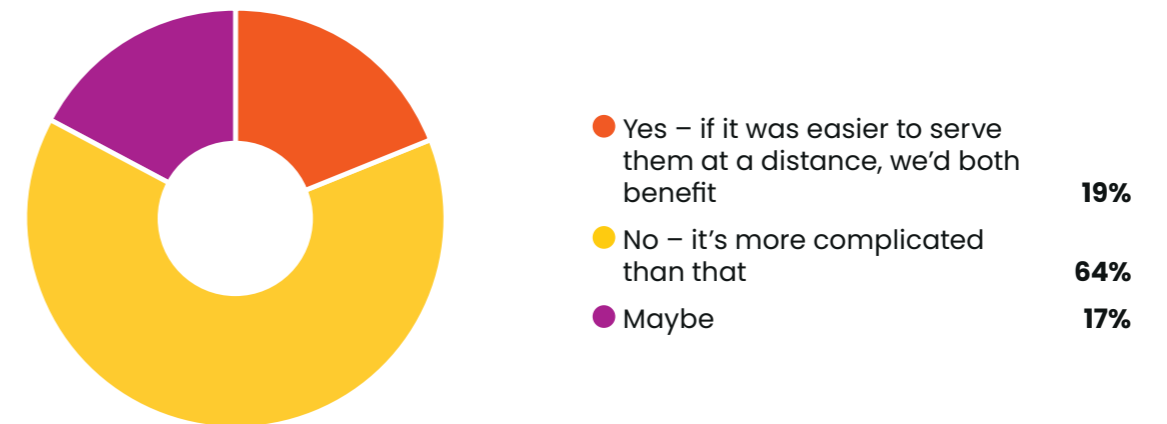
Given to another younger adviser.

What actions did you take regarding the clients you turned away?



As you might expect, completely disengaging clients is seen as a last resort, so there is some appetite among advisers to develop lower cost/digital propositions to facilitate more cost-effective servicing. However, the majority of advisers will need convincing as to how these services might work in practice.

Would you have kept those clients if providers offered products that supported digital advice channels?



Completely off boarded and then continued to service – I talk to them but off record – they are my friends.

Kept as ‘relationship’ customers. i.e. no ongoing fee, no obligation to review, but both customer and adviser remain available to one another.

Only one respondent in our survey says that this exercise of reviewing clients to ensure fair value (in light of the Consumer Duty) is a 'one and done' exercise, so it is clear that this is a theme that will continue over the coming years. The focus on ensuring fair value, for both the client and the advice firm, is a good outcome for all, however it does seem there are spaces emerging for different propositions and solutions for clients who find themselves in this "accidental advice gap".

“It depends on the cost effectiveness of the product and the benefit to the client.”

“Depends on client needs, those with small amounts needing drawdown advice are not serviceable due to ongoing drawdown review requirements for example. But in reality, the cost of advising clients with small pots is loss making.”

“Clients need a lot of relationship inputs... which takes emotional labour and investment... and true empathy, compassion, all that good stuff... I am not sure how digital advice could replicate that yet.”

“The danger is uneducated, unsupported individuals, who are potentially vulnerable, being taken down a dark path or being scammed because they can't get anyone to give them any support, guidance or advice.”

“It has to be a proposition that seeks to deliver what the client requires where experience shows digital solutions continue to be highly selective.”

“It is complex. Our service is built around full financial planning for every client. We would need to build a new service proposition designed for low margin clients. In a lot of ways, I would prefer to be able to send clients to another adviser whose service is specifically designed for that.”

“It's more of an education gap! We are seeing a big push on adviser technology, which is helping us streamline our work processes. Fin-influencers are gathering speed, encouraging people to start their financial planning (this will come with its own risks). We can't stop what's happening across social media, fast news, and restrictive regulation, but great financial planners are built to adapt.”

“The advice gap is a disaster. Most people in the UK fail to realise the need to understand and apply basic principles; without detailed understanding BEFORE individuals begin their careers we seem to be destined to have a population that continues to accrue expensive debt and fails to have a life plan for true financial independence. Numeracy, financial competence and personal financial planning should be the three pillars of teaching maths in our primary and secondary schools.”

“There is more pro-bono work happening than most people know about. Advisers often work in a small community and feel it is their moral duty to help where they can.”

“The biggest impact on advice gap was removing commission from regular premium savings and pension products. It costs us £1,000 to open a file, it's very hard to charge £1,000 to set up a £100 a month personal pension. But these are the very people that need the advice most. We stopped looking for them because fortunately there are plenty of people out there with large sums of capital that also need our advice.”

“It is possible to serve lower value clients but you need to decide which lever to pull – method of delivery, use of technology and/or depth of service on offer. The first two we can control, but we need the regulator to help make the third one easier.”

“The biggest change the regulator could make to help improve the advice gap is to remove the requirement for an annual review. Some clients, especially simple accumulation clients don't need this level of service. It would help us shape different service models, and also help clients have a 'soft landing' when moving away from full advice services.”

Addressing the advice gap

For this section it's time to move away from finger pointing at the multiple causes of the advice gap and start talking about solutions. As with the causes, there are many overlapping factors at play here covering consumer perceptions and behaviours, structural challenges in advice firms, and of course, the regulatory agenda. We'll look at these in depth, starting again with the consumer research.

Addressing the advice gap – Consumer research

First up, our research shows a big misalignment between consumer perception of the advice sector and the reality of working with a financial adviser/planner. We saw this earlier on with the perceived lack of value being a big barrier to adoption of advice, versus the very high value that those who are paying for advice ascribe to the service.

If we want to increase the adoption of advice this is a key message that needs to be more widely understood by the general public, however it is not just about highlighting the value being delivered.

If someone is going to decide whether any product or service represents value for money, there are a number of things that always stand true. Firstly, only the individual receiving said product or service can make that decision.

Secondly, this decision will be in the context of the product or service being purchased, and people will make different decisions for different products or services. I drive my Dacia to the airport and then fly business class. Finally, and most importantly when making any value judgement, you need to know two things – how much it costs, and what the service represents.

According to you, what is the minimum level of investable assets typically required to access each of the following financial services?

	Less than £50,000	More than £50,000 – less than £100,000	More than £100,000 – less than £250,000	More than £250,000 – less than £500,000	More than £500,000	Don't know
Wealth management	15%	9%	8%	8%	8%	52%
Personalised financial planning, delivered face to face	24%	10%	8%	4%	3%	51%
Personalised financial planning, delivered via an online app	26%	10%	5%	3%	2%	54%
Generic guidance regarding your financial affairs	33%	7%	4%	2%	2%	52%

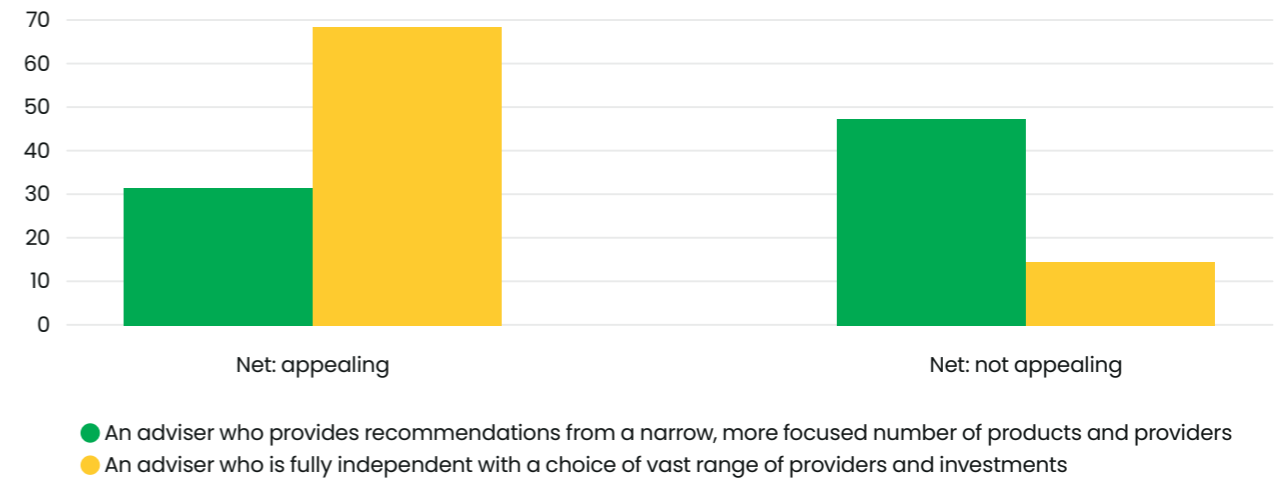
How much, if at all, are you willing to pay for each of the following financial services annually?

