

3 March 2023

**Consumer Investments and Advice  
Policy Team  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN**

Submitted via email to: [cp22-24@fca.org.uk](mailto:cp22-24@fca.org.uk)

**RE: CP22/24 Broadening access to financial advice for mainstream investments**

BlackRock<sup>1</sup> is pleased to have the opportunity to respond to the Financial Conduct Authority (the 'FCA') consultation paper on Broadening access to financial advice for mainstream investments.

As an asset manager, BlackRock is a fiduciary that invests and manages capital on behalf of retail and institutional investors across public and private asset classes. The money we manage is not our own – it belongs to our clients, the asset owners, who choose their own investment strategies and products from our broad product offerings.

We welcome the opportunity to comment on the issues raised by this consultation paper and will continue to contribute to the thinking of the FCA on this and other topics.

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BlackRock welcomes the FCA consultation on broadening access to financial advice. Our mission is to help more and more people experience financial wellbeing and we are supportive of initiatives that democratise access to capital markets. Most notably, we welcome the FCA's announcement that it will carry out a holistic review of the advice guidance boundary in 2023.

An estimated six million people in Britain want basic financial advice, but think it costs too much and as the FCA has noted, evidence suggests that many consumers with excess cash savings would value a personalised recommendation to gain confidence in investing.<sup>2</sup> There is a need to support these consumers and give them the confidence to begin their investment journey. This is especially important in light of inflationary pressures and the rise in the cost of living.

With this in mind, we are supportive of the aims detailed in CP22/24, however, there are a number of aspects of the proposed framework we believe need to be reconsidered. Moreover, we view the planned holistic review of the advice guidance boundary as the most important priority in this space and would suggest that this be the main area of focus.

#### Scope

We note that the consultation states that the FCA has decided to limit this work to Stocks and Shares ISAs as the most appropriate investment wrappers given their accessibility and cost-effectiveness "which helps consumers step into the world of investing". However, limiting to just this wrapper makes the scope of this intervention feel very narrow.

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<sup>1</sup> BlackRock is a leading provider of investment, advisory and risk management solutions, and has been active in the UK for over 50 years. Our purpose is to help more and more people experience financial well-being.

<sup>2</sup> Open Money, *The UK Advice Gap 2021: The future of financial advice*, available here: [https://assets.website-files.com/5fdceff961b534c02157013f/61814599334507cbf335c58c\\_Advice\\_Gap\\_2021\\_online\\_double%20\(1\).pdf](https://assets.website-files.com/5fdceff961b534c02157013f/61814599334507cbf335c58c_Advice_Gap_2021_online_double%20(1).pdf)

While we understand that the FCA would like to address more complex financial decision making, such as that around decumulation, in the holistic review, we believe there would have been scope to include other wrappers within the regime. Depending on circumstances and investment objectives a Lifetime ISA, or other product, may be more suitable for a customer and we believe they should be able to access the same level of support as someone saving into a Stocks and Shares ISA.

More generally, these exclusions may curtail the viability of launching such a proposition and add complexity to consumer journeys through different investment vehicles, undermining trust in the system.

### *Ongoing advice*

The proposals state that Core Investment Advice will be given as a one off service, and advice cannot be given on the invested cash a later stage, it can only be given on new cash invested into a new ISA. If these proposals are not changed, a customer who has invested money using Core Investment Advice and wants to receive additional advice, can only do so if they have new funds to invest and opens a new ISA. This seems counter to what the FCA is trying to do in simplifying financial services for consumers at the beginning of their investment journey.

Further, the proposals include provisions for ongoing services with the Core Investment Adviser. As we reasoned above, if the adviser is not able to give advice on existing investments, nor withdrawing investments, it is unclear what the ongoing advice will consist of. We recommend that the FCA provide further clarification as to which ongoing services the adviser will be allowed to provide given the restrictions which have been placed on them.

It is our view that the regime should allow a firm to check in (even just digitally through nudges) with the customer and urge them to consider factors in their personal circumstances that may indicate that their original choice of investments may not remain suitable. We would also suggest a check in during extreme market events, even if this just took the form of generic messaging about encouraging clients to hold investments through market volatility.

### *Liability*

We note that the consultation puts the onus on to distributors to decide who should or should not qualify for Core Investment Advice, with very little guidance on how they should do this. We believe this may discourage them from launching such a proposition or, for those that do, drive up the cost of such a proposition unnecessarily.

For example, it is up to the distributor to check whether a customer qualifies for Core Investment Advice. Despite the FCA's intention to use this as a ladder for trainee advisers, many firms are likely to determine that they will need to employ a fully qualified adviser to take responsibility for this part of the journey.

The distributor also seems to have responsibility for designing their filtering and target market assessments to identify and exclude consumers for whom the Core Investment Advice regime is not appropriate. The FCA should consider publishing clear guidance as to the specific criteria that firms need to check with the customer to be assured that Core Investment Advice is suitable for them. Much of the consumer benefit of Core Investment Advice is dependent on being able to automate underlying process which in turn depends on a reliance on clarity of underlying definitions.

This would lead to greater consistency of consumer experience across the market, while also mitigating some of the risk and enabling the industry to make use of the regime to develop scalable, low-cost advice solutions.

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BlackRock is supportive of the aims detailed in CP22/24, however, we believe there is a need to reconsider a number of aspects of the proposed framework in order to make it most useful for distributors and consumers alike.

We welcome the opportunity to comment on the issues raised by this consultation paper and will continue to contribute to the thinking of the FCA on any issues that may assist in the final outcome. We welcome further discussion on any of the points that we have raised.

Yours faithfully,

**Joe Parkin**  
Managing Director  
Head of Bank and Digital  
Channels UK  
[joe.parkin@blackrock.com](mailto:joe.parkin@blackrock.com)

**Muirinn O'Neill**  
Vice President  
Global Public Policy Group  
[muirinn.oneill@blackrock.com](mailto:muirinn.oneill@blackrock.com)