

Targeted Support

Policy Note

Targeted Support

Policy Note



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-917638-36-4 PU: 3538

Contents

Chapter 1	Context	6
Chapter 2	Policy Background	8
Chapter 3	Summary of the Statutory Instrument	10
Chapter 4	Stakeholders and contact	13
Chapter 5	Next steps	14

Chapter 1

Context

1.1 The government and the Financial Conduct Authority (FCA) are conducting a joint review of the regulatory boundary between financial advice and guidance (the Review).

1.2 As part of the Review, the government and the FCA are taking forward a proposal for a new regime – targeted support. Targeted support will enable authorised firms to provide more support with investments and pensions, making recommendations that are designed for groups of consumers with similar characteristics and circumstances. This will help, in particular:

- **Consumers under-saving for retirement** – currently firms can warn a consumer that they may be under-saving for retirement. Under targeted support, a firm will be able to suggest an alternative pension contribution rate.
- **Consumers struggling with pension access decisions** – currently firms can provide a consumer with factual information around their options. For example, explaining the key features of an annuity or drawdown product. Under targeted support, a firm could help people navigate their options by suggesting a course of action, for example, a specific drawdown product.
- **New investors** – under targeted support, a firm will be able to help those with substantial savings to consider investing and suggest an appropriate investment product.

1.3 This document provides commentary on the draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025 (the draft Statutory Instrument or SI) to aid the review of its provisions. The commentary explains the Treasury's intended policy outcomes for these provisions and how the provisions achieve these.

1.4 This is a draft SI and should not be treated as final. It is being published for technical checks, such as any significant errors or oversights in the legal drafting that would mean that the provisions in this SI would not achieve the desired outcomes explained in this note, or that could lead to other significant unintended consequences. The drafting approach, and other technical aspects of the proposal, may therefore change before the final instrument is laid before Parliament.

The SI should be read together with the FCA's recent consultation on 'Supporting consumers' pensions and investment decisions' (CP25/17)¹.

1.5 The government welcomes any comments on the draft SI by **29 August 2025**.

¹ <https://www.fca.org.uk/publications/consultation-papers/cp25-17-supporting-consumers-pensions-investment-decisions>

Chapter 2

Policy Background

2.1 Too few UK citizens are able to access the help they need to manage their finances. Fewer than 9% of UK adults accessed financial advice in the year to May 2024 and many are turning to informal and unregulated sources of guidance such as social media².

2.2 To address this issue, the government and the FCA are taking forward a proposal for a transformational new regime – targeted support – to improve the availability and affordability of help with financial decision-making.

2.3 Under the targeted support regime, firms will be able to provide more support to help people invest for the first time and benefit from the long-term financial security that investing provides. Industry estimates suggest that 13 million people (24% of UK adults) are not investing where they could be, with a total savings value of approximately £430 billion held in cash even after accounting for emergency savings³.

2.4 Targeted support could also be used to help people better understand how to make the most of their pensions. Many people are not saving enough for retirement and need more support to prepare for the important and complex decisions they need to make at retirement. The majority of pensions pots operated by FCA-regulated firms are accessed for the first time without the pension-holder taking financial advice or guidance². Targeted support would enable FCA or Prudential Regulation Authority (PRA) authorised pension providers to provide more support to help people choose an appropriate contribution rate and to navigate their options at the point of retirement.

2.5 The government and the FCA want to see a continuum of information, guidance and advice to help consumers navigate their financial lives. Alongside the introduction of targeted support, the FCA is proposing to:

- Simplify its advice rules and guidance to create a clearer distinction between simplified and more holistic advice, aiming to give firms confidence that they can provide simple, focused advice to customers with straightforward needs at a lower cost.

² FCA Financial Lives Survey 2024

³ <https://home.barclays/insights/2024/09/empowering-retail-savers-to-engage-with-investing/>

- Improve its existing guidance on the advice guidance boundary, to help firms better understand the opportunities they have to provide consumers with support that does not constitute advice.

2.6 Further detail on the proposed design of targeted support, and how targeted support, simplified advice and other forms of support will work together can be found in the FCA's recent consultation (CP25/17)¹.

2.7 Looking beyond advice and guidance, targeted support is only one part of the government's work to support people to make the most of their money. Wider work is underway, including:

- Giving consumers more confidence to invest, through FCA reforms to retail disclosure, addressing unbalanced risk warnings, and industry-led work to showcase the benefits of investing to the general public.
- Setting out a plan for pension reform including a package of legislative reforms to ensure Defined Contribution and Defined Benefit schemes are delivering outcomes for members and supporting growth.
- Developing a financial inclusion strategy to tackle barriers to individual and households' ability to access affordable and appropriate financial products and services.

