BONUS
Consumer Duty business case

THE CLIENT EXPERIENCE REPORT 2022

Unlock next-level opportunity with insights from 250,000+ financial advice clients

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WHAT'S IN THIS REPORT?

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INTRODUCTION

Many advice firms have told us they want to take client experience to the next level, inspired by upping revenue, meeting Consumer Duty requirements or, simply, being the best they can be for their customers.

Alex Whitson
Managing Director, VouchedFor

Keen to help, for the first time ever, we have conducted a full scale analysis of over 250,000 client reviews on the VouchedFor platform. We have also carried out in-depth interviews with advice firm bosses, advisers and consumers.

The goal? To unlock the most powerful drivers of client experience. Or, put differently, the adviser behaviours or factors that make the biggest positive difference to things like whether prospects become clients, whether clients recommend and client risk levels.

We're making our most powerful findings available through this report and also through our new Elevation platform, with a view to helping advice firms deliver consistently brilliant experiences for their clients. As well as meet their Consumer Duty responsibilities.

As the report reveals, there are significant commercial benefits to getting this stuff right. There are important societal benefits too. Millions of people defer or completely ignore financial advice, often at a significant cost to their wellbeing.

I hope the insights in this report play a part in generating more positive advocacy around financial advice, encouraging more people to get the help they need. As well as ensuring that those people already in the advice process achieve the best possible outcomes.

We hope you find the report valuable and welcome your feedback.

The 2022 Client Experience Report is fuelled by analysis of over 1 million data points within 250,000+ client reviews. It is largely written by Alison Steed, managing director at Moneta Media, who was formerly the deputy personal finance editor at The Telegraph.

THE CLIENT EXPERIENCE OPPORTUNITY

By applying everything in this report, the average adviser with capacity could onboard an additional **13 CLIENTS**, worth £325k lifetime revenue, every year.

+18%

The average adviser could increase their new client conversion rate from 40% to 58%.

1.5x

The average adviser could increase the number of recommendations they receive by more than half.

99%

of clients say they would recommend their adviser, but only 37% say they have recommended their adviser more than once in the last 12 months.

117,000

more consumers each year could be introduced to advice through word of mouth.

SECTION 1: MAKING GREAT FIRST IMPRESSIONS

Our data shows that 52% of prospects who leave a 5 star first impression review intend to become a client. This intention rate more than halves to 26% if the prospect leaves a 4 star first impression review. The line between success and failure is fine and the average adviser could increase their new client conversion rate from 40% to 58%!

Putting your best foot forward

For financial advisers, that first impression typically starts long before a potential client even sets eyes on you. Even if you have been recommended to them, most potential clients will research you online before deciding whether to get in touch. This trend is increasing in these volatile times, with people spending 54% longer researching their chosen adviser online.[1]

Prospective clients will look at your online profile, including social media, to establish whether they like the cut of your jib. So, having a strong online presence is critical if you want to get new clients.

> *"The average adviser could increase their new client conversion rate from 40% to 58%!*

[1] Comparing user dwell time on adviser profiles on VouchedFor.co.uk between 2020/2021 and 2018/2019

Not one way traffic

The traffic here is most definitely not one way, so be sure that whether someone contacts you through your website, social media account, voicemail or any other method, you get back to them quickly. Instant gratification is a feature of the 21st century's smartphone generation, so a delay in response is unlikely to be acceptable.

A quick response shows you can be bothered with the potential client and their needs, and that is exactly where you want to start a new client/adviser relationship.

> *Instant gratification is a feature of the 21st century smartphone generation*

The clincher

The real clincher when it comes to converting prospects is the first meeting, which is the key focal point of the data that Elevation provides. This is the moment when you either impress the client enough to sign up with you, or you lose them – and any potential recommendations they could make for you – forever. Its importance really cannot be overstated.

So, in the next section we will share some of the most powerful insights from our Elevation platform to help you delight prospects in that initial meeting and turn more of them into clients.

