



FCA PS25/22 – FCA’s new targeted support regime snapshot

CLIENT BULLETIN

1. SPEED READ

The FCA has issued near final rules on its new targeted support regime to address the UK “advice gap” and help advance its new “regulation for growth” agenda. This bulletin provides an overview of some of the key points in the FCA policy statement and explains next steps from here.

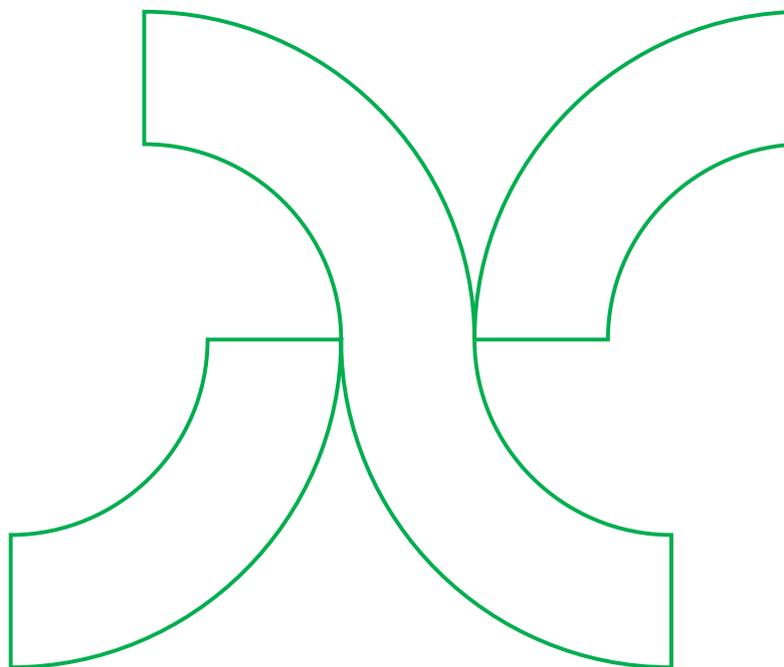
2. FCA POLICY STATEMENT

- **What has been issued and why**—On December 11, 2025, the FCA published a policy statement titled “Supporting consumers’ pensions and investment decisions: rules for targeted support”, PS25/22.¹
 - This is the culmination of many years of work on the part of the FCA, in collaboration with Treasury, key trade bodies and many firms in the industry, and is being heralded as a “once in a generation” opportunity within the industry.
 - The specific “problem to solve for” is the so-called “advice gap”—the FCA estimates that less than one in ten people obtain regulated financial advice, with many turning instead for help to family/friends and (increasingly) social media. The FCA estimates that around 23 million people are currently underserved by the markets for advice and guidance:

“This costs consumers—they miss out on better returns that they could have from investing their money over the long term. And it impacts consumers’ ability to make informed decisions that help them navigate their financial lives.”
 - The FCA points to a 2024 survey that shows that consumers holding more than GBP10,000 investible assets in cash “want more support to make decisions”.
 - The FCA considers that many consumers cannot afford comprehensive financial advice but free guidance is not enough.
 - UK households allocate c.19% of their household financial assets to retail investments (funds, shares, bonds, etc), compared to the EU (38%) and the U.S. (56%).

The targeted support regime is intended to address these challenges by creating a new regime that enables firms to provide a new form of support—giving recommendations that are designed with groups of consumers in mind, rather than individual personalised assessments.

- **What does the policy statement involve**—The policy statement is lengthy and complex; 207 pages long in total. More than 16 parts of the FCA handbook are amended, with over 100 pages of rule amendments.
- The core of the new regime will be set out in a new chapter of COBS—COBS 9B titled “Targeted support”. This comprises c.34 pages of new rules. Notably, the FCA has not yet provided new drafting for PERG, but this will be something firms will wish to see.
- **Timing and next steps**
 - The new regime will take effect on April 6, 2026.
 - Firms can begin applying to the FCA for permission to provide targeted support from March 2026. This new permission will be required by firms that wish to use the new regime.
 - The FCA has promised to issue a consultation paper on simplified advice in January 2026.
 - The FCA has also promised to do more work on the boundary between advice and guidance, to “consolidate, simplify and clarify” the position—the timeline is Q1 next year.
 - The FCA is having pre-application meetings with certain firms—this began in October 2025.
 - The Treasury published draft legislation in July 2025 on statutory changes to support the new specified activity—it is understood that the Treasury aims to lay the statutory instrument before Parliament between January and March 2026. It has also published feedback received, but as yet, not the instrument in final form.²
 - The FCA has told firms they can request a pre-application meeting via the pre-application support service (**PASS**) section of its Connect system.



