BRIEFING · SEPTEMBER 2026

Artificial Intelligence in *UK Wealth and Investment Advice*

What the evidence actually says, what the regulator expects, and what can safely be done now. United Kingdom.

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Prepared as a market briefing. Every figure is traced to the regulator, the ombudsman, a European supervisor, a trade body's own data collection, or a firm speaking on its own record.

ONE

A note on the numbers

This briefing is built from what can be checked, and it names what was left out.

Almost every published statistic about artificial intelligence in financial advice is produced by a company selling artificial intelligence to financial advisers. None of that material appears here. Every figure traces to the Financial Conduct Authority, the Financial Ombudsman Service, the European Securities and Markets Authority, UK Finance's own data collection, the statute book, or a firm speaking on its own published record.

DATES ARE STATED, BECAUSE THEY MOVE

The FCA's wealth management survey was published in August 2026 on data submitted up to the end of 2024. Its financial advice firms survey was published in April 2026 on responses from the second quarter of 2025. The two measure different firms at different dates, and this briefing never sets them side by side as if they disagreed.

A FIRM'S OWN FIGURES ARE THE FIRM'S OWN

Where this briefing uses a firm's provision for remediation, it uses the figure the firm published in its own results, says so, and draws no conclusion the regulator has not drawn.

NAMED AND EXCLUDED

Robo-advice market forecasts, all from platforms and consultancies. Adviser time-saved figures from the suppliers of AI note-taking tools. A widely quoted failure rate for AI financial advice, produced by a firm that competes with the thing it measured. Claims-management figures on ongoing-fee refunds. A government AI-use percentage quoted in an FCA consultation, because the underlying survey could not be read.

Every vendor claim encountered in the research was excluded, without exception.

Sources for each figure are given at the foot of the section in which it appears, and listed in full in section thirteen.

TWO

The wider market

A trillion pounds under advice, a workforce that has not grown, and a market concentrating.

£1tn
Assets under advice, around 4.1 million retail clients

31,000
Advisers, stable since 2021

89%
Of wealth management clients served by the ten largest firms

The FCA's survey of more than 4,100 advice firms found around 31,000 advisers — a number that has held steady since 2021 — serving around 4.1 million retail clients with £1 trillion of assets under advice. The number of advice firms has fallen 15 per cent since 2021, to 5,500, and the FCA expects a further five per cent reduction by 2028. Eighty-eight per cent of advised retail clients receive ongoing advice. A typical adviser has around 150 clients, with about £250,000 each, generating about £2,000 of revenue per client a year.

The wealth management survey, on data to the end of 2024, found nearly £1 trillion under management for 5.5 million retail clients, with portfolio management clients up 20 per cent since 2022 to 1.3 million. The ten largest firms by client numbers now serve 89 per cent of them.

WHY THIS MATTERS TO AN AI PROGRAMME

Concentration decides who adopts AI first, and adoption decides which clients meet it first.

A market in which ten firms serve most clients is a market in which the AI decisions of a few firms become the experience of most people who pay for advice.

FCA, *Understanding the advice market: financial advice firms survey 2025*, 23 April 2026 · FCA, *Wealth management survey report 2026*, 18 August 2026 (data to 31 December 2024).

THREE

The pressure point

Advice reaches fewer than one adult in ten, and most of its revenue is the review.

In 2024, "only 8.6% of adults (4.6m) had received regulated financial advice" related to investments, saving into a pension or retirement planning. The FCA's consumer investments priorities give the same measure as nine per cent. Thirty-five per cent of UK adults hold an investment; 41 per cent of adults with £10,000 or more in investible assets hold it all in cash.

ONGOING SERVICES

"About 80% of revenue from adviser charges relates to charges for ongoing services... from around 3.7 million clients."

ADVISER CAPACITY

Around 31,000 advisers, unchanged since 2021, while the number of firms has fallen by 15 per cent.

This is the contradiction the executive has to hold. The advice gap is wide and the adviser workforce is flat. The regulator's response, set out in March 2026, is to make each adviser's ongoing work lighter so that existing capacity goes further. That is a reasonable aim. It also moves the decision about when a client is seen out of the calendar, where it has been since the annual review was introduced, and into the firm — where, in a growing number of firms, it will be made with the help of a model.

WHY THIS MATTERS TO AN AI PROGRAMME

The capacity problem is real, and the review is where the capacity is.

Any AI programme in advice that promises productivity is, in practice, a programme about the ongoing review — because that is where 80 per cent of the revenue and most of the adviser's recurring time sit.

