



## Navigating the advice-guidance boundary continued...

14 August 2024

---

**In December 2023, the FCA released a Policy Paper (the Paper) which included its proposals for closing the gap between 'holistic advice' and 'information and guidance'. The intention was to "smooth the cliff edge between holistic advice and information and guidance to create a continuum of support." Recent reports indicate that the FCA will shortly be announcing its plan to address this gap.**

It was recognised within [the Paper](#) that a gap exists between 'holistic advice' (i.e. consideration of a consumer's overall financial circumstances and objectives with recommendations personal to that customer) and 'information and guidance' (i.e. general and factual information without a personal recommendation). To address this gap, the Paper included two new proposed forms of 'advice' – 'targeted support' and 'simplified advice'.

### A. Targeted support

The targeted support proposal was broadly based on firms (1) using limited information about a customer and their circumstances to provide support to consumers where the action would be appropriate to a person in similar circumstances – a "people like you" proposal, or (2) an offer of targeted support without explicit charges (which could instead be wrapped up in transparent upfront fees).

### B. Simplified advice

Simplified advice would differ from targeted support to the extent that a consumer obtaining simplified advice would be advised by way of a personalised recommendation – i.e. we recommend this to "you". The idea being that simplified advice focusses on one specific need and so does not involve an analysis of a customer's circumstances that are not directly relevant to that need.

Whilst the FCA is yet to announce its plans, reports suggest that the FCA will drop the simplified advice proposal, but that it will press ahead with the targeted support proposal.

If this is the approach taken by the FCA, then it will need to ensure that firms' concerns are addressed. One of the main concerns for firms is whether they will still be held responsible for a customer's investment decisions if they give targeted support in the same way as they would be had the firm

provided holistic advice. Furthermore, firms will also need to consider how such a model could be introduced, including how 'targeted support' could be implemented and operated to ensure that it works for firms from a commercial perspective.

Keep an eye out for our blog which will be released following the FCA's announcement. In the meantime, for a reminder of the issues in play, please visit [RPC's FT Adviser article](#) where we consider the different issues around navigating the advice-guidance boundary.