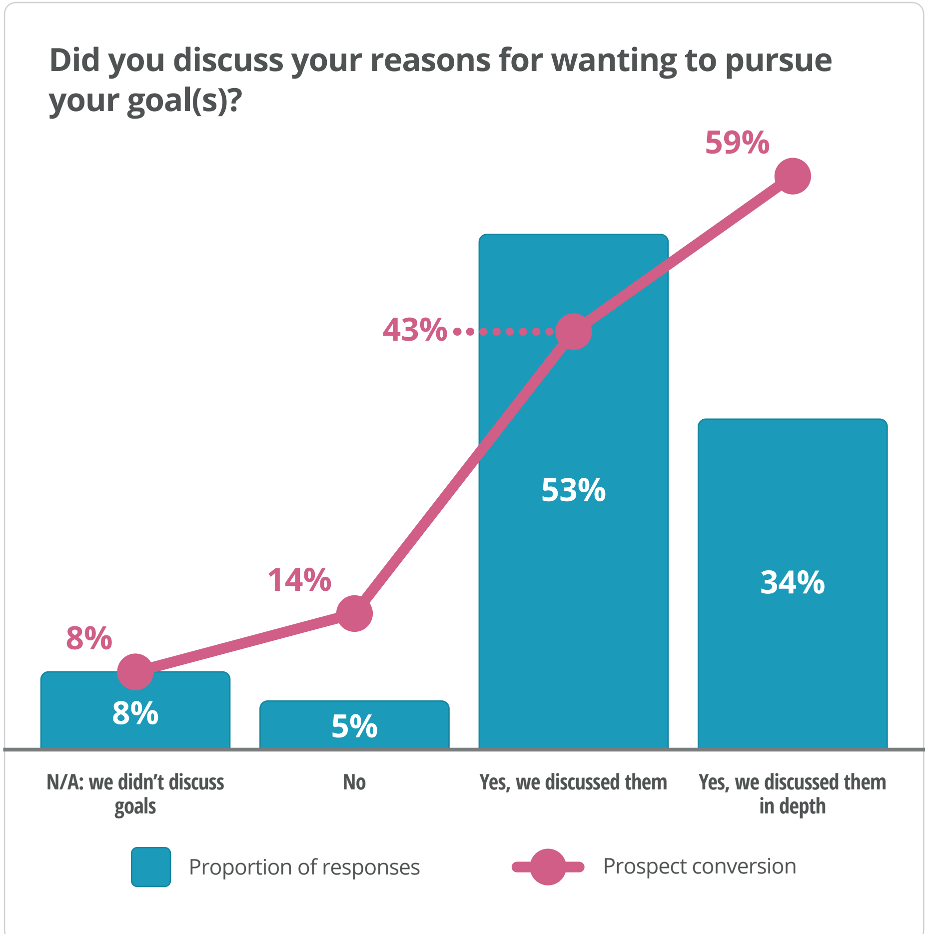
GOING DEEP ON GOALS AND CLARIFYING HOW YOU CAN HELP

It's tempting to jump in with 'what I can do for you' when you're trying to impress someone. But our data shows that it's important to start by really listening to the potential client's needs and motivations. That way, the focus of the conversation is on them, not you, from the off.

How in-depth discussion of goals impacts conversion

The single most important factor that influences whether a prospect becomes a client is the depth of the discussion around their goals. In fact, 59% of prospective clients who said they had an in-depth discussion about their reasons for pursuing their goals intended to become a client. That's almost a three-out-of-five hit rate!

Conversely, only two-in-five (43%) prospective clients who didn't feel they had an in-depth discussion said they intended to become a client.



> ***59% of prospective clients who said they had an in-depth discussion about their reasons for pursuing their goals intended to become a client***