	£0	More than £0 – less than £250	More than £250 – less than £500	More than £500 – less than £1,000	More than £1,000	Don't know
Wealth management	34%	14%	8%	5%	5%	34%
Personalised financial planning, delivered face to face	31%	22%	9%	5%	3%	30%
Personalised financial planning, delivered via an online app	42%	19%	5%	2%	2%	31%
Generic guidance regarding your financial affairs	47%	16%	3%	2%	2%	30%

Looking at the first of these two points, it is striking that just over half of consumers have no idea regarding the level of assets required to access various financial advice services, and there is an alarming lack of understanding regarding the fees charged to do so. The good news is that, as we saw earlier, pure sensitivity to costs is not the issue here. The lack of understanding as to the nature of the services that the advice sector can offer, and the value these services represent, are the barriers that need to be overcome. By advice providers offering more clarity on what consumers would receive when paying for advice, as well as how much it costs, these barriers can be addressed relatively easily.

As you might expect, given the choice between a fully Independent adviser or one with a narrow (restricted) range of products, consumers naturally lean towards the former.

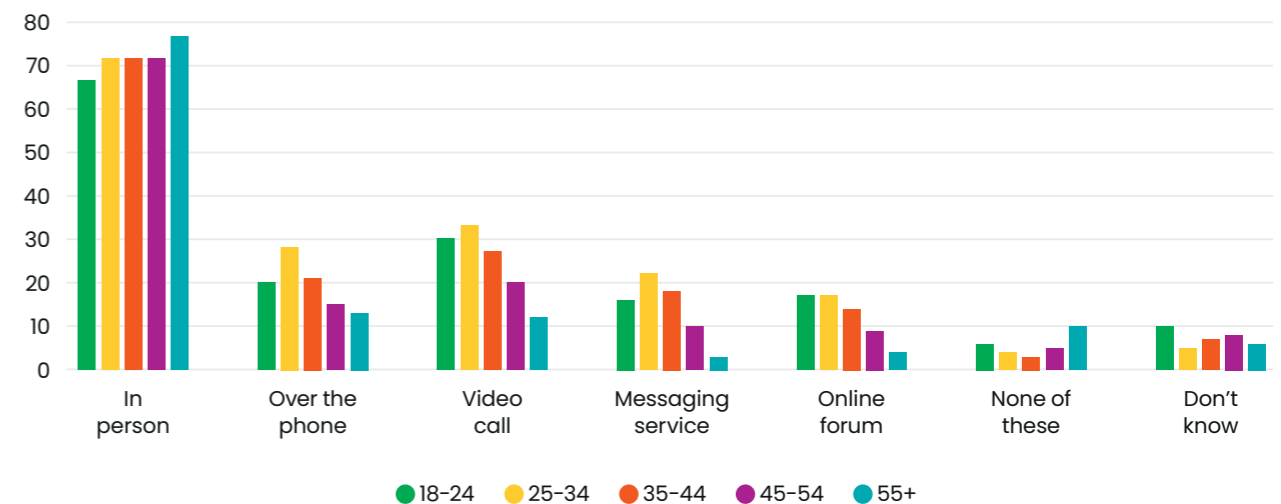
How appealing, if at all, do you find the following types of adviser when seeking financial advice?



Having looked at preferences for Independence/Restricted, next we wanted to understand how consumers prefer to receive this advice. Despite the emergence of new technologies enabling different service propositions, face to face remains the overwhelming preference for all

consumers, but slightly more so for the over 55 cohort. Video calls have increased in popularity slightly since our 2024 study but overall remain a second preference behind in-person advice very much.

Please imagine you decided to seek financial advice... Which, if any, of the following channels would you prefer for a personalised financial consultation?



Sticking with the theme of technology, almost one in five consumers say they never use smartphone apps for banking. Again, focusing on the key over 55 cohort this rises to 31%.

Do you use smartphone apps supplied by your bank and other financial institutions to manage your finances?

Yes, by necessity	26%
Yes, by preference	41%
Yes, I use them, but I don't like them so only use when I must	8%
No, I never use them	19%
Don't know	6%

As we saw earlier, consumers are more confident with day-to-day financial products such as savings and credit cards, therefore are more likely to pay for advice when encountering the complicated infrequently purchased financial products such as a mortgage or investment. This goes alongside

big life decisions such as starting a business or writing a will. However, despite this, we still find over half of respondents saying they wouldn't seek out professional advice or pay for pension advice, with 48% saying the same for making an investment.

Would you pay for professional financial advice in each of the following situations?

	Yes, I would pay for this type of advice	No, I would not pay for this type of advice	Don't know	Not applicable – I would not seek out any professional financial advice in this situation
Paying off your debts	13%	42%	13%	32%
Arranging a mortgage/buying a house	39%	27%	14%	20%
Making an investment	32%	28%	20%	20%
Starting a business	45%	15%	16%	24%
Arranging a pension	28%	33%	19%	20%
Choosing a current account	4%	64%	6%	26%
Writing a will	53%	19%	14%	13%
Choosing a savings product	9%	59%	10%	22%
Choosing a credit card or personal loan	5%	61%	8%	26%

When we look at the reasons why consumers won't pay for professional financial advice in the above situations, we see a range of answers coming through. Affordability and to a lesser extent lack of trust remain an issue, but the biggest barriers sit around the question of value perception.

You previously said that you would not pay for advice in this situation... Which, if any, of the following are your reasons for this in each case?

	Paying off your debts	Arranging a mortgage/ buying a house	Making an investment	Starting a business	Arranging a pension	Choosing a current account	Writing a will	Choosing a savings product	Choosing a credit card or personal loan
I feel confident doing it alone	63%	42%	36%	34%	36%	70%	37%	64%	67%
I don't think it's worth paying for advice in this situation	27%	25%	28%	20%	25%	37%	29%	35%	35%
It's quick and easy to do it myself	23%	15%	19%	12%	17%	39%	18%	31%	35%
I can't afford to pay for this type of advice	23%	20%	26%	29%	24%	16%	21%	18%	16%
I know I can access free advice for this situation	30%	32%	22%	22%	31%	26%	29%	25%	23%
I don't trust financial advisers	10%	17%	19%	20%	14%	9%	15%	10%	10%
Don't know	8%	11%	14%	18%	11%	5%	9%	6%	5%

If the sector is to address this perception that advice isn't worth paying for, we need to return to the question of value. As previously mentioned, in order to understand the value of any product or service you need to understand two things, the cost and what you'll be receiving for said cost. Looking at the first of these we

can see no clear preference to how fees and the relationship should be structured, with over 4 in 10 of respondents (44%) stating they don't know. This supports our findings elsewhere: the issue is perception of value, not sensitivity to cost.