FCA, CP26/10, paras 1.3 and 3.1, 25 March 2026 · FCA, *Regulatory Priorities: Consumer Investments*, March 2026 · FCA, financial advice firms survey 2025.

FOUR

What the sector is facing

The review loses its date, the fact-find loses a word, and the regulator has named technology as the way through.

CP26/10, published on 25 March 2026 and closed on 22 May, proposes "to remove the annual suitability requirement under COBS 9A.3.9R and COBS 9A.3.10R" in favour of periodic reviews based on clients' needs. It proposes "to replace the requirement to consider 'necessary' information with an expectation that advisers consider 'sufficient' information", and a single attitude-to-risk concept in place of the current assessment tools. On the review, the FCA is explicit about what it expects to happen next:

> *Firms should be able to take advantage of our proposal to remove the annual suitability requirement by using technology to drive innovation in both how they assess suitability on an ongoing basis and deliver the suitability review.*
>
> FCA, CP26/10, *para 3.16*

The FCA names two things technology could do. The second — delivering the review — is familiar: video, portals, digital questionnaires. The first is new. Assessing suitability "on an ongoing basis" means something has to notice when a client's circumstances have changed enough to need a person. In a firm with thousands of clients, that something is a trigger, and increasingly it will be a model.

The FCA expects to publish a policy statement "in Q4 2026 though this depends on the extent of feedback we get".

THE JUDGEMENT THAT MOVES

Has this person's life changed enough to need an adviser?

Under the annual rule, nobody had to answer that question: the calendar did. Under the proposed rule, the firm answers it for every client, every year, and the regulator has suggested it can use technology to do so.

FCA, CP26/10, *Simplifying the pensions and investment advice rules*, paras 1.25, 2.25, 3.14 and 3.16, 25 March 2026.

FIVE

The challenges of using AI here

Four risks specific to advice. None of them is about the technology failing to work.

ONE · THE TRIGGER THAT DECIDES WHO IS NOT SEEN

A needs-based review needs something to notice the need. If that is a model, the model is deciding which clients a person looks at this year — and, by the same act, which clients no person looks at.

TWO · THE AI FACT-FIND UNDER A LIGHTER TEST

Transcribed and summarised client meetings are becoming the fact-find at the same moment the standard is moving from "necessary" to "sufficient" information. Unless the firm defines sufficient, it will be whatever the summary contains.

THREE · THE SIGNATURE ON THE DRAFT

The adviser signs the suitability report the tool drafted. Accountability does not move to the tool, and the adviser may not see what the tool left out of a conversation they took part in.

FOUR · THE CLIENT ADVISED ELSEWHERE

Between reviews, a client may act on a general-purpose chatbot. A trigger model inside the firm has no view of what the client is doing outside it.

FCA, CP26/10 · St. James's Place, *Full Year Report and Accounts 2025*, 25 February 2026 · FCA research on AI and investors, July 2026.

What the record shows

Most reviews happened. Two large firms are still paying for the ones that could not be shown.

In February 2025 the FCA published the results of its work on ongoing advice across 22 of the largest advice firms. Reviews "were delivered in around 83% of cases". In a further 15 per cent, clients declined or did not respond. In fewer than two per cent the firm had not attempted a review at all, which "will need to be put right".

Two of the largest advice businesses in the country report, in their own results, what evidencing the review has cost:

St. James's Place	Provision for its ongoing service evidence review: £425.1 million at 31 December 2024, £272.3 million at 31 December 2025 after £109.5 million was released on revised methodology and experience. Completion expected during 2026.
Quilter	Ongoing Advice Review "now focused on remediation programme implementation", with a £20 million release and a year-end provision of £42 million.

The Financial Ombudsman's 2025/26 data shows complaints about mixed investment portfolio advisory services upheld in 44 per cent of cases, against 30 per cent across all products. It does not publish ongoing-advice fees or suitability as a separate cause.

WHAT THIS DOES AND DOES NOT SAY

It is not a finding against either firm beyond what each has published. It is a measure, on the firms' own record, of what an unevidenced review costs — and the requirement whose evidence is being remediated is the one the FCA now proposes to replace.

Where AI actually is

St. James's Place describes AI tools that "capture client-adviser conversations and turn them into structured and compliant ready-to-use reports". Rathbones has rolled out Microsoft 365 Copilot and states that "public AI tools are blocked on work devices". UBS, and Scottish Widows testing AI-enabled targeted support for investments, are in the FCA's second AI Live Testing cohort. The FCA's advice firms survey found 95 per cent of large firms and 81 per cent of medium-sized firms using AI in the advice process or considering it, against 48 per cent of small firms. Its wealth management survey found 13 per cent of firms using AI tools at the end of 2024 — a figure that was twenty months old on the day it was published.

