



## Cheat sheet—FCA’s new targeted support regime—other frequently asked questions (FAQs)

## Can an appointed representative provide targeted support?

No:

- This will not be permitted at the outset but the Treasury will review the position in due course.

## Is there a prudential requirement?

Yes:

- All FCA prudentially regulated firms that choose to deliver targeted support will need a minimum level of regulatory capital of at least GBP500,000.
- No scalar will be applied but the FCA is keeping this point under review.

## Can firms charge for targeted support or use cross-subsidisation

Yes:

- The BBC has reported as below following an interview with the deputy chief executive of the FCA:<sup>1</sup>

*“Ms Pritchard said this targeted support should be free, although the regulator does not explicitly prevent firms charging for the service. ‘Commission is banned, [and] we’re expecting most firms that do provide it, subject to our regulation, will be providing it free of charge to consumers,’ she said.”*

- The upshot—firms can provide the service for free (i.e., using cross subsidisation), charge if they wish, or a bit of both.
- Cross-subsidisation means a firm can recover the cost of providing targeted support from other business lines or from other entities in their group. As stated by the FCA:

*“cross-subsidisation enables firms to offer the service for free at the point of use. We think this will help make sure that targeted support is available to a large number of consumers.”*

- Commission—This is prohibited, with a limited exception for annuity brokerage referrals.
- Fair value—Firms must continue to ensure all relevant products and service provide fair value under the consumer duty.

## What disclosure obligations apply on this?

- For a firm that uses cross-subsidisation, it must disclose where relevant product costs and charges differ depending on whether targeted support has been provided. That is, so it is transparent to the consumer if they are paying more by using this route. Timing—before or at the time it communicates the ready-made suggestion to the consumer.
- There will otherwise be no requirement under COBS 9B for the firm to disclose the basis of the remuneration arrangements or the amount of cross-subsidisation payments. But firms will need to separately consider the inducements regime.

<sup>1</sup> <https://www.bbc.co.uk/news/articles/clydzglm5e1o>

## Do firms need to ensure staff have training?

Yes:

- The general obligation applies—e.g., a firm must employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them (SYSC 3.1.6 and 5.1.1; see also SYSC 5.1.5AB). See also COBS 9B.10.2 and 3.
- But this is expressed in high level terms only. The FCA decided not to go further than this and impose requirements for targeted support to align with the regime on personal recommendations.

## Has the FCA made any updates to SM&CR?

Yes:

- The FCA has amended the guidance in SYSC 25 (SM&CR: Management responsibilities maps and handover procedures and material) Annex 1 to include reference to targeted support in relation to management responsibilities maps.

## Do cancellation rights apply if a product has been sold through targeted support?

Yes.

## Can pension dashboard providers offer or provide targeted support as a post-view service (PVS)?

No:

- They cannot offer or provide this, as pensions dashboards were not intended to offer any functionality which enables a transaction.
- But a firm can explain within the dashboard what targeted support is and that it may be a service available to the dashboard user, outside of the dashboard.

## REFERENCES

<http://www.fca.org.uk/publication/policy/ps25-22.pdf>

<http://www.fca.org.uk/publication/consultation/cp25-26.pdf>

<http://www.fca.org.uk/publication/consultation/cp25-17.pdf>

<http://www.gov.uk/government/publications/targeted-support/targeted-support-consultation-response>

[https://assets.publishing.service.gov.uk/media/69399b215cc812f50aa41f83/Targeted\\_Support\\_Consultation\\_Response.pdf](https://assets.publishing.service.gov.uk/media/69399b215cc812f50aa41f83/Targeted_Support_Consultation_Response.pdf)

[https://assets.publishing.service.gov.uk/media/6874ff25b1b4ebc2c2e46578/DRAFT\\_20250627\\_The\\_Financial\\_Services\\_and\\_Markets\\_Act\\_2000\\_Regulated\\_Activities\\_\\_\\_Amendment\\_\\_Order\\_2025.pdf](https://assets.publishing.service.gov.uk/media/6874ff25b1b4ebc2c2e46578/DRAFT_20250627_The_Financial_Services_and_Markets_Act_2000_Regulated_Activities___Amendment__Order_2025.pdf)

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