According to you, how should a financial adviser's relationship with their clients be structured?

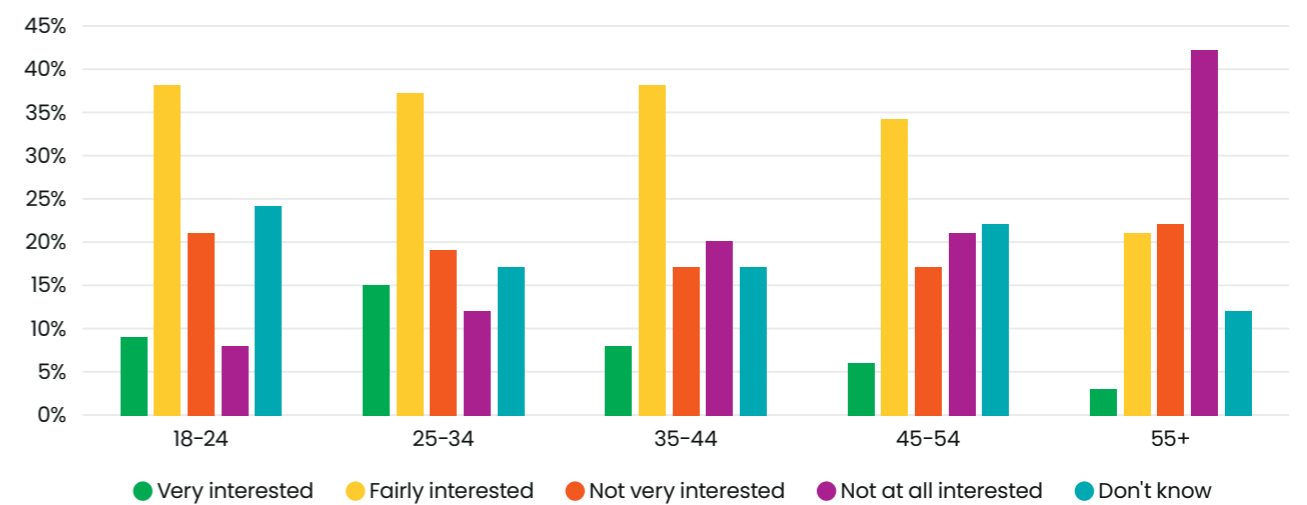


- A transactional arrangement paying at the point of access/delivery only **24%**
- An ongoing relationship paying an ongoing charge to the adviser **12%**
- A transactional and ongoing relationship with both payment at the point of access and/or an ongoing charge **17%**
- Don't know **44%**
- Other **2%**

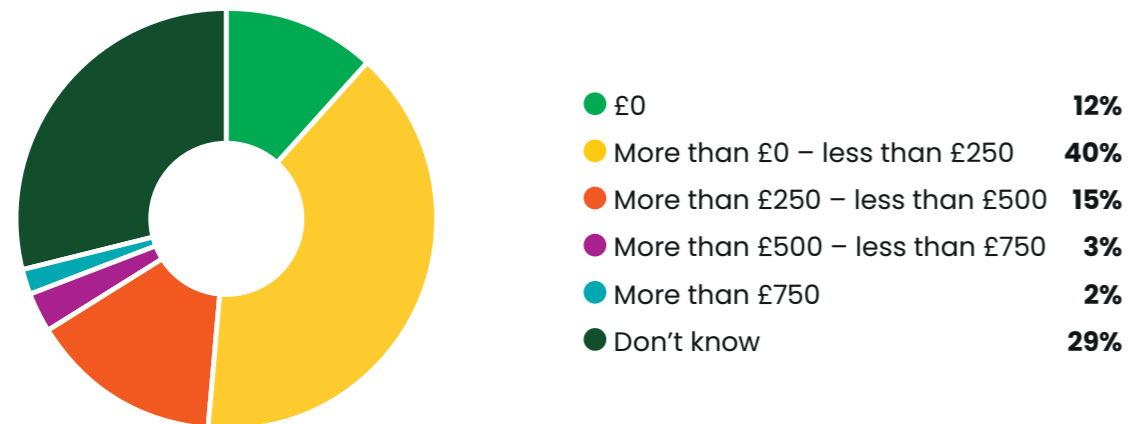
As part of its Advice/Guidance Boundary Review work the FCA is keen to develop a regulatory framework that enables firms to offer advice with different fee models, especially "pay as you go". Our research shows that there is some consumer interest in paying for advice this way,

however it is striking that the over 55 age group (a key target for the advice sector) are very unconvinced. It is equally striking that only 5% of respondents would pay more than £500 for advice for a specific life event.

How interested, if at all, would you be in receiving financial advice on a 'pay as you go' basis rather than ongoing advice with a regular yearly fee?



How much would you be willing to pay as a one-off payment (just a single cost, with no extra or ongoing fees) for this advice?



Another objective for the Advice/Guidance Boundary Review is to introduce the concept of Targeted Support. Our research shows that consumers are unconvinced as to the value this will add. Only 13% said they would find it helpful and would likely act on the instructions if their

investment provider made targeted support suggestions. This rises to 17% for pension providers. However, for all the product lines we ask about, the need to trust the provider is also apparent. Brand reputation will be key here.

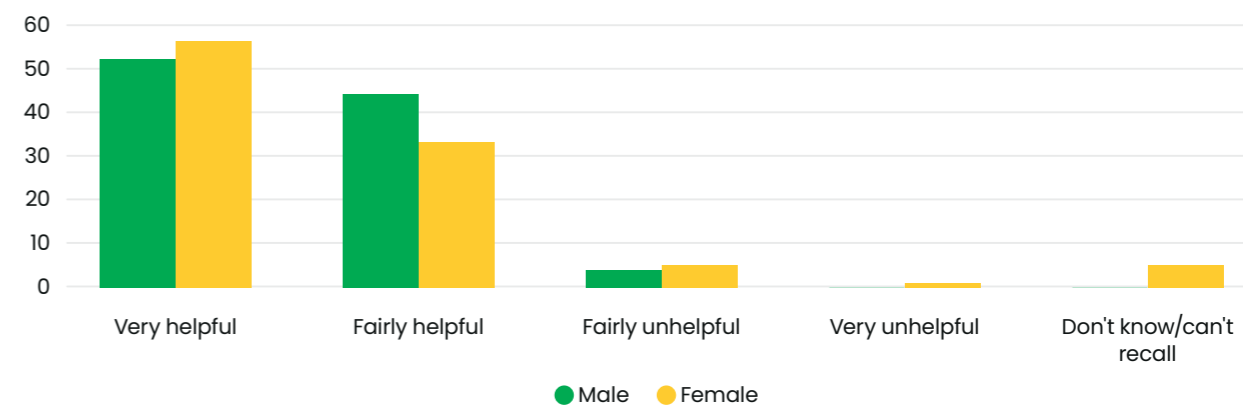
For the following question, please imagine that financial services providers could offer 'targeted support'. This would give general suggestions based on what people in similar situations usually do. Would you find this type of support useful if offered by the following providers?

	Yes I would find this very helpful and would likely act on the suggestions	Yes I would find this somewhat helpful but might not act on the suggestions	Maybe but I would need to trust the provider before considering their suggestions	No I would not find this helpful and would not consider acting on the suggestions	Don't know
Banks	15%	24%	23%	21%	17%
Mortgage providers	20%	25%	20%	17%	18%
Investment providers	13%	22%	25%	20%	20%
Pension providers	17%	24%	24%	16%	18%

If regulatory changes are unlikely to have a big impact on the advice gap, what can be done? Returning to the question of value perception it is clear there is a stark difference between those who are and are not paying for advice. As we've seen above, those who don't pay struggle to see the value in paying for advice, however those who do report very differently.