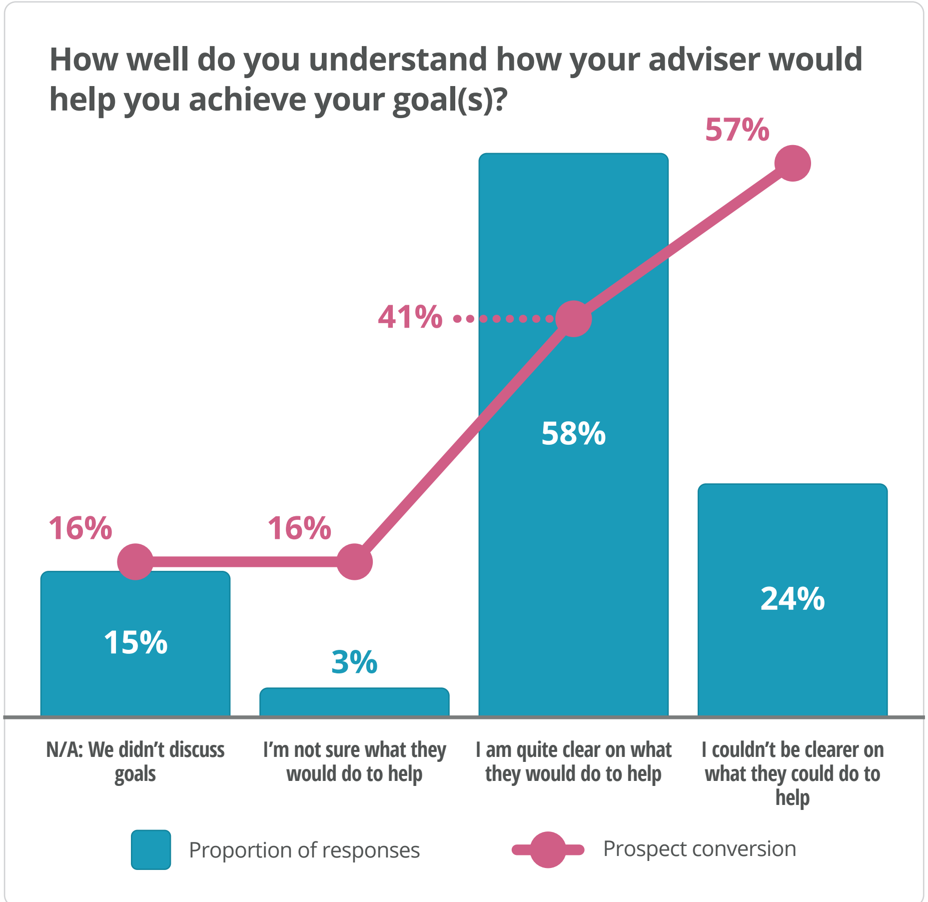
Most advisers probably think they are doing well when it comes to listening and discussing the client's goals with them. But the research tells a different story.

Only one third (34%) of prospective clients reported having an in-depth discussion about the motivations behind their goals, with 13% saying they didn't discuss their motivations or their goals at all. There's clearly room for improvement.

Making your value felt

A key point for advisers to remember when dealing with clients is that the client approach will always be: "What's in it for me?". Keeping that in mind will help advisers communicate in the right way with any prospects.

Once you have truly listened to the potential client, helping them understand how you would help them achieve their goals is important. More than half (57%) of prospects who said the adviser "couldn't be clearer" how they would help became clients. This is significantly higher than the 41% who said the adviser was only "quite clear" how they would help.

