

Review of Research on UK Advised Platforms (Not So Premier – The Bottom Three) July 2024

1. Who is this report for?

This report is aimed at providing useful information to consumers that have previously used a financial adviser to consolidate their various pension and / or investment arrangements onto a fund platform.

The research noted in this document indicates that the three platforms with the worst ratings account for around 20% of the advised platform market. This report is therefore particularly relevant for consumers using one of those three platforms.

Acknowledgements

We wish to thank **FinalytiQ** and **Platforum** for sharing their research on advised platforms with us and for allowing us to use it in this report.

Disclaimer

Please note the views in this paper are those of the author and for general guidance. The views are not intended to be treated as financial advice and readers should speak to an FCA regulated financial adviser.

2. Summary findings

We believe competition is ineffective in the UK advisory platform market and we are seeking to address, in part, two of the potential reasons, namely lack of consumer awareness and the perception consumers have that the time, effort and cost involved in changing is too great.

We have compared the Platforum Adviser User Ratings and the FinalytiQ Financial Performance Ratings and found that both sources identify the same three advised platforms as being amongst the worst performing.

These three platforms which we estimate make up around 20% of the UK advised platform market are listed below:

- Aegon Platform (previously known as Cofunds)
- M&G Wealth Platform (previously known as Ascentric)
- Scottish Widows Platform (previously known as Embark or Zurich or Advance).

We believe, consumers that used a financial adviser to consolidate their various pension and / or investment accounts onto one of these three fund platforms should review their arrangements closely to assess:

- their ongoing costs and charges
- the advice from their existing financial adviser on whether to stay on the platform or move elsewhere
- the proportion of their financial adviser's time spent on platform administration versus time spent on client service.

The research also indicates there is a reasonably common factor among better performing platforms which is the underlying platform technology. Well rated platforms often use customised in-house technology (often referred to as 'proprietary' technology) instead of outsourced platform technology providers like Bravura, FNZ or GBST for instance.

3. Comments

There is good agreement across contrasting research methodologies on the identity of the three advised platforms with the lowest ratings.

Where consumers are using an advised platform with poor ratings, there is a risk that their adviser is spending more time than they should wrestling with the platform and less time delivering a valuable financial advice and financial planning service.

The desired outcome would be to use a platform that is performing well so the adviser has more time available to dedicate to serving clients.

There may also be some consumers that were previously advised to move to the platform but now, no longer have a financial adviser.

If you use one of these three advised platforms, below are some steps you might consider.

4. What can you do?

a) If you have a financial adviser

Contact your existing financial adviser and ask about your existing platform arrangements

Ask them what their experience is like dealing with the platform, and whether or not they recommend continuing with the platform?

In particular, ask your financial adviser for an estimate of how your ongoing service fee is used in practice, for instance how much time is spent on platform administration (which is less valuable from a consumer perspective) compared to the amount of time spent on delivering financial advice and financial planning services.

If they do not recommend continuing with the platform, ask about any potential charges for moving and whether they would consider providing advice to move within their existing ongoing service fee (i.e. without any extra fee charges)?

b) If you do not have a financial adviser

i) Find your costs and charges summary

Every year your platform will send you an annual summary of costs and charges. Look out the last one you have received and note down the costs and charges. Typically these might be split into three or four areas such as adviser fees, investment / fund charges, platform charges and discretionary management charges.

ii) If you want to look at alternatives, put the figures in the table below under “Your existing Arrangements” and that will help you to compare against any alternative arrangements you are considering.

	Your Existing Arrangements		Service for Comparison	
	Ongoing costs £	Ongoing costs %	Ongoing costs £	Ongoing costs %
Adviser Charges	£ pa	% pa	£ pa	% pa
Investment / Fund Charges	£ pa	% pa	£ pa	% pa
Platform Charges	£ pa	% pa	£ pa	% pa
Discretionary Management Fees	£ pa	% pa	£ pa	% pa
OVERALL TOTAL	£ pa	% pa	£ pa	% pa

As well as comparing ongoing charges, you will also need to identify any exit charges due on leaving your current arrangement and any initial charges associated with the new arrangement, which might include financial advice charges.

iii) Take financial advice

Use the Moneyhelper Retirement Adviser Directory to help you find a financial adviser

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

Despite its name, the directory is a good way to find an investment adviser as well as a retirement adviser.

In terms of expertise, qualifications you search for might include for instance:

Certified to ISO 22222

Certified Financial Planner TM

Chartered Financial Planner

5. Purpose of the report

We believe that there is a lack of competition in the UK advisory platform market.

Research indicates that the three worst performing platforms hold around 20% of the advisory platform market.

Possible reasons for this might include:

- a) Lack of consumer awareness
- b) Consumers perceive the time, effort and cost involved in changing is too great
- c) Ineffective regulation allows advisers to leave clients in poor performing platforms or, where advisers no longer have agency, allows orphaned clients to be left on these platforms.
- d) Unwillingness or inability of platforms to invest effectively to improve service and performance.

Our hope is that the FCA's Consumer Duty regulations will in due course help to deal with c) and d).

This report is aiming to address in part a) and b).

6. Methodology

To review the research on advised platforms from two points of view:

- financial data on platforms per the **FinalytiQ Platform Report 2023 "The Boiling Frog"**
- non-financial data on platforms per the **Platform UK Adviser Platforms Market Overview March 2024 – Summary Report.**

We think the FinalytiQ Financial Performance Ratings and the Platform User Leaderboard are of interest as they use contrasting analytical approaches which we believe are complementary.

However we should acknowledge that our work is limited to the data, research and conclusions contained in the above two reports. It is possible a more wide ranging review would produce different results.

7. FinalytiQ ¹ data

FinalytiQ review the annual accounts and other data for platforms comprising most of the advised platform market. They use the data to produce a Financial Performance Rating for each platform.

Year Ending 2022

FinalytiQ reviewed the annual accounts for the year ending 2022 and other data for 21 platforms comprising over 90% of the advised platform market. They awarded Financial Performance ratings as follows.

Five were rated as “Excellent”, five rated as “Good”, four rated as “Fair”, two rated as “Promising” and five as “Poor”.

Years Ending 2019, 2020, 2021 & 2022

Only three platforms have the lowest rating of “poor” for every one of the four years 2019, 2020, 2021 and 2022. The three platforms are:

- Aegon Platform (previously known as Cofunds)
- M&G Wealth Platform (previously known as Ascentric)
- Scottish Widows Platform (previously known as Embark or Zurich or Advance).

8. Platform ² data

Platform's findings are based on a combination of platform data and quantitative and qualitative research including surveys and interviews with financial advisers and paraplanners.

Platform User Leaderboard

They produce a Platform User Leaderboard based on the ratings given by advice firm staff on twenty advised platforms regarding ten criteria including value for money, usefulness of online tools, quality of customer service and reports, ease of doing business, choice of funds and tax wrappers etc.

The bottom three in order with worst last are:

- Aegon Platform
- M&G Wealth Platform
- Scottish Widows Platform.

Platform Technology

Referring to the top ten in the Platform User Leaderboard, there was information on the underlying technology provider for eight of them.

Of those eight platforms, five used proprietary platform technology. The other three use outsourced technology with either Bravura, FNZ or GBST.

This appears to indicate a commonality that platforms which are functioning well often use proprietary technology.

1. FinalytiQ Platform Report 2023 “The Boiling Frog”.

FinalytiQ; hello@finalytiq.co.uk ; Tel: +44(0) 1268 912610; www.finalytiq.co.uk

2. Platform UK Adviser Platforms Market Overview March 2024 – Summary Report

Platform; enquiries@platform.co.uk ; Tel: +44(0) 208 075 8160; www.platform.co.uk

9. About the author

Dr Robin Keyte is a financial adviser and has been a director of his family owned business since the late 1990s.

Over the last 25 years he has been involved in various initiatives aimed at improving standards in financial services and getting better deals for consumers.

He was appointed to the FCA Smaller Business Practitioner Panel from 2013 - 2019.

From 2015 – 2017 Robin was also appointed to the Expert Panel for the Financial Advice Market Review which was conducted jointly by HM Treasury and the FCA.

He is also a past winner of the FT's Money Management Financial Planner of the Year.

Presently he sits on the FCA's Advisers' Sustainability Group and the CISI Financial Planning Forum Committee.

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