Amongst those who have paid for advice an overwhelming 93% found it helpful, with only 5% saying they found it unhelpful.

How helpful or unhelpful did you find this advice in helping you manage your money and make financial decisions? (paid for advice only)



Addressing the advice gap – Adviser research

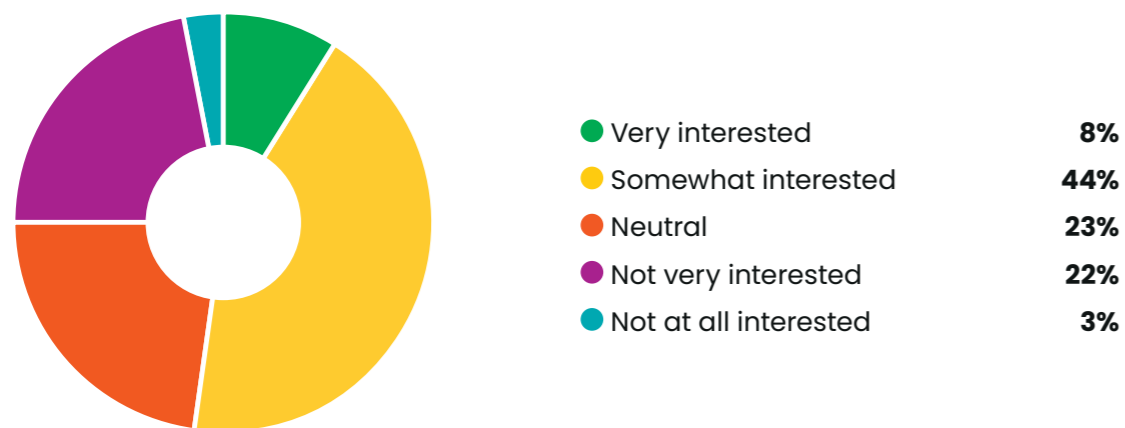
If advice firms are going to increase the number of people adopting their services, there are broadly three levers to pull – technology, regulation and recruitment. In this section we'll explore what advice professionals have to say on these three big topics.

Technology

If technology is going to help address the advice gap, there is a clear win/win that needs to be achieved. Any tech being implemented needs to support and ideally enhance the client experience but also make the adviser's life easier. Taking the first of these, we saw earlier in our consumer research how there is a preference towards face-to-face advice, especially among the over 55s.

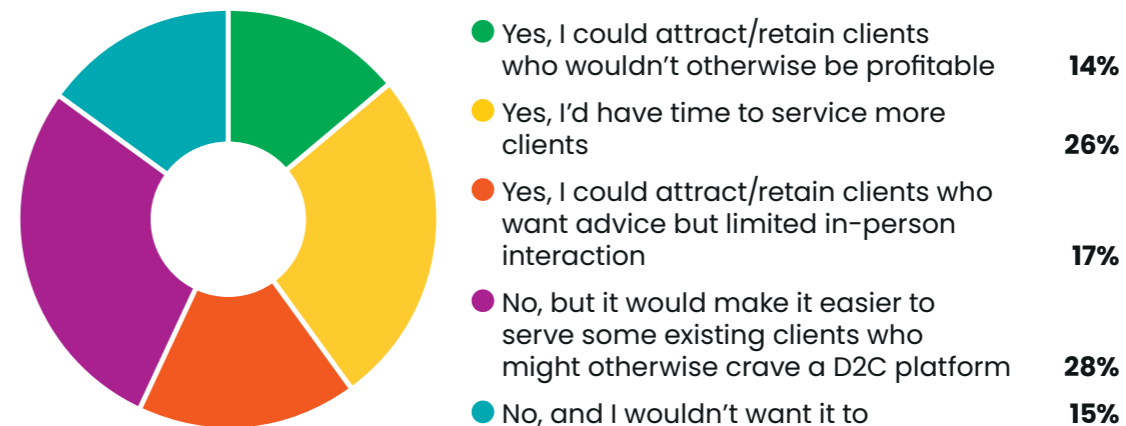
It is therefore no surprise to see that our adviser research reflects this lukewarm feeling towards digital channels such as apps. A quarter of respondents say their clients would not be interested in these services, and while there is some appetite among clients the majority of respondents will need convincing as to the benefits.

What would you say is the level of interest amongst your clients in using digital channels (e.g. through an app) for the advice process?



That said, advisers are interested in how these kinds of digital services might work. Only 15% of respondents stated they wouldn't want to serve their clients this way. Just over a quarter would use these services to serve existing core clients, with the remainder seeing digital channels as a way of serving different groups of clients at a lower cost.

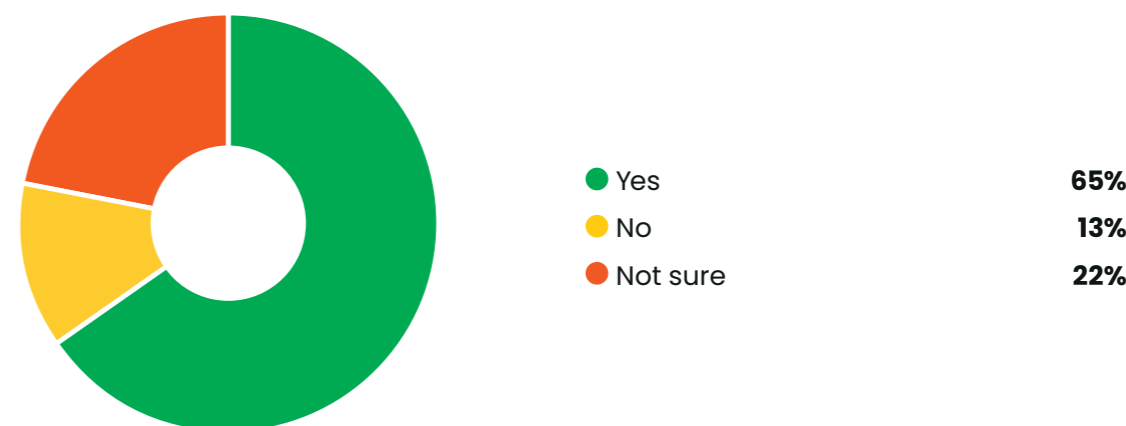
If you could offer advice services through digital channels, would that change your customer base?



One area where technology could provide a solution is the issue of clients with simple needs. As we saw earlier, around half of respondents have found themselves in the position of having to stop serving existing clients in this bracket as a result of Consumer Duty, and there are also mixed approaches being adopted when new potential clients express interest in advised services.

Advisers say they would value digital solutions that can help 'incubate' a client with a simple advised service, reflecting the client's relatively straightforward needs. Crucially, the service should allow a relationship to be retained with an adviser as and when the client's circumstances change. This is something 65% of respondents would be interested in, rising to 77% for the smallest firms and over 80% for the very largest.

Would you find value in a digital solution that enabled you to 'incubate' clients with simple needs, before moving them to more comprehensive advice after their wealth has grown?