FCA, *Ongoing financial advice services*, 24 February 2025 · St. James's Place, *Full Year Report and Accounts 2025*, 25 February 2026 · Quilter, *2025 Full Year Results* · Financial Ombudsman Service, annual complaints data 2025/26 · Rathbones, 2 April 2026 · FCA surveys, 2026.

SIX

The threat side

The threat that matters here is not a criminal. It is an unregulated adviser already in the client's pocket.

80%
Of less experienced investors aged 18–40 have used AI for investment help

44%
Wrongly believe AI-generated financial information is regulated

32%
Wrongly expect FSCS or ombudsman compensation if AI advice fails

The FCA's research with 666 people who hold or plan to buy investments, carried out in July 2026, found that 56 per cent trust AI tools — more than television (47 per cent), the press (46 per cent) or social media influencers (29 per cent) — and that 38 per cent think it acceptable to make investment decisions on AI output alone. Seventy-three per cent recognise that AI can be inaccurate.

The FCA's own long-term review of AI in retail financial services, published on 6 July 2026, asks the question directly: "Could AI systems provide services functionally equivalent to regulated activities such as advice or intermediation, while remaining outside the regulatory perimeter?"

For an advice firm, the consequence arrives as a complaint. A client acts on unregulated output, loses money, and complains to the firm that holds the account — possibly a client the firm did not see that year under a needs-based review. Scams are a real and rising cost too: investment scam losses reached £221.5 million in 2025, up 40 per cent. But they are not what is new.

> THE DIRECTION OF THE THREAT
>
> This series re-establishes the threat model for every sector rather than inheriting it. In advice, the pressure comes less from criminals than from a legitimate, unregulated alternative the client already trusts — and which the firm cannot see unless it asks.

FCA press release, *Young investors trust AI more than TV or celebrities*, July 2026 · FCA, *AI and the future of retail financial services (The Mills Review)*, 6 July 2026 · UK Finance, *Annual Fraud Report 2026*.

SEVEN

The UK legal position

Existing rules, an invitation to use technology, and a one-word change nobody has connected to AI.

COBS 9 and 9A	Suitability applies unchanged until CP26/10 is finalised. The proposals remove the annual review requirement for MiFID business and insurance-based investments and move from "necessary" to "sufficient" information.
Consumer Duty	The fair value outcome applies to ongoing charges. A needs-based review has to remain fair value for a client who pays for it and is not seen.
SMCR	A named senior manager answers for the systems in the advice process.
FCA approach to AI	No AI-specific rules planned; guidance on applying existing rules to AI due by the end of 2026.
DUAA 2025, s.80	In force 5 February 2026. A suitability recommendation is advice to a person rather than a decision about them. Whether an automated decision not to review a client is a significant decision is an open question.

The overlooked change: "necessary" becomes "sufficient"

Suitability rests on the fact-find. The fact-find is the part of advice generative AI is most readily used for: recording, transcribing and summarising the conversation in which a client describes their life. And the standard for how much a firm must know before it advises is being relaxed in the same consultation that invites technology into the review.

On its own terms the change is sensible: a proportionate fact-find for a simpler need. Combined with an AI summary of the meeting, "sufficient" risks becoming whatever the summary contains, unless the firm has decided otherwise in advance. The policy statement is expected in Q4 2026. A firm's own definition of sufficient needs to exist before it does.

FCA, CP26/10, paras 2.25, 3.14 and 3.16 · FCA, *AI and the FCA: our approach*, 13 February 2026 · Data (Use and Access) Act 2025 s.80; SI 2026/82.

EIGHT

Beyond the UK

A European supervisor wrote an AI statement for investment advice two years ago. It is still the clearest one available.

On 30 May 2024 the European Securities and Markets Authority published a public statement on the use of AI in retail investment services under MiFID II. It expects the management body to "have an appropriate understanding of how AI technologies are applied and used within their firm" and to ensure oversight; controls so that AI-driven recommendations align with the client's financial situation, objectives, knowledge and experience; transparency about the role of AI; and disclosure when clients interact with automated systems. Most usefully for an advice firm, it says the firm's responsibility extends to staff use of "third-party AI technologies (such as Chat GPT, Google Bard, and others) with or without the direct knowledge and approval of senior management".

