In ACCORD

SEND cp26-10@fca.org.uk by 22/05/2026

FEEDBACK CP26/10* Simplifying the Pensions & Investment Advice Rules**

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INTRODUCTION

In Accord (trading name of ESG Accord) welcomes the opportunity to respond to CP26/10.

We broadly support the FCA's direction of travel in simplifying the advice framework and embedding proportionality. The proposals represent a meaningful step toward improving the accessibility and usability of advice services.

However, we consider that there remains a critical and underdeveloped area within the proposals:
the consistent recognition, elicitation, and integration of non-financial objectives, particularly sustainability and ethical preferences, across *all* advice and support formats.

This is not only a Consumer Duty issue, but also one with wider implications for market outcomes and public policy objectives.

As a technical compliance firm specialising in sustainability and Consumer Duty implementation across the investment distribution chain, we engage with the advice community, networks, DFMs, and product providers. Our work includes supporting firms in embedding sustainability preferences, delivering good consumer outcomes, and operationalising proportionate advice models. In Accord offer a range of services;

Support for advisers, DFMs, networks, platforms, product providers and educators through four connected areas of work:

- Accord Consulting. Practical and strategic support for advice firms, DFMs and fund groups
- Accord Initiative. Partnered by the industry, free, open-access tools and templates for the advice community
- Accord Academy. CPD-accredited courses for the modern advice landscape
- Accord Talks. Industry conversations and thought leadership

Relevant groups and panels:

- Member of the FCA Disclosures and Labels Advisory Group (DLAG)
- Member of the Association of Professional Compliance Consultants
- Member of the UK Sustainable Investment and Finance Association
- Elly Dowding and Lee Coates OBE of In Accord are PFS Sustainable Financial Advice Panel members
- Lee Coates OBE of In Accord is a member of the FCA's industry-led working group: Advisers' Sustainability Group
- Elly Dowding is a member of the FCA Sustainable Finance Advisory Committee

CP26/10 COMMENTS

Key cross-cutting comment:

Across multiple areas of the CP, the proposals assume that firms understand non-financial objectives, consumers are aware they can express such preferences, and advice processes consistently capture and act on them.

However, in practice, we are concerned that this is not yet embedded across the market. Evidence from the FCA Financial Lives Survey highlights that consumers have values and preferences but are not consistently prompted or supported to act on them.

Without early-stage awareness and structured prompts:

- consumers may experience non-financial harm (investments contradicting values),
- firms may have difficulty meeting Consumer Duty obligations (foreseeable harm, understanding, outcomes),

- and the market misses an opportunity to direct capital in line with consumer preferences and wider government policy.

We therefore encourage the FCA to consider how consumer awareness of sustainability preferences can be embedded at the outset of *all* advice and support journeys, and provide clear, proportionate guidance equivalent to that provided for risk profiling.

Question 1:
Do you agree with how we have consolidated the chapters and our approach to remove the distinctions between MiFID, non-MiFID business and insurance-based investment products and other life policies?

Response to Question 1:
We broadly agree with the consolidation and removal of distinctions between MiFID, non-MiFID and insurance-based products. This simplification supports consistency and should reduce operational complexity. We note that 2.2 suggests that firms managing investments should assess the suitability of decisions to trade. We encourage the FCA to consider guidance for investment managers and DFMs that suitability includes non-financial objectives, and they should therefore have information on the non-financial preferences at a sufficiently granular level.

Question 2:
Do you agree that changing the suitability requirement from consideration of 'necessary' to 'sufficient' information, along with the proposed supporting guidance, will give firms confidence to take a more proportionate approach to assessing suitability?

Response to Question 2:
We agree with the move to "sufficient" information, as this supports proportionality.

However, clarification is needed regarding non-financial objectives (e.g. sustainability preferences) and how these should be treated within "sufficient" information.

