Compelling and compliant: Producing suitability reports that engage clients and stand up to regulatory scrutiny.

CONSUMER DUTY ALLIANCE

COMPELLING AND COMPLIANT: PRODUCING SUITABILITY REPORTS THAT ENGAGE CLIENTS AND STAND UP TO REGULATORY SCRUTINY

WITH SPECIAL GUESTS

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What We'll Cover:

- Regulatory context: current and future requirements
- Using behavioural science to create effective suitability reports
- How technology and AI are shaping suitability reports
- Practitioner’s perspective
- Panel discussion and Q&A

Suitability reports: The regulatory context

Expertise. Trust. Scale.

Why suitability reports matter

Suitability reports serve multiple audiences - but their primary function is to support the client

Client

Help the client understand and decide

Adviser

Explain and evidence judgement

Compliance

Demonstrate and defend the suitability of advice

Key regulatory requirements

The following key requirements govern suitability report content for most types of advice:

Outline the advice

Set out the specifics of the advice being given

Explain why it's suitable

Explain why it meets the client's investment objectives, personal circumstances, financial situation, and knowledge and experience

Cover disadvantages and review needs

Explain possible disadvantages and whether periodic review is required

NB. Additional requirements apply to certain types of advice such as pension transfers/conversion, income withdrawals and alternative pension provision.

The Consumer Duty foundation

Requirement

Ensure all communications with retail clients throughout the product/service lifecycle:

- Meet their information needs
- Are likely to be understood by them
- Are provided in a timely manner
- Enable effective, timely and informed decisions

Consider the following in designing communications and customer journeys:

- Tailor to target audience, inc. vulnerable clients
- Layer information is layered and flow s logically
- Use plain language and avoid / explain any jargon and technical terms
- Ensure key information is easy to identify
- Avoid unnecessary disclaimers

FCA guidance

Wider FCA guidance signposts good practice:

Be specific on needs & objectives

Detail relevant client circumstances

Detail prioritisation & trade-offs

Make sure recommendations are clear

Explain the rationale for the recommendation

Include relevant information only

Upcoming policy changes to suitability reports

FCA consultation on advice requirements (CP26/10) includes key changes to suitability report requirements:

- Existing suitability report requirements consolidated and unified
- New requirement to disclose nature and extent of service
- New requirement to explain benefits, as well as risks and disadvantages
- Guidance on need for concise and consumer-focused content
- Guidance on matching level of detail to nature and extent of service
- Guidance on not using suitability reports as compliance record

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Using behavioural science to create effective suitability reports

Consumer Duty Alliance webinar

7 October 2026

fairerfinance.com

The oops moment

What if we are inadvertently making decisions harder for customers?

The curse of knowledge

We might not even realise. It’s hard to forget everything we’ve learnt about investing, pensions etc.

Using behavioural science

Let’s shape our services around how customers really think and behave.

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Core insights of behavioural science

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We work within cognitive limitations

- We ration our scarce cognitive resources carefully.
- We rely on emotion and rules of thumb to help us navigate decisions efficiently. ‘De-biasing’ people is hard/impossible.
- The ‘choice architecture’ affects our preferences.
- The impact of the ‘choice architecture’ on our decisions is foreseeable.

There is no such thing as “neutral” design

Thaler, R. H. and Sunstein, C. R. (2009), ‘Nudge: Improving Decisions About Health, Wealth and Happiness’.

We are guided by emotion

Emotions…

- Help us respond rapidly
- Help us determine how much of our scarce cognitive resources to devote to a task
- Motivate us to take action, overcoming our inertia

Emotions constitute potent, pervasive, predictable, sometimes harmful and sometimes beneficial drivers of decision making.

Source: Lerner, J., S., Li, Y., Valdesolo, P., and Kassam, K. S. (2015), 'Emotion and Decision-Making', *Annual Review of Psychology*, 66:1, pp. 799-823. Meier, A., N. (2022), 'Emotions and Risk Attitudes', AEJ: Applied Economics', 14:3.For more, see: https://www.fairerfinance.com/insights/blog/rationally-emotional

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We are information foragers

- ‘Information foraging’ is the way we ‘hunt’ for the information we need.
- We rely on ‘information scents’ to locate the information that we are looking for.
- Signalling is vital. Good signalling can look like clear headings and properly labelled references.

Sources: Lanigan, S. (2024) ‘Information foraging – navigating the digital jungle’.

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We often find numbers difficult

- **56%** of UK working age adults only have the numeracy expected of a primary school child [1]
- **48%** of UK adults cannot correctly interpret news about inflation[2]
- **35%** of UK adults say that doing maths makes them feel anxious, and **20%** say that maths makes them feel physically sick [3]

‘I’m not great with numbers [...] there were a few numbers I didn’t register - I didn’t remember.’