Direct marketing rules

2.8 Where direct marketing uses personal information, it is covered by the UK data protection regime. This is set out in the Data Protection Act 2018 and the UK General Data Protection Regulation (UK GDPR). Where direct marketing is carried out using electronic marketing messages (e.g. phone calls or electronic mails such as emails or text messages), it is also covered by the Privacy and Electronic Communications Regulations 2003 (PECR).

2.9 The government and the FCA have received feedback from firms that direct marketing rules could pose a significant barrier to their ability to provide targeted support in some circumstances. Firms have highlighted particular challenges around the way that the 'soft opt-in' exception to electronic mail consent requirements under PECR operates for automatically enrolled pensions.

2.10 The government is working closely with the Information Commissioner's Office (ICO) and FCA to gather evidence on the extent of this issue and explore potential policy options. We are exploring a range of options in this space which could include further guidance from the ICO and the FCA and/or legislative change to enable automatically enrolled pension providers to operate the soft opt-in. Any changes will need to ensure that consumers' preferences and data protection rights – including the right to object to direct marketing – are respected and that the automatic enrolment system continues to operate effectively.

Chapter 3

Summary of the Statutory Instrument

3.1 The purpose of this SI is to create a new specified activity of providing targeted support and set out that when a firm provides targeted support it is not ‘advising on investments’ under article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO).

3.2 This approach will support two key aspects of the proposed targeted support model:

- Firms providing targeted support will be subject to bespoke conduct standards distinct from the requirements that apply to ‘advising on investments’. Further detail on proposed conduct standards are set out in the FCA’s consultation on draft rules for targeted support.
- Firms will need to apply to the FCA or the PRA in order to provide targeted support. This is an important aspect of the consumer safeguards underpinning targeted support, enabling the FCA or the PRA to proactively consider whether each firm applying satisfies the threshold conditions in relation to their proposed provision of targeted support.

3.3 We welcome feedback on whether the distinction between the proposed new specified activity of providing targeted support is sufficiently distinct from Article 53.

How does the SI relate to the ‘personal recommendation’ definition in Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001?

3.4 It is the government’s view that under the current regulatory framework, targeted support would fall within the existing definition of a ‘personal recommendation’ as set out in article 53 of the RAO and associated guidance such as the FCA’s perimeter guidance.

3.5 Recommendations made by a firm when it provides targeted support will be designed for groups of consumers with shared characteristics and circumstances. It will be particularly important that firms clearly disclose the nature and the limitations of the service they are providing. This is so that consumers understand that they are not receiving a more individualised form of advice. Personal

recommendations that are not provided in line with the definition of targeted support will continue to be regulated, as applicable, as 'advice on investments' under Article 53 of the RAO.

3.6 We propose retaining the existing definition of a 'personal recommendation' in article 53 of the RAO. Amending the 'personal recommendation' definition would disrupt existing advice services and place a significant burden on advice firms to ensure that their services align to the new definition. We do not consider that this is necessary to achieve the aims of targeted support.

3.7 The government and the FCA want firms to continue to offer a range of advice services, including robo-advice and more simplified forms of advice and continue to innovate to develop more accessible and lower cost services. It is our intention that firms currently providing investment advice can continue to do so in reliance on their existing Article 53 permissions.

Will firms with an existing permission to provide advice under Article 53 need to apply for permission to provide targeted support?

3.8 Where a firm wishes to provide targeted support, it would need to apply for permission to do so whether or not it has an existing permission to provide investment advice. Firms will be able to seek permission to provide targeted support by submitting a Variation of Permission Application or a New Firm Application for authorisation to the FCA's Authorisations gateway for FCA-only regulated firms, or to the PRA for dual-regulated firms.

Will the proposed legislative changes impact the provision of guidance by non FCA-authorised firms?

3.9 The draft legislation does not have the effect of expanding the regulatory perimeter. This means that organisations providing guidance services can continue to do so without authorisation as guidance is not a regulated activity.

Why do the proposed legislative changes require firms to explain key aspects of targeted support to their customers?

3.10 The government wants to ensure that consumers and firms can easily determine whether a service is targeted support or 'advising on investments'. It is vital that firms delivering targeted support provide the appropriate information so that consumers understand the nature of the service they are receiving and the conduct standards that the firm will be held to. Proposals on the detailed information that firms are required to provide when providing targeted support are set out in the FCA's consultation paper and draft rules.