There may be a risk that values-based considerations are deprioritised or inconsistently applied across firms. This may create unintended discriminatory effects, particularly where individuals with strong ethical or sustainability preferences are not appropriately supported or vulnerability is triggered by value misalignment.

We recommend explicit clarification that non-financial objectives form part of "sufficient" information where relevant to outcomes based on client preferences.

Question 3:
Do you agree with our proposed approach to considering a client's knowledge and experience?

Response to Question 3:
We agree with the proposed approach. However, the same considerations raised under Q2 apply, namely that firms must have a sufficient understanding of sustainability and non-financial preferences; otherwise, gaps in consumer understanding and outcomes will persist. At the point of advice, it cannot be assumed that retail investors have the knowledge to know that they can express investment preferences in line with their personal values.

Question 4:
Do you have any comments on how we have defined the circumstances in which a knowledge and experience assessment need not be undertaken?

Response to Question 4:
We agree with the intent. However, the proposals rely on an assumption that firms already operate at strong Consumer Duty standards and can identify foreseeable harm, including non-financial harm. We have concerns that this is currently a blind spot.

Key concerns:
- Are consumers aware they can express values-based preferences?
- Are firms equipped to identify harm where investments conflict with those values?
- Can firms "educate" clients (as per 2.36) if they lack internal capability?

Even for simple products (e.g. ISAs), consumers may unknowingly invest in ways that conflict with their values. We recommend explicit recognition of non-financial harm and guidance ensuring consumer awareness at the outset of all advice routes.

Question 5:
Do you agree with our proposal to simplify the terminology and expectations when assessing the investment risk a client is willing to take?

Response to Question 5:
We agree with simplification. We strongly recommend the FCA apply a parallel approach to sustainability/ethical preferences, including avoiding overly complex questionnaires where unnecessary and clarifying that proportionate approaches are acceptable. This mirrors the clarification provided in 2.42 for risk profiling and should be extended to non-financial objectives.

Question 6:
Do you agree with our proposals to clarify that a firm can take a proportionate approach to assessing a client's ability to bear losses?

Response to Question 6:
We agree. The inclusion of straightforward case studies is helpful and should be replicated for non-financial objectives and sustainability preferences.

Question 7:
Do you agree:
a. that we have appropriately defined the scope of situations in which firms are required to provide a suitability report?

b. with our proposals to align the content requirements for different types of business?

c. that clarifying that the content of suitability reports should be concise and proportionate to the nature and scope of advice provided will give firms confidence to produce clearer and more consumer-focused reports?

d. that we should align the requirement to provide a suitability report before the transaction is concluded for all types of business (except where distance communication prevents this with consent)?

Response to Question 7 (all parts):
We agree with all proposals, including:
- alignment of requirements
- proportionate and concise reporting
- timing requirements

Question 8:
Do you agree with our proposal to remove the stated provisions and rely on the Consumer Duty? Are there any additional rules that you consider can be removed and reliance placed on the Consumer Duty?

Response to Question 8:
We agree. The Consumer Duty goes beyond COBS minimums and focuses on outcomes, understanding, and foreseeable harm. This provides a stronger and more flexible framework. Please see the key concerns highlighted in response to Q4.

Question 9:
Do you agree with our proposal to retire FG17/8 and embed its principles of proportionality in the new rules?

Response to Question 9:
We agree. However, we strongly encourage the FCA to include case studies involving sustainability and ethical preferences and examples of proportionate approaches to capturing non-financial objectives.

Question 10:
Are there specific scenarios that you would like to see addressed by case studies? Please outline proportionate approaches to assessing suitability in specific scenarios.

Response to Question 10:
We recommend inclusion of:
- scenarios where values-based and sustainability preferences affect suitability
- examples where failure to capture preferences could lead to harm
- situations where values may intersect with vulnerability

Question 11:
Excluding qualifications and charging rules, are there any other regulatory changes we could make to facilitate the development of a market for more simplified forms of advice, or otherwise help consumers navigate their financial lives?