Investment advice and portfolio management do not appear in the EU AI Act's high-risk list. The EU governs AI in advice through its conduct rules rather than the AI Act — which is closer to the UK's stated approach than the headline contrast between the two regimes suggests.

ESMA, 2024

Board understanding, suitability controls, client transparency, and responsibility for staff use of public AI tools.

A UK FIRM, 2026

Rathbones states that public AI tools are blocked on work devices — the ESMA point answered without a UK rule requiring it.

STATE THIS PLAINLY

Neither the ESMA statement nor the EU AI Act applies to UK firms advising UK clients. The statement is dated 2024 and is used for its content, not its currency. No compliance gap is implied.

ESMA, *Public Statement on AI and investment services*, ESMA35-335435667-5924, 30 May 2024 · Regulation (EU) 2024/1689, Annex III · Rathbones, 2 April 2026.

NINE

Today

Seven things that can be done now, none of which waits on new law, new funding or a supplier.

- → **Design the review trigger so that an adviser confirms every decision not to review**, and record why. One recorded decision per client per year is the whole difference between augmentive and adaptive.
- → **Write down what "sufficient" information means** for each advice service, before the policy statement defines the expectation for you.
- → **Set controls on AI meeting summaries**: what the adviser must check, and correct, before a summary becomes the fact-find.
- → **Adopt a staff-use policy for general-purpose AI tools**, as ESMA expects of EU firms and some UK firms already have.
- → **Keep evidence of every review delivered.** The cost of not doing so is on two large firms' balance sheets.
- → **Put vulnerability flags inside the trigger logic**, not beside it.
- → **Ask clients at each review what else they are using for financial help**, and record the answer.

None of these requires a decision about whether to adopt AI. They are the conditions under which that decision can be defended afterwards. The first two are the ones to do before the end of 2026, because both are being defined by the regulator this year.

The fifth deserves particular attention. Under an annual rule, a missing review was a visible failure. Under a needs-based rule, a review that did not happen is either a correct judgement or a missed one, and the only way to tell the difference afterwards is the record of why the trigger did not fire.

Drawn from FCA CP26/10; the FCA's ongoing advice review, February 2025; ESMA's statement of 30 May 2024; and firms' own published results.

TEN

Tomorrow

Three levels defined by where accountability sits, and three horizons.

Three levels

Assistive	It prepares; the adviser decides. Meeting capture, draft reports and research summaries sit here, provided the adviser reads, corrects and signs. Almost all defensible value sits here today.
Augmentive	It recommends; the adviser confirms. A model flags clients whose circumstances suggest a review, and the adviser confirms each flag and each decision not to act. Both are recorded.
Adaptive	It decides within an envelope. A trigger that silently decides who is not seen this year is adaptive. For the sector this level is a reasoned projection, not an observation — and the proposed rule would make it possible.

Three horizons

0 to 12 months	Sufficient information, the review trigger and the staff-use policy, written before the CP26/10 policy statement and the FCA's AI guidance, both expected by the end of 2026.
12 to 36 months	Firms move clients off the annual cycle. Complaints about reviews that did not happen will test whether the trigger was reasonable.
36 months and beyond	Whether services functionally equivalent to advice, delivered by general-purpose AI, are brought inside the perimeter — the question the FCA's own review has asked.

The third band is a projection. The FCA has asked the perimeter question; it has not answered it.

FCA, CP26/10 · FCA, *The Mills Review*, 6 July 2026.

ELEVEN

Benefit realisation

The saving is in the review. So is the risk.

The FCA's own figures give the worked example. A typical adviser has around 150 clients and £2,000 of revenue per client a year, and around 80 per cent of adviser-charge revenue comes from ongoing services. A trigger model that saves adviser time on reviews is saving time on the service the client is paying for. That is where the productivity case for AI in advice is strongest, and it is exactly the service two large firms are still remediating.

WHAT A PRODUCTIVITY CASE MEASURES

Adviser hours saved. Reviews per adviser. Time from meeting to report. Clients per adviser.

WHAT THE BENEFIT ACTUALLY IS

Clients not reviewed who later complained. Material life events found late. Reviews declined and why. Corrections advisers made to AI summaries.

A benefit case that counts adviser hours saved will report a success whatever happens to the clients who were not seen. Under a needs-based review, the client who was not seen is also the client the firm has the least evidence about.

The practical step is small. Add one measure of the effect on the client to every AI business case in the advice process. The corrections advisers make to AI summaries are the cheapest to collect and the most informative: they are a direct measure of what the tool gets wrong about real people.

A MEASURE THAT ALREADY EXISTS

Every firm that evidences reviews for the regulator already holds most of the data these measures need. The work is in reporting it against the AI business case, not in collecting it.