Source: Fairer Finance consumer testing.

Sources:
[1] National Numeracy (2019), ‘Numerate nation? What the UK thinks about numbers’. Assessed through asking 2,007 people aged 16-75 five maths questions. For example: ‘If a scarf costs £11.70 after a 10% reduction, what was the original price?’.
[2] YouGov (2024), ‘How well do Britons understand inflation?’, 24 April. Assessed through asking 2,088 adults ‘It has recently been announced that the rate of inflation had fallen to 3.2% in March. Which of the following comes closest to what you think this means?’, with the correct answer being selecting the option: ‘Prices are rising more slowly than they were before March.’
[3] National Numeracy (2023), ‘A third of adults are nervous about numbers’, 16 May. Assessed through asking 3,000 adults how they feel about maths.

Creating effective suitability reports

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Does it feel like it was written for people like me?

- Succinct
- Attractive
- Connection with my life goals

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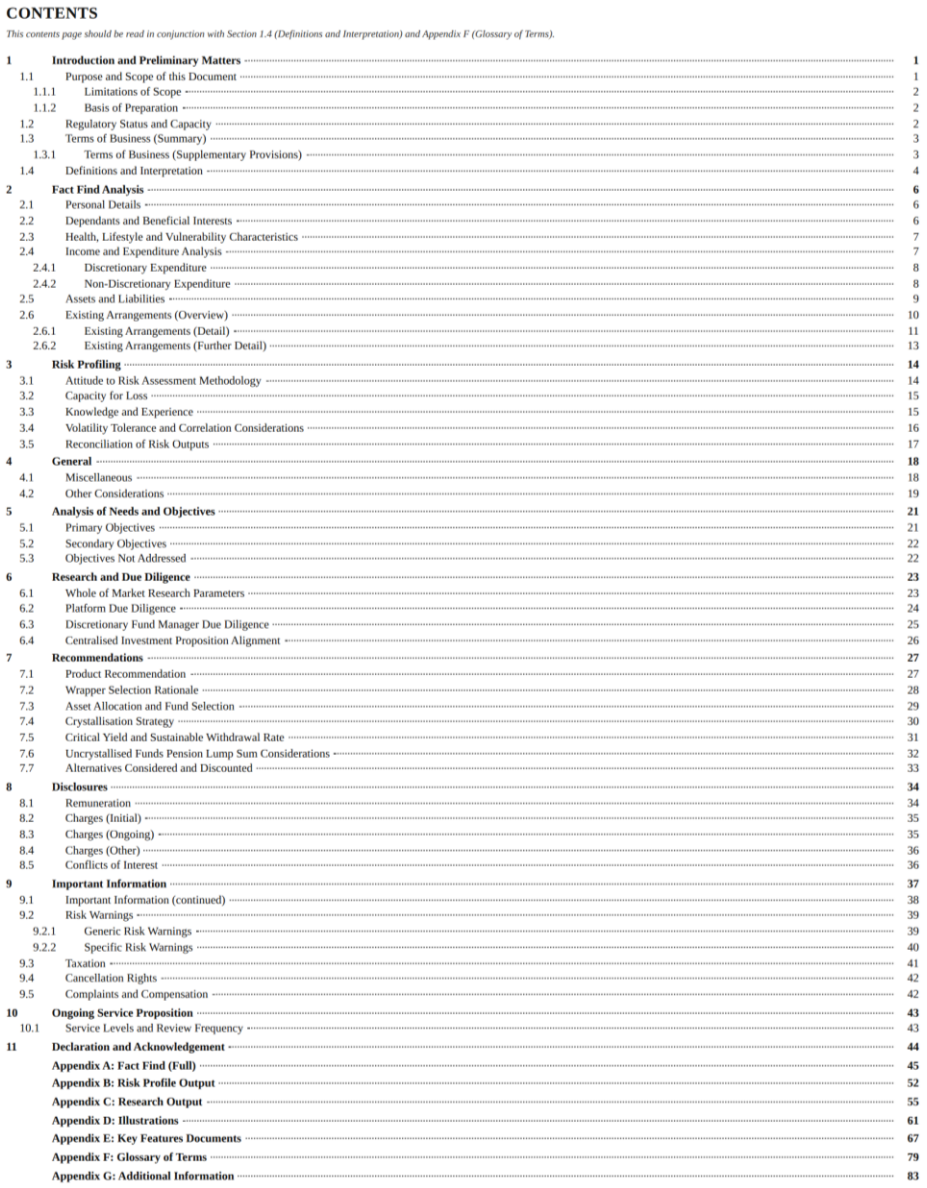
Is it easy to navigate?

- Call to action on page 1
  - What are you asking the customer to do?
- Summarise the ‘must know’ information
  - E.g. risks, costs, unmet needs
- Contents page with intuitive headings
- Navigation aids throughout



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Stylised example of poor practice.