Response to Question 11:
We see potential for money coaching and guidance services. These can increase financial engagement, support progression into simplified or full advice and improve Consumer Duty outcomes.

Question 12:
Do you agree with our proposals to clarify our rules on provision and charging for ongoing services?

Response to Question 12:
We agree. We note this creates an opportunity for ongoing alignment with client values and granular target market categorisation (including sustainability or values preferences).

Question 13:
Do you agree with our proposal to remove the annual suitability requirement for firms providing ongoing services in relation to business that falls under MiFID II or the IDD and to replace it with a requirement for firms that conduct periodic suitability assessments to do so in keeping with the Consumer Duty?

Response to Question 13:
We agree. Periodic reviews aligned with Consumer Duty are more appropriate.

Question 14:
Should we consider further transparency requirements or guidance to mitigate the potential market impacts of the proposed rule change and ensure consumers understand the service and receive fair value?

Response to Question 14:
We recommend the inclusion of good and poor practice examples and explicit reference to investment preferences (including sustainability).

Question 15:
Do you agree with our proposal to include Handbook guidance to clarify our expectations about firms' compliance with the Consumer Duty when handling disengaged clients? If not, please explain why and any other options we should consider.

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Question 16:
Do you agree that we should work with industry to publish examples of good and poor practice to support firms in complying with Consumer Duty standards in the context of disengaged clients? If so, please provide examples around the topics set out above.

Response to Questions 15 & 16:
We agree with both proposals. Case studies should include disengaged clients with previously stated values, and risks of drifting away from stated preferences.

Question 17:
Should the FCA consider changes to our rules on legacy trail commission? If so, should this be done via enhanced transparency, a sunset date, a transitional period, or any other option?

Response to Question 17:
We support phasing out. Firms should already have review strategies for legacy products and incorporate this into due diligence and valuation processes.

Question 18:
Do you have any views on the likely impact on consumers and firms that pay and receive trail commission? Can you give us any specific details or estimates of the impact that these changes may have and the potential for consumer harm?

Response to Question 18:
We consider that the Consumer Duty already requires firms to address legacy issues, and acquisitions should reflect the remediation effort required.

If and when trail commissions do come to an end, once payments cease, product providers should be obligated to amortise the future savings they will make and pass on the savings to consumers. If this does not happen, provider profit margins will increase at the expense of advisers and consumers.

Question 19:
What value does this commission represent to operators of alternative investment products, distributors, and retail investors? What is the impact on firms, consumers and the market if these commissions were not allowed?

Response to Question 19:
No comment.

Question 20:
Do you agree with our proposal to allow platforms to rebate commission received from alternative investment fund managers in the same circumstances as commission received from authorised fund managers?

Response to Question 20:
Agree, no comment.

Question 21:
Do you have a view on what would be appropriate suitability requirements for services provided to professional clients, including whether there is merit in differentiating by client type as well as the scope and nature of services provided as well as the nature of products recommended?

Response to Question 21:
We support a proportionate approach, similar to retail clients. Complexity should be disclosed and agreed with the client and matched to the nature of the advice and products.

Question 22:
Do you agree with our assessment of the costs and benefits of these proposals? Please outline why you do or why you do not, sharing any evidence that may improve our assessment.

Response to Question 22:
We encourage the FCA to further consider wider economic impacts, particularly:

- Capital allocation effects. If consumers are consistently made aware of sustainability preferences and supported in acting on them this could drive increased inflows into the sustainable capital markets and improved access to funding for firms aligned with sustainability outcomes.
- Public policy alignment. We suggest the FCA reconsider its position that proposals are not relevant to the Climate Change Act 2008 (Section 1) and the Environment Act 2021 (Section 5 targets). We see there is a clear transmission mechanism from consumer preferences to investment allocation to capital flows through to real economy outcomes.
- Market dynamics. We acknowledge potential second-order impacts on banking (reduced deposits). However, this should be viewed in the context of long-term capital formation and economic growth driven by investment.