Would you find value in a digital solution that enabled you to ‘incubate’ clients with simple needs, before moving them to more comprehensive advice after their wealth has grown? (By firm size)

	Yes	No	Not sure
<£50m	77%	12%	12%
£50m – £100m	52%	23%	26%
£100m – £250m	60%	13%	27%
£250m – £500m	53%	12%	35%
£500m – £1bn	80%	7%	13%
£1bn+	87%	7%	7%

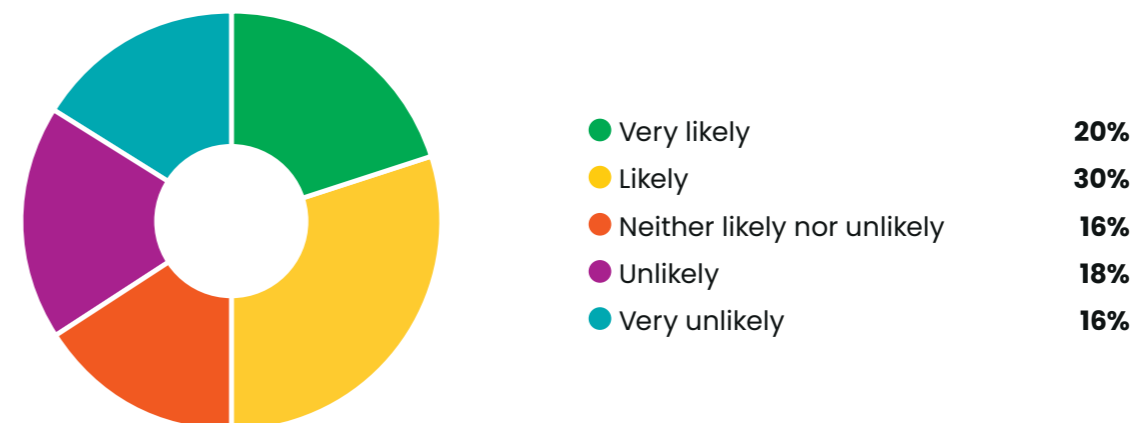
“There’s clearly an industry-wide issue with individuals accessing advice who generally have fairly modest sums of money and those younger individuals at the start of the financial planning journey. An attempt to remedy this problem would be a positive step.”

“For those with relatively simple needs, the advancement of tech over the coming years can go a long way to removing the advice gap and will make advice accessible to those who wouldn’t have previously been profitable.”

“I have a feeling that better tech will go some way to solving it. See what challenger banks are doing with making investing easier and nudge/gamification within their guidance.”

“We already try to run an ‘incubating’ model but the providers make it difficult. We need a genuinely collaborative platform where we can provide initial advice (e.g. consolidate existing pensions, set up initial stocks and shares ISAs using a trusted multi-asset fund solution) and then clients can top them up as and when they want, until they are ready to take full advice.”

How likely would you be to offer transactional or one-off financial advice to lower-value clients if there were a simplified regulatory regime allowing you to provide a single piece of advice without the full suitability requirements of holistic advice?



Regulation

The FCA’s Advice/Guidance Boundary Review is intended to make it easier for firms to offer a wider range of advice propositions and will give providers the ability to offer more personalised and targeted support services to their customers.

Exactly half of our respondents say they are likely to offer these services once the regulatory requirements are confirmed, with 33% of firms above £1bn AUA saying they are very likely to do so.

“When it comes to simplified advice we need to be working together with the Financial Ombudsman Service/The Pension Regulator etc. to ensure there is a ‘safe’ framework for firms to provide this, or no one will take the risk offering a service.”

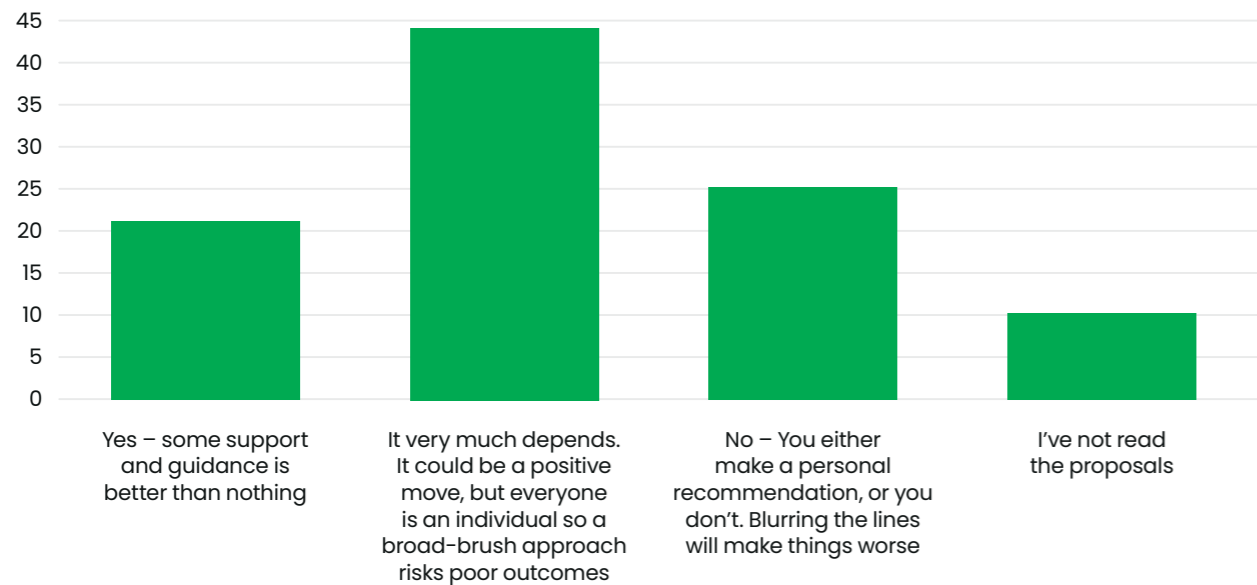
“The FCA’s idea of simplified advice is a solution to the wrong problem. People need to be able to access simple professional advice at MUCH lower cost, but for that advice to still be sound it must allow for issues outside the narrow simplified advice remit to be taken into account.”

“I offer a £500 ‘one and done’ set-up – all by video and using DocuSign or reply paid envelope for onboarding documents – that’s as low as I can go!”

“We’d consider offering some kind of simplified advice service but only if it’s been tried and tested first. Clients will need to be made fully aware of the restrictions that this brings and not expect to get the same level of service or recompense if things don’t go to plan.”

“While IFAs are weighed down by the effects of regulation the gap will exist. It is just not cost effective for me to advise clients with small amounts to invest. Neither do I want the responsibility for advising such clients. I am also concerned that if the process is simplified clients will not get the correct advice.”

Do you believe providers offering targeted support services, in line with the latest FCA proposals, will have a positive impact on customer outcomes?



We see similar levels of support for the FCA’s targeted support proposals, albeit there is a sizeable minority who believe the proposals might risk creating poor customer outcomes.

In terms of how this might impact provider selection, 61% of respondents see no real impact. However, outside of this while there are those who see this as a positive development, there are also those who are worried and view the changes as more of a threat. It is clear that providers will need to ensure advisers are not ignored as these services are rolled out.

“It needs both sides to give ground – the regulator needs to be prepared to understand the shortcomings of anything less than full advice and not hang advisers out to dry if, in good faith, there are occasional poor outcomes for clients. Equally, advisers in this scenario will need to embrace the risk of providing such a service knowing that it has weaknesses – which they could do if they feel the regulator was understanding and supportive.”

“It’s a choice. You either have strict regulations, which are costly to comply with but generally lead to good client outcomes (with a large advice gap). Or you have loose regulations, which are cheaper to follow but result in more instances of poor client outcomes (and a smaller advice gap).”

If large providers start offering targeted support services to clients, how would this impact your support and recommendations?



“I am concerned about the historical and thus expected conduct of providers, especially where they commoditise customers and seek ownership in the process.”

“It’s complementary. Many clients will begin targeted support journeys and find they need advice.”