¹ <https://www.fca.org.uk/publication/policy/ps25-22.pdf> and <https://www.fca.org.uk/publications/policy-statements/ps25-22-consumer-pensions-investment-decisions-rules-targeted-support>

² www.fca.org.uk/publication/corporate/regulatory-initiatives-grid-dec-2025.pdf (see page 14) and https://assets.publishing.service.gov.uk/media/69399b215cc812f50aa41f83/Targeted_Support_Consultation_Response.pdf

3. SNAPSHOT

What is targeted support?

- Targeted support is a one-off service it involves no ongoing suitability assessment.
- Firms design ready-made suggestions for consumers in particular pre-defined segments. They then provide consumers with those suggestions based on their alignment with individual segments.
- Firms do not need to apply the usual FCA suitability requirements on a personal level.
- Firms should not provide a consumer with a suggestion if they are aware (or ought reasonably to be aware) of information that indicates that the suggestion may be unsuitable.

What do firms need to do?

- To begin to provide targeted support, firms need to get up to speed on the new regime.
- They need to apply to the FCA for permission to enable them to conduct this activity.
- They need to build appropriate systems and controls, risk management and compliance monitoring and identify a target operating model. They need to create new policies and procedures, train staff on the new requirements, and create appropriate marketing plans and consumer-facing materials.

4. OMBUDSMAN AND PERSONAL DATA

The FCA has been “solutions oriented” on two specific issues, which is extremely welcome:

- **Financial Ombudsman Service (FOS)**—Firms expressed concerns about the risk of ombudsman decisions coming at a later stage, undermining firms’ confidence in the certainty and predictability of building their infrastructure and systems now. To address this, the FCA and FOS have published a joint statement.³ This acknowledges the key differences between what is currently regulated advice, and the new targeted support regime. It also acknowledges that the way firms deliver targeted support will evolve, and reiterates a commitment to engage with the industry and consumer groups after implementation—the suggestion being that this may help them “iron out” issues that emerge, before they create bigger problems.

³ www.fca.org.uk/publication/corporate/joint-statement-fca-fos-targeted-support.pdf

⁴ <https://ico.org.uk/about-the-ico/ico-fca-joint-statement-122025>

The statement also records that, if an issue arises in relation to targeted support with potential wider implications (e.g., a number of firms/consumers being potentially impacted, with the potential for compensation across the sector), the FOS will consider obtaining a view from the FCA and share draft decisions with the FCA.

This statement is a show of good faith by the FOS; it is not clear, however, how much real assistance it provides, as the FOS will not wish to “tie its hands” in advance of cases coming before it. But as an act of goodwill, it is still welcome.

- **Information Commissioner’s Office (ICO)**—Firms also expressed concerns about how they can communicate with their consumers to explain targeted support services, conducting direct marketing without falling foul of data protection laws.⁴ To address this, the ICO and FCA have published a joint statement with useful guidance, plus clarification that, regardless of whether or not a consumer has given permission for direct marketing, the firm is entitled to send them important messages about their finances, including where they can access support:

“In these messages, you can remind customers that you are authorised to offer targeted support, using a neutrally toned, non-promotional factual message to tell them where to find more information (e.g., on your website or in app). You can also tell customers why you are contacting them, for example, because you think they may be in one of the above situations.”

- Helpfully, the ICO/FCA have also signposted that they will consider options for further engagement from early 2026 to provide more support on how firms can contact consumers about targeted support. This is very welcome, as firms may well wish to use the approach suggested above but be slightly more proactive in nature.

5. RECOMMENDATIONS FOR FIRMS

A number of firms have already begun work in earnest—building systems and infrastructure to enable them to launch a targeted support service, and considering how they will approach the FCA application requirements.

We recommend that interested firms keep a watching brief on this area, as more FCA guidance will likely emerge over time. Some industry bodies have already been conducting a great deal of work to support their member firms in this space—for firms considering applying for the new permissions, they may wish to engage with this work and get involved.

For any firm that wishes for advice, or information about the products we are developing in this area, please get in touch with your usual AOS contact.

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