3.11 The government intends to create a clear distinction between targeted support and 'advising on investments' without developing an

overly prescriptive or burdensome approach to the information firms are required to give to customers when providing targeted support. We welcome feedback on whether the draft legislation has achieved this aim.

Will the government be making any transitional provisions or consequential amendments to other legislation?

3.12 We are considering whether transitional provisions or consequential amendments to other pieces of legislation are required to ensure that targeted support operates as intended.

3.13 Targeted support would be a separate regulatory regime, distinct from 'advising on investments'. We will therefore actively consider whether the exemptions and exclusions that apply to 'advising investments' should apply to targeted support.

3.14 Stakeholders may wish to provide feedback on any transitional provisions or consequential amendments they consider to be necessary.

Will Appointed Representatives be able to deliver targeted support?

3.15 Further legislative change would be required to the Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 to enable Appointed Representatives to provide targeted support. Stakeholders may wish to provide feedback on whether they consider that Appointed Representatives should be able to provide targeted support. We will also engage with the FCA to consider feedback provided on this point to their consultation on draft rules.

Chapter 4

Stakeholders and contact

4.1 The SI should be read alongside the draft FCA rules for targeted support.

4.2 HM Treasury is seeking feedback on the provisions of the SI. We particularly welcome feedback on:

- The extent to which the distinction between the proposed new activity of providing targeted support is sufficiently distinct to investment advice provided under Article 53.
- The provisions that relate to the information firms are required to give to customers when providing targeted support.
- Any consequential amendments to other legislation or transitional amendments that may be needed to ensure the effective implementation of targeted support.
- The delivery of targeted support by Appointed Representatives.

4.3 Any comments should be provided to targetedsupport@hmtreasury.gov.uk by 29 August 2025.

4.4 Feedback that relates to the draft FCA rules for targeted support should be provided directly to the FCA.

Chapter 5

Next steps

5.1 HM Treasury intends to legislate in 2025, subject to feedback on the draft SI and when Parliamentary time allows.

Annex A

Privacy Statement

HM Treasury Policy Note – Targeted Support

This notice sets out how HM Treasury will use your personal data for the purposes of this policy note and explains your rights under the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

Your data (Data Subject Categories)

The personal information relates to you as either a member of the public, parliamentarians, and representatives of organisations or companies.

The data we collect (Data Categories)

Information may include your name, address, email address, job title, and employer of the correspondent, as well as your opinions. It is possible that you will volunteer additional identifying information about themselves or third parties.

Legal basis of processing

The processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in HM Treasury. For the purpose of this consultation the task is consulting on departmental policies or proposals or obtaining opinion data in order to develop good effective government policies.

Purpose

The personal information is processed for the purpose of obtaining the opinions of members of the public and representatives of organisations and companies, about departmental policies, proposals, or generally to obtain public opinion data on an issue of public interest.

Who we share your responses with

As part of our policy development, the Treasury may share full responses including any personal data provided such as your name and email address to this consultation with the Financial Conduct Authority (FCA).

Information provided in response to a consultation may be published or disclosed in accordance with the access to information regimes. These

are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA) and the Environmental Information Regulations 2004 (EIR).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.

Where someone submits special category personal data or personal data about third parties, we will endeavour to delete that data before publication takes place.

Where information about respondents is not published, it may be shared with officials within other public bodies involved in this consultation process to assist us in developing the policies to which it relates. Examples of these public bodies appear at:

<https://www.gov.uk/government/organisations>

As the personal information is stored on our IT infrastructure, it will be accessible to our IT contractor, NTT. NTT will only process this data for our purposes and in fulfilment with the contractual obligations they have with us.

How long we will hold your data (Retention)

Personal information in responses to consultations will generally be published and therefore retained indefinitely as a historic record under the Public Records Act 1958.

Personal information in responses that is not published will be retained for three calendar years after the consultation has concluded.

Your Rights

- You have the right to request information about how your personal data are processed and to request a copy of that personal data.
- You have the right to request that any inaccuracies in your personal data are rectified without delay.

- You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- You have the right, in certain circumstances (for example, where accuracy is contested), to request that the processing of your personal data is restricted.
- You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.
- You have the right to data portability, which allows your data to be copied or transferred from one IT environment to another.

How to submit a Data Subject Access Request (DSAR)

To request access to personal data that HM Treasury holds about you, contact:

HM Treasury Data Protection Unit
G11 Orange
1 Horse Guards Road
London SW1A 2HQ
dsar@hmtreasury.gov.uk

Complaints

If you have any concerns about the use of your personal data, please contact us via this mailbox: privacy@hmtreasury.gov.uk.

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner, the UK's independent regulator for data protection. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk