

Cost of financial advice to be investigated Government concerned over lack of access to advice

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The cost and accessibility of professional financial advice is to be examined by the government.

The Financial Advice Market Review (FAMR), launched by the Treasury and the Financial Conduct Authority (FCA) today, will investigate all types of retail financial products including pensions, savings, mortgages and insurance.

The initiative aims to examine the barriers that prevent people from seeking financial advice, particularly those who do not have significant wealth - particularly vital for people making big financial decisions, such as retiring.

It will also explore how firms can innovate their business models to include affordable and accessible financial advice.

The results of the review will be published before the 2016 Budget.

Find out more: [Financial advice explained](#) - what is financial advice and when should you pay for it?

How much should you expect to pay for financial advice?

Which? [conducted a survey of in November 2013](#) and found it's not always easy to find out how much independent financial advisers (IFAs) charge without first committing to lengthy face-to-face consultations.

In our investigation, we discovered that 70% of IFAs failed to list their pricing information online and 53% dodged the question when asked for an indication of their charges over the phone.

The fees levied by the IFAs in our investigation varied significantly, although the typical up-front fee was 3% of the total amount invested.

Just over half of the IFAs we surveyed used hourly rates on occasion, charging £164 per hour on average. The typical charge for ongoing advice was 1% of the total amount invested.

Which? welcomes review into financial advice market

The review follows the government's pension reforms, which gave over-55s more choice in how they access their retirement funds.

Richard Lloyd, Which? executive director, said: 'For financial services to work well it's absolutely vital that people get the affordable, impartial advice they need to make good choices with their money. So the government's review, which we warmly welcome, must be focused squarely on how to give consumers more power to make better financial decisions at all the important moments in their lives.'

'The cost of advice can be complicated and varies widely, so it's critical that people know they're paying a fair price and don't feel frozen out of the market. Given the recent pension reforms, it's more important than ever that consumers get the right support.'

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