Providers have historically failed to deliver good outcomes when left to their own means. Moreover, they continue to influence the conduct of regulation often to the detriment of consumers. This is a high-risk strategy to answer a problem created by the regulator.”

I think [these services] would help close the advice gap because they would be better than nothing. Better that this comes from reputable organisations rather than people going on the internet and maybe getting the wrong information.”

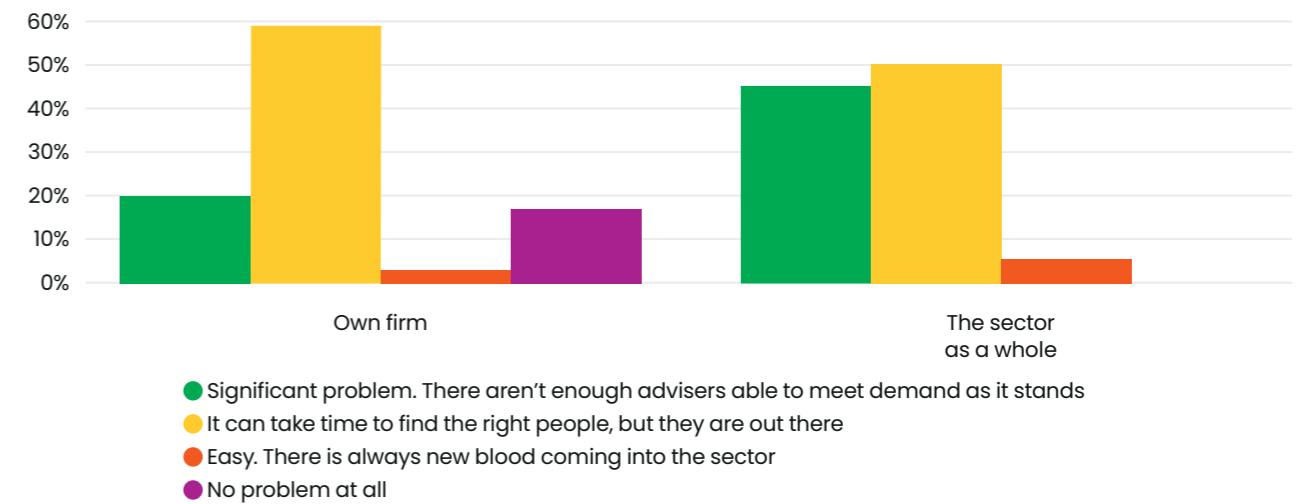
Providers can [get lost] if they think they can deal with my clients directly, I'd move them elsewhere if any started doing that. They are my clients, not the providers.”

Clients can't tell the difference between guidance and advice, so there is a danger this muddies the waters.”

Recruitment

Respondents see recruitment as much more of an issue for the sector as a whole as opposed to their own firm. Only 20% of respondents believe recruitment is a significant problem for their own firm, yet 44% say it is one for the wider sector.

How much of an issue do you think recruitment (of advisers) is for your firm and the sector as a whole?



Our company has been helping young staff train and by going through the roles and becoming advisers they have much more rounded knowledge. Adviser training needs to be quite broad for success and not just viewed as 'new blood' entering the profession.”

I think the way the advice system works doesn't attract the right talent. The profession should professionalise itself. There is too much focus on selling via % AUM. We should be moving towards charging as accountants or solicitors do.”

“We need more advisers but recruiting them straight from university on grad schemes is not the answer. To effectively give advice you need to be able to relate to clients and that comes with time and life experience.”

“It’s difficult. We’ve been trying to recruit paraplanners, and we’re trying to look for people who can hit the ground running. There used to be a training ground in banks and insurance companies, and that doesn’t exist any longer... It’s not easy to get good people.”

“There are not enough individual advisers coming through. The route in for them is so difficult now but difficult for firms to fund them as well. The large companies are buying up practices at a rapid rate but the level of service for clients is reducing. If there was more encouragement for new advisers to buy into a practice, succession planning would work far better. I really do believe that apprenticeships are an excellent starting point, but more help financially should be provided for this.”

“More advisers are needed, but anyone can get the diploma, and the authorisation (CAT) process is flawed as it’s not rigorous enough”

“The ADVISER gap is the issue, not the ADVICE gap. Firms need to put people before profits and invest in the next generation of professional advisers. The FCA needs to understand how hard that is for the smaller firms.”

“In my opinion, the issue isn’t so much a lack of advisers – the so-called ‘adviser gap’ – but more a disconnect between the value of advice and the willingness or ability of clients to pay for it.”

“Academies do work, but... there needs to be a more competent adviser status system and there isn’t enough capacity with newly qualified advisers often held to ransom.”

“There is obviously also the issue of having enough advisers, and the perception of advice in the public sphere. We need to consider how we are bringing these new advisers through, what values they are being instilled with. I see a lot of fast-tracking talk and shorter exam routes preferred, and I worry we are not setting a framework to support the vision of advice that we would want in the future.”

“There are plenty of qualified, capable advisers across the UK. The real challenge is many clients either don’t fully understand the value of advice, or they simply don’t want (or feel able) to pay for it, especially when it’s not packaged in a way that feels accessible or cost-effective. The industry often focuses on supply, but the real issue is demand more specifically, the perceived cost versus benefit from the client’s point of view.”

“Paraplanners play a huge role for us, and this is the area we find hardest to recruit for. We are looking for career paraplanners, not a transient role into advice. These individuals are out there, and increasingly it is a profession in its own right.”

Advice gap: case studies

Following the fieldwork conducted for the advice panel strand of our research, we approached three professionals whose work stood out. We've spent years documenting and pontificating about the advice gap, but we felt it was about time we shone a light on some professionals who were doing their bit – each in a different way – to address the advice gap.

Jo Wall, Susan Pringle and Nick Arbin all demonstrate that it is possible to make a meaningful contribution to closing the advice gap with very different approaches.



Case study 1: Jo Wall Rewiring advice for the next generation

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Jo Wall is the founder of Joyful Wealth, a financial planning business built with a distinct purpose: to provide financial support to those traditionally excluded by wealth management's asset thresholds.

Prior to launching her firm, Jo worked at a company that prioritised financial wellbeing and client-centric planning — an approach she embraced but ultimately found lacking in real-world application.

On her motivations...

Jo's decision to create Joyful Wealth was driven by several frustrations:

- A systemic failure to connect financial advice with what she perceives clients actually want or need.
- A recurring emotional disconnect between technical advice and client behaviour.
- The profession's overemphasis on retirement planning and older, wealthier demographics.

She also pointed to personal experiences, such as watching friends struggle to navigate basic financial issues without access to advice, and witnessing loved ones fall seriously ill shortly after retiring. This cemented her desire to build something different.

“There was a disconnect between what advisers were saying and what clients actually wanted — and no one was really listening.

I wanted to help people live their lives now, while they're healthy and energetic, but also make sure they're setting up for a strong financial future.”

Business model and philosophy

Jo has designed a business that aims to operate with complete clarity around the boundary between regulated and unregulated services:

- She offers coaching and guidance to clients without significant assets, supporting them with financial planning and education to improve their financial literacy through an affordable monthly subscription based fee.



“I was just fed up of how many times we'd say to a client, 'You should do this,' and they'd say, 'Yeah, I know... but I'm not going to because it makes me nervous'. And that was the end of the conversation.”

Jo Wall
Founder, Joyful Wealth

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- When appropriate, she transitions into regulated advice, offering a service that evolves with the client's needs that separates the planning from the products.
- Meetings are frequent and informal — more relationship-based than process-driven — and allow for timely, relevant support without overburdening either her or the client.