FCA, financial advice firms survey 2025 · FCA, CP26/10, para 3.1 · St. James's Place and Quilter, 2025 results.

TWELVE

A way in

Eight workstreams. The first three form a natural first step.

01	**Readiness assessment**	What AI touches the fact-find, the report and the review, and who answers for each.	4–6 weeks
02	**Use case identification and triage**	Sorted by where accountability sits, not by hours saved.	3–4 weeks
03	**Regulatory and legal position paper**	COBS 9A, CP26/10, the Consumer Duty and section 80, read together.	3–4 weeks
04	**Board and executive governance**	Who owns the review trigger and the definition of sufficient.	4 weeks
05	**Threat and integrity response**	The client advised elsewhere, and staff use of public tools.	4 weeks
06	**Benefit realisation framework**	Including the effect-on-the-client measures in section eleven.	3 weeks, parallel
07	**Build, buy or partner evaluation**	Note-taking and triage tools, and who carries the error.	4–6 weeks
08	**Twelve-month mobilisation roadmap**	Sequenced against the CP26/10 policy statement.	2 weeks

THE FIRST STEP

Workstreams one to three form a natural first engagement of six to eight weeks.

Six to eight weeks fits before the CP26/10 policy statement, expected in Q4 2026, and the FCA's guidance on AI at the end of the year — which is the difference between describing a practice you already have and being told what it should have been.

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THIRTEEN

Sources

Every figure in this briefing, traceable to a named publication and a date.

→ FCA, CP26/10, *Simplifying the pensions and investment advice rules*, 25 March 2026, closed 22 May 2026.

→ FCA, *Understanding the advice market: financial advice firms survey 2025*, 23 April 2026.

→ FCA, *Wealth management survey report 2026*, 18 August 2026 (data to 31 December 2024).

→ FCA, *Ongoing financial advice services*, multi-firm review, 24 February 2025.

→ FCA, *Regulatory Priorities: Consumer Investments*, March 2026.

→ FCA press release, *Young investors trust AI more than TV or celebrities*, July 2026.

→ FCA, *AI and the future of retail financial services (The Mills Review)*, 6 July 2026.

→ FCA, *AI and the FCA: our approach*, last updated 13 February 2026; AI Live Testing second cohort, 21 April 2026.

→ Financial Ombudsman Service, *Annual complaints data and insight 2025/26*.

→ St. James's Place, *Full Year Report and Accounts 2025*, press release, 25 February 2026.

→ Quilter plc, *2025 Full Year Results*.

→ Rathbones, *Responsible business impact spotlight: Artificial Intelligence*, 2 April 2026.

→ UK Finance, *Annual Fraud Report 2026*.

→ ESMA, *Public Statement on AI and investment services*, 30 May 2024.

→ Data (Use and Access) Act 2025, section 80; commenced 5 February 2026 by SI 2026/82.

→ Regulation (EU) 2024/1689 (the EU Artificial Intelligence Act), Annex III.

Excluded on the record: robo-advice market forecasts; supplier time-saved claims for AI note-taking; a vendor-produced AI advice failure rate; claims-management refund figures; a government AI-use figure whose survey could not be read.

FOURTEEN

About the author

Neil Catton is an independent technology strategist with more than thirty-nine years of technology leadership across twenty-plus sectors — from central government, policing and national health systems to banking, manufacturing and insurance. He has held CTO and Director-level roles at BT, Wipro, Fujitsu, Sopra Steria and Capita, and works across a fractional portfolio spanning public safety, public sector, insurance, health technology and early-stage startups.

He currently supports a pre-launch insurance business in the institutional investment and pension-adjacent long-term savings market as its nominated COO, presenting to funders, and has designed the technology for two UK challenger banks end to end, working with their investors and advising their non-executive boards. He is the author of the technology ethics trilogy *The Next Evolution*, *The Cognitive Crucible* and *The Shadow System*, and writes at neilcatton.substack.com.

How this briefing was produced

Only primary sources are used: the regulator, the ombudsman, a European supervisor, the statute book, a trade body's own data collection, or a firm speaking on its own record. Where this briefing reports an absence, the relevant documents were read for it and the claim is stated as what was read. Figures that could not be traced to a named source are named as excluded rather than quietly dropped, because what a briefing leaves out is the better test of it.

In keeping with this report's own argument: this briefing was produced with AI assistance, used transparently and kept under direct human editorial control throughout. Every source was verified; every judgement was reviewed by Neil Catton before publication.

Version history

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