Is it easy to understand?

- Do the maths for customers
- Short sentences (max 29 words)
- Ruthless elimination of jargon

Legal jargon	Industry jargon	Common jargon
Thereafter	Expenditure	Purchase
Accordance	Annuity	Require
Liable	Volatile	Prior
Binding	Cumulative	Further
Prevailing	Beneficiary	Subject to
Trustees	Gross	Payable

‘I don’t like it when they beat around the bush with big long words, and it just baffles my head. I’d rather have summaries all laid down.’

‘I skim read stuff and just assume it’s probably fine, it’s just legal jargon they have to tell me that I won’t understand anyway.’

Source: Fairer Finance consumer testing.

Is it easy to understand?

The fluctuating valuation of the recommended investments, as evidenced by the historical performance data contained within the enclosed fund literature documentation (see Appendix D), should be given due consideration by you prior to proceeding. It should be noted that past performance of the underlying asset classes is not necessarily a reliable indicator of future returns, and the value of investments and any income derived therefrom may fall as well as rise and is not guaranteed.

Please check section 2 of this report. There's a graph on page 3 which shows how the investment I've recommended has performed in the past. This won't tell you how the investment will perform in the future, but it gives you an idea of how its value might change over time.

The wow moment

Engaging, navigable, understandable.

The gift of advice

Making good decisions easy for customers.

Using behavioural science

Better experiences, building trust.

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DYNAMIC PLANNER

Technology and artificial intelligence

Chris Jones

Basic components

Soft facts

Hard facts

Advice

Reason why/ Suitability letter

File Check

Firm's records

Client's records

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Basic components in the past

Soft facts

Hard facts

Advice

Reason why/ Suitability letter

File Check

Firm's records

Client's records

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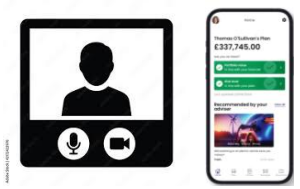
Basic components in our digital world

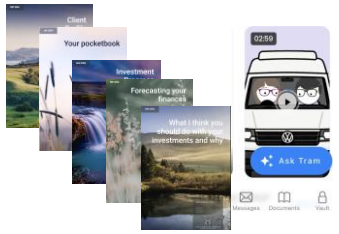
Soft facts



Hard facts

Advice

Suitability Disclosure



Monitoring

Shared records

REAL TIME DATA

Understanding

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Practitioner Perspective – Jane Hodges, Chartered Financial Planner

Any questions?

About Ocorian

Ocorian is a specialist financial services regulatory consultancy with a global offering across the UK, the Channel Islands, Singapore, Hong Kong, Mauritius, the UAE and the Americas.

We help our clients meet complex and evolving regulatory obligations, providing certainty and peace of mind.

We work with firms of every size across the financial services sector, supporting clients managing regulatory change and dealing with regulatory scrutiny.

We provide advice on regulatory change and preventing financial crime, applications to regulators, building or enhancing regulatory frameworks, conducting compliance investigations or diagnostics, training and fulfilling prescribed roles

Compliance services

- Anti money laundering
- Compliance monitoring
- Regulatory reporting
- Regulatory health checks
- Data protection & GDPR
- Financial crime
- Board evaluation services

Regulatory authorisation

- Regulatory authorisation support

Training

- Compliance & regulatory training
- Board training
- FCA visit training

About Fairer Finance

Creating a fairer financial services market for consumers and the businesses that serve them.

Founded in 2014, Fairer Finance is a research and ratings agency, consultancy, and consumer group with a mission to create a fairer financial services market.

We do this by publishing our unique ratings – and by working with companies who want our help and expertise to do better.

We support insurers, banks, lenders, and asset managers in delivering good outcomes for their customers.

We have advised providers across all FCA-regulated markets, and non-regulated firms ahead of forthcoming regulation.

Familiar with how the regulator thinks and supervises firms, firms ask us the tricky issues that require the combination of our skills.

Our multi-disciplinary team includes experts in behavioural science, data science, economics, linguistics, and regulatory compliance.

About Dynamic Planner

The UK's leading Advice Grade-AI ™ Digital Advice Platform provider

135 people
£4.5m annual R&D
1.4m daily API calls

>40% UK Market Share

2 million + clients profiled

135,000 reports a month

20% Growth

2,300+ firms

£280 billion AUM profiled
160 asset managers
3,400 funds & MPS portfolios

IN PARTNERSHIP
M&G wealth
Quilter
BROOKS MACDONALD
St James's Place
Ascot Lloyd
CHARLES STANLEY
KINGSWOOD
WREN STERLING
MKC Wealth
Lifetime WEALTH
AMBER RIVER
Phoenix
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