“Most advisers say they do financial planning, but it's just cashflow. That's not real planning in my view. My job is really easy — I meet with people so regularly I barely have to prep.”

Jo's firm has also become a referral destination for other advisers who are unable or unwilling to serve smaller clients.

Challenges in the wider sector

While optimistic about her own business, Jo identifies three clear barriers in relation to the advice gap:

1. Demographics and inertia: The average adviser is nearing retirement and lacks incentive to innovate.
2. Regulatory fear: Many firms are hesitant to operate near the guidance boundary for fear of FCA repercussions.
3. Professional education: Qualifications push advisers toward technical, asset-focused knowledge with little emphasis on behavioural or emotional aspects.

“I can kind of forgive the industry for not wanting to change. We already have to deal with so much regular change anyway that it's exhausting.

The qualifications push you down the technical route. There's no space, unless you go looking, for the behavioural side of it.”

Jo is also particularly concerned about misinformation and the rise of unqualified influencers filling the space that regulated advisers are avoiding.

Outlook and hope for the future

Jo's hope lies not in industry transformation, but in the emergence of a new generation of planners who, like her, are building practices from the ground up. She's an active supporter of peers through initiatives like the Verve Foundation's incubator programme and is committed to enabling others to follow similar paths.

“Every cohort, I get at least one person going: 'I'm trying to do what you're doing — can we chat?' And I always say yes.

I know my bucket might get really full, but I can't fix the whole system alone. That's why I'm helping others do it too.”

Jo's work is proving that client-focused financial planning is possible without leaning on asset-based thresholds. We're full of admiration for Jo proving that you can build an alternative business while remaining deeply human, and she's building it in a way that not only helps clients but (we reckon) might inspire others in the profession.

Case study 2: Nick Arbin – serving the overlooked

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Nick Arbin's professional journey is shaped by a determination to serve those overlooked by mainstream financial services – an ethos forged from years of disillusionment working within traditional wealth management firms.

He developed his advice service for up-and-coming individuals, which has given him a repeatable process that he can use with local/lower-income individuals who may otherwise be overlooked by larger firms. This service is just one part of his wider service proposition.

What Nick offers

- **Designed for the overlooked:** His service is built for people often excluded by traditional advice such as those early in their careers, with solid employer pensions but without large portfolios and professionals with high potential but immediate cost pressures (e.g. London-based analysts, junior lawyers).
- **GPP-first where possible:** Where suitable, clients' workplace pensions can be used to implement advice, potentially avoiding platform fees, though fund options, admin and fee deduction can be trickier.
- **Minimised overheads for local clients:** With lean infrastructure and a willingness to meet in local cafés, Nick can offer valuable advice at a lower cost for nearby clients – making financial planning more accessible at a community level.
- **Forward-thinking relationship building:** This model allows Nick to build relationships early and before full-blown financial planning is needed, helping clients transition seamlessly as their needs and wealth grow.



"The whole ethos of what I do is to look after people who are not well served by the rest of the industry."

"All the incentives... were driven towards getting funds under management for [previous employers]. That was the only thing they were interested in."

Nick Arbin
Chartered Financial Planner,
Director at Embrace Financial Consulting Ltd

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Why Nick took a different path

Nick's motivation is rooted in dissatisfaction with the incentives and limitations of large wealth management firms. His experience of working for firms that were repeatedly acquired and assimilated into profit-driven giants informed his decision to do things differently.

A focus on engaged clients and emerging potential

Nick has carved out a niche working with two key groups: technically engaged clients who want a say in their portfolios, and early-career professionals with financial potential but limited investable assets today. His business model accommodates both.

Why there aren't more like him

Nick is sympathetic to peers who haven't followed the same path, pointing to structural and personal barriers.

"Sometimes people will have financial responsibilities... so they can't spend the time doing stuff that might not be as immediately remunerative.

You've either got to be only managing the big portfolios or you've got to be restricted."

That he was able to set up independently through the Sense Network – a relatively open, flexible set-up – was, in his words, "just very lucky".

"I'm meeting these people... they're on an £80k salary now, but they live in London so they have low disposable income... I don't want to lose touch with them.

I had a ready-made solution that... works just as well for people who have more modest income and just want some sound advice."

On the outlook: guarded scepticism

Nick strikes a pragmatic tone when asked whether he's optimistic about narrowing the advice gap. While recognising good intentions in initiatives like simplified advice, he questions their practicality.

"It's easy for them to say: 'Advisers should advise clients with smaller pots of money'... but you've still got the same responsibility.

There is so much liability and responsibility in providing that advice... I don't think that the people who sit in their towers realise that."

We look at Nick's story as one of principled disruption: he identified a misalignment between traditional wealth management and real client needs and used his autonomy, experience and early support to build a practice that serves clients across the wealth spectrum, especially those overlooked or underserved by the current sector.

He's realistic but sceptical about systemic change and believes much of the issue lies in structural constraints, incentive misalignment and poor regulatory understanding at the policymaker level.

Case study 3: Susan Pringle – Tackling the advice gap through employer engagement

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Henderson Loggie’s approach is structured around working with employers to deliver financial guidance directly to employees. The initiative grew out of the firm’s involvement in auto-enrolment, where they realised there was an opportunity to stay connected with individual members post-enrolment.

- They deliver ‘member clinics’, providing 30-minute sessions (virtual or in-person) with authorised advisers.
- Topics range from ISAs and pensions to retirement planning and general financial questions.
- The service includes escalation to regulated advice where appropriate, maintaining clarity and compliance.

Cultural impact and changing perceptions

Susan highlighted the cultural shift in how advice is viewed. Where once advice was associated with a narrow, often exclusive demographic, today it is becoming more inclusive and relatable.

What it means is these people are able to speak to an authorised adviser that lets them just ask anything regarding financial services.

The feedback... has been really, really good... they’re getting [to say]: ‘I had a great conversation with a financial adviser’ so it’s not just the pension guy.”



“It was quite a male-dominated... golf club [style]... talking about investments. The world’s changed since then, but financial advice still seems the same.

There’s nothing more satisfying than hearing someone talk about pensions and knowing they know what they’re talking about... and then going, ‘Oh, we helped’.”

Susan Pringle
Managing Director, Henderson Loggie

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Structural enablers and challenges

Susan acknowledges that firm structure matters. Henderson Loggie’s size, established reputation and integrated accountancy practice help enable their outreach work. However, she notes this isn’t as easy to replicate for smaller firms.

“The cost of excellent [tools like] Money Alive... just has to be taken on the chin. But I realise for smaller firms, that is quite a big cost.”

“It’s picking the right partner and knowing it will cost you... but you’re getting your name out there.”

On the Advice/Guidance Boundary Review

Susan is broadly supportive of the Advice/Guidance Boundary Review as a potential accelerant for tackling the advice gap, especially for smaller firms. But she cautions that execution will matter.

Definitely [it] could help... if you’ve got your website set up, if you’re partnering well... it can work. But it needs employer buy-in too.”

Looking ahead: Optimistic but realistic

Susan remains optimistic about progress, but stressed the need for cross-sector collaboration. She points to the success of auto-enrolment as an example of what’s possible when government, providers, and employers align:

“We’ve still got the right people in the industry who will take us forward.”

“Auto-enrolment came in as a multi-party thing. Everybody was on board... that’s what we need again.”

She also called for long-term policy consistency:

“Can we just have one pensions minister that’s neutral?!”

And underscored the importance of provider accountability:

“Where do we spend the most time? Chasing providers and getting the right information.”

Ultimately we’d describe Susan’s work as representing a model of structured, employer-based outreach that bridges the advice gap in a scalable and compliant way. The firm’s clinics, cultural advocacy and partnerships demonstrate how firms can combine regulatory rigour with accessible, human support, especially for the workforce often left behind by traditional advice models.