Question 23:
Do you have any comments on our equality and diversity considerations?

Response to Question 23:
We welcome the FCA's consideration of equality and diversity impacts within the proposals and broadly agree with the intent. However, we consider that there may be an important and currently under-recognised dimension within this area - this is the interaction between client values (including sustainability and ethical preferences), vulnerability, and protected characteristics.

- Values and beliefs as a driver of vulnerability. In practice, values and beliefs are not neutral or secondary preferences. They are often closely linked to identity, tied to religion or belief (a protected characteristic), and capable of triggering emotional or psychological responses when overlooked. As we understand it, vulnerability is not only defined solely by characteristics but also by how individuals respond to situations. Where investments conflict with a client's beliefs, distress, disengagement, or reduced confidence may arise, decision-making capability may be impacted, and there is a clear risk of non-financial harm. This sits squarely within existing FCA vulnerability frameworks and should be recognised as such.

- Risk of unintended discriminatory outcomes. The current proposals may create a risk of unintended inequality if values are not consistently addressed across all advice formats. In particular, consumers with religious, ethical or sustainability-based beliefs may be disadvantaged if they are not made aware that preferences can be expressed, or advice processes do not provide space for disclosure. This risk is heightened in simplified advice, targeted support, and guidance-based services. Additionally, if values-related needs are only effectively captured in comprehensive advice models, this could create a two-tier system and potential indirect discrimination against certain groups. Harm may arise not from the presence of a belief itself, but from it being overlooked, misunderstood or unintentionally breached by the advice provided.
- Barriers to disclosure and inclusion. Many clients will not proactively disclose values-based preferences unless they are explicitly invited to do so, the relevance is explained, and the environment feels safe and non-judgemental. Without this, certain groups may be systematically underrepresented in preference-led outcomes, firms may fail to identify foreseeable harm, and Consumer Duty obligations (particularly understanding and outcomes) may not be met. This is therefore not just a conduct issue; it is directly relevant to inclusion and fair treatment.
- Implications for Consumer Duty and equality objectives. We consider that non-financial harm (including value misalignment) should be more explicitly recognised within the FCA's equality considerations and that consumer awareness of investment preferences should be embedded at the outset of all advice and support journeys. This would reduce barriers to participation, support better disclosure across diverse groups, and improve outcomes for consumers whose needs may otherwise be overlooked.

To strengthen the equality and diversity framework within the proposals, we recommend the FCA:
- Explicitly recognise values-related vulnerability. Clarify that distress arising from conflicts between investments and beliefs is within scope of vulnerability considerations.
- Embed awareness of investment preferences across all advice formats. Ensure consumers are made aware at the earliest stage that they can express sustainability and ethical preferences.
- Provide proportionate guidance for firms. Similar to risk profiling, firms should have clear, practical guidance on raising preferences, supporting disclosure, and responding proportionately.
- Include case studies, particularly where protected characteristics (e.g. religion or belief) intersect with investment outcomes and failure to identify preferences leads to harm.

The proposals aim to improve access and inclusivity in financial advice. However, we consider that, without explicitly addressing the role of values and beliefs, there is a possibility that certain groups may remain underserved, and that foreseeable harm may not be consistently identified.

Addressing this gap would not require fundamental changes to the framework, but could be achieved with clear guidance, earlier consumer engagement, and consistent treatment across advice models.

Final observations to the CP26/10

The CP makes strong progress in simplifying advice. To fully deliver Consumer Duty outcomes, we suggest the FCA may wish to consider ensuring;
- consumer awareness of sustainability preferences is embedded at the earliest stage of all advice journeys (guidance, targeted support, simplified and full advice)
- firms are given proportionate, practical guidance equivalent to that provided for risk profiling
- non-financial harm is explicitly recognised within the suitability framework

Addressing these areas may help ensure that a significant and growing component of consumer need and market impact is consistently addressed.