Our closing thoughts

Though Jo, Susan and Nick take different routes, three things unite them. First, they all believe that human connection and relevance matter more than assets under management. Second, they’ve each built models that work for the clients who need them most, even if those models don’t fit traditional commercial templates. Third, they share a commitment to doing the right thing, even when the system doesn’t always make it easy. These are professionals making the advice gap smaller – not by talking about it, but by showing what’s possible.

Conclusions

If there is one thing we have learnt from a decade's worth of advice gap research, it's that there are multiple issues at play with a distinct lack of 'silver bullet' to address them.

At the highest level the picture is relatively simple and increasingly static. 9% of the population have paid for advice (in all forms) over the last two years, leaving 91% who haven't. Since 2019 the proportion of those paying for advice has sat between a pandemic-induced low of 7% and a post-pandemic high of 11%.

Yet despite all the challenges the past decade has thrown in their direction, the advice profession remains reassuringly resilient. It is also increasingly enjoying the sort of levels of customer satisfaction that any other service-driven profession would dream of.

We'll return to the 9% shortly, however the main focus for our advice gap research has always been the vast majority of consumers who don't pay for advice. Back in 2015 Citizens Advice came up with the concept of the "four advice gaps", covering the main reasons why the 91% don't take advice.

The affordable advice gap

Consumers who are willing to pay for advice but not at current prices.

The free advice gap

People who want advice but are unable to pay for it.

The awareness and referral gap

People who are not aware that advice exists, or where to get that advice.

The preventative advice gap

Those who would benefit from having money advice as a preventative measure.

We believe the value in conducting this study every year sits behind these four gaps. If you are in any way involved in financial services you are likely to have at least some interest in addressing at least one of these gaps. And we know from the hundreds of advice professionals who completed our survey and generously gave up their time to be interviewed that this interest is not just purely commercial. There is a growing desire among the advice profession and those who support it for more consumers to benefit from advice.

However, this desire to address the advice gap is not universal. One respondent to our survey commented as follows, and they were not alone with these thoughts. *"The advice gap is an invention. There have always been people who need advice and for the vast majority who don't, they don't have sufficient income, or assets, to make advice worthwhile."* A common theme (albeit from a minority) is to question whether there actually is an advice gap at all.

On the one hand, it is easy to see why you might reach this conclusion. The FCA's Financial Lives research [1] shows that 6% of the UK population have investable assets in excess of £250k. Considering this excludes DC pension assets, the fact the advice sector is serving 9% of the population feels about right.

[1] Source: <https://www.fca.org.uk/publication/financial-lives/fls-2024-consumer-investments.pdf>

However, it is not as simple as that. Firstly, within the FCA data you can quickly start to see gaps emerging. Men are twice as likely to be in that £250k and above cohort as women. Until you hit the age 55 and above segment, you are more likely to encounter someone with zero savings or investable assets as opposed to someone with > £250k. And even in this >£250k cohort, 8% have all their assets in cash. 41% of all adults with more than £10k in investable assets hold everything in cash. There is a very strong argument that a decent number of these individuals would benefit from some form of advice or guidance to help improve their long-term financial future.

Returning to the advice profession, we see a lot to be positive about. An overwhelming 91% of those who have paid for advice in the last two years found it helpful, with only 7% saying it was unhelpful. This is a huge endorsement for the value of advice, and reflects the quality of outcomes the profession should be recognised as consistently delivering.

Yet there are two areas that concern us as a result of conducting this research

Firstly, there is a real lack of awareness among the majority of the population as to what a financial adviser can actually do, not to mention the transformation in professionalism the sector has gone through and the value advice can represent. When we look at the consumer research among wealthy individuals who are not paying for advice, a lack of trust and perceived low value remain the two highest barriers. Drill into this more deeply and ask consumers what they think of when they hear the words ‘financial adviser’, and it’s like being transported back to pre-RDR days. Commission, products and selling all come through as the perception these consumers have of a typical adviser.

Secondly, the advice profession is increasingly focused on a very narrow segment of the population – relatively wealthy individuals 50 and above starting to transition towards retirement. Once more for those at the back of the room, this is an entirely sensible and logical segment for the advice profession to be serving. These individuals are at the peak of their own wealth accumulation and are about to face some significant life choices, all linked to an increasingly complex personal taxation and pension system fraught with impenetrable jargon and potentially irreversible decisions. It is no wonder that the demand for advice, and the value delivered is greatest for these consumers.

But the big issue, and where we believe the advice gap is most pressing comes for consumers who fall outside of this segment, and particularly those who are closely adjacent. And for these consumers the world is changing. The FCA’s work for both targeted support and the Advice/Guidance Boundary Review should see consumers being able to access more effective and intelligent ‘advice’ services which in turn should improve outcomes. And with the rise of ‘finfluencers’, this work is becoming more and more needed. The FCA’s own research shows it has never even occurred to a substantial proportion of the population to take financial advice. The same research shows consumers are more likely to use Google than they are to speak to an adviser or other financial professional, with almost one in five consumers also researching investments via social media.

We appreciate that this report might make for bleak reading. The stats do not lie, but there is value in understanding the scale of the advice gap from all perspectives, so that we can understand what interventions, if any, are needed. The glimmer of hope in all this are our case studies – the firms and individuals who have taken it upon themselves to try and make a difference where they can, whether that’s by targeting a different type of client, partnering with employers or designing a different kind of planning service altogether.

So thinking about tackling the advice gap from a policy viewpoint, what should be done? During one of our adviser interviews one respondent said the following:

“Within an advice firm there are three levers to pull – regulation, tech and people. It is possible to serve lower value clients, but you need to decide which lever to pull – method of delivery, use of technology and/or depth of service on offer. The first two we can control, but we need the regulator to help make the third one easier.”

The FCA’s work in reviewing the Advice/Guidance Boundary aims to provide our respondent with exactly what he is looking for: the ability to offer different service models while still giving regulated advice. Several respondents highlighted areas ripe for development such as removing the need for a formal annual review for certain clients with simple needs, and the ability to offer more focused advice with a particular need in mind. At the time of writing we are expecting the next stages for the FCA’s Advice/Guidance Boundary Review to be announced, and we hope these points will be addressed.

The other area we think the FCA can (and should) help with is addressing the issue of the lack of trust in advisers and financial services as a whole. The best way to improve trust is to improve standards, and Consumer Duty gives the regulator the tools to achieve this. If firms are not meeting these standards, enforcement action should be taken.

To close we return to our adviser panel, and the following comment from one of our respondents when asked for their views on the advice gap:

“Morally, it is wrong and needs addressing. The very people who need the ‘bang for their buck’ are the ones being priced out of advice. Wealthy people will by and large remain wealthy. The next levels down need access to the right guidance, education and advice to improve their lot.”

For what it’s worth, we wholeheartedly agree. It’s why we feel this study is worth repeating on an annual basis. We’ll be back again next year to see what has changed, and whether the Advice/Guidance Boundary Review has made any impact in starting to tackle the advice gap once and for all.

Key findings

50%

Half of adviser respondents in our survey say they have stopped serving clients as a result of Consumer Duty.

93%

of consumers who have paid for advice in the last two years, say it was either fairly or very helpful in helping them manage their money, an increase of 3% since 2024.

9%

of the UK population paid for advice in the last two years vs 91% who didn't. No change year on year from 2024.

The Advice Gap 2025



the lang cat
6 Quayside Mills,
Edinburgh, EH6 6EX
0131 380 4747
hello@thelangcat.co.uk
thelangcat.co.uk

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