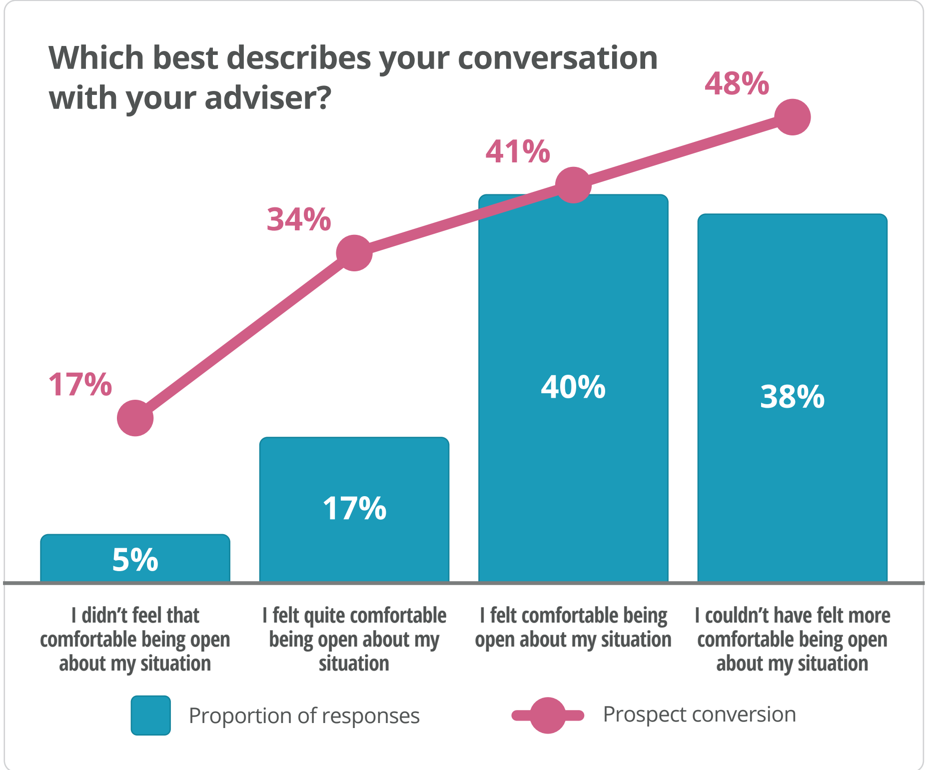


There is considerable room for improvement for most advisers here, with only 24% of clients saying they couldn't be clearer on how the adviser would help.

This is best achieved through a deep initial conversation, first understanding the prospect's goals in depth (as discussed above), then tailoring how you talk about your services to that client's particular needs.

How to have deeper conversations

Having a deep, high-quality discussion with your prospective clients is the next challenge. It may not be obvious how to achieve this, but a key element is making your prospective clients comfortable enough to open up about their aims and ambitions.



Nearly two in five (38%) of prospects couldn't have felt more comfortable being open about their situation. These prospects convert at 48%, higher than the 41% for prospects who only "felt comfortable", and 34% who only "felt quite comfortable."

To make your potential client feel more comfortable, there are a number of things you can do. For example, choosing a good ice-breaker at the first meeting can help to get your potential client talking. Having something of interest or unusual in your office can help, especially if it happens to relate to a hobby that you might share. One adviser has a Lego calculator which has been used as a conversation starter in the past.[2]

Asking about them

Finding out about the potential client as a person by asking open questions can help too, rather than launching straight into the nitty gritty of their finances.

"First, prepare the client, your line of questions shouldn't be a surprise," says Chris Budd, founder and chairman of the Initiative for Financial Wellbeing. "In the confirmation email, tell them that you're looking forward to hearing their thoughts about their future. Then in the meeting start with an open question, that is about them, not their money. For instance, 'what are your thoughts about the future?'

Then... shut up! This meeting is about them, not you. Listening is the most powerful tool you have."

TOP TIP

Prospects who a) couldn't have felt more comfortable being open, b) had an in-depth discussion on their motivations and c) couldn't have been clearer on how the adviser would help had a conversion rate of 71%!

[2] https://www.investopedia.com/articles/financial-advisors/041715/tips-breaking-ice-new-clients.asp

CASE STUDY: GETTING THE FIRST MEETING RIGHT

HELENA WARDLE, CHARTERED FINANCIAL PLANNER AND DIRECTOR, SMITH & WARDLE

The Elevation platform shows that 58% of the prospects that Helena meets intend to become clients, which is 45% above the industry average of 40%. Her feedback scores particularly highly in areas like trust and rapport and putting people at ease.

I often hear people justifying why they have contacted us for advice. They will use terms like "I am not stupid but..." or commenting that they just don't get money. I also hear a sense of regret from people saying things like "I should have done something sooner."

We need to acknowledge how emotional money is for people and remember that everyone has a completely different experience with it. Money is way more than numbers in people's bank accounts. It connects to so much in our lives. Keeping this in mind is important in shaping the client experience.

> *"We need to acknowledge how emotional money is for people and remember that everyone has a completely different experience with it*

The first thing we try to do with clients is make it clear that it is great that they have made the time to sit down with us to focus on their money. It creates a positive and encouraging frame for the conversation. We also point out things that they do well with their money and situation. Language really matters and we are working hard to ensure that we think about how we say things and the words we use. Most words used in financial services have a negative tilt and it doesn't help people. It is hard to be inspired to make changes to your situation if you are mostly hearing discouraging words like "don't, risk, stop, not enough."

By finding encouraging things to say, in our experience people are more open and willing to discuss their motivations, experiences and fears. We help people get comfortable by making clear the meeting is for their benefit not ours. We achieve this by using the first part of the meeting to really focus on getting the client to set the agenda and what they want to get from the meeting so it's clear to them that it's about them.

We also never ask clients about how much money they have in a first meeting. A few clients have said they chose to work with us because, unlike other advisers they have met, we don't jump straight to the numbers. This is something to think about as, while it's a popular qualifying question, it can be incredibly off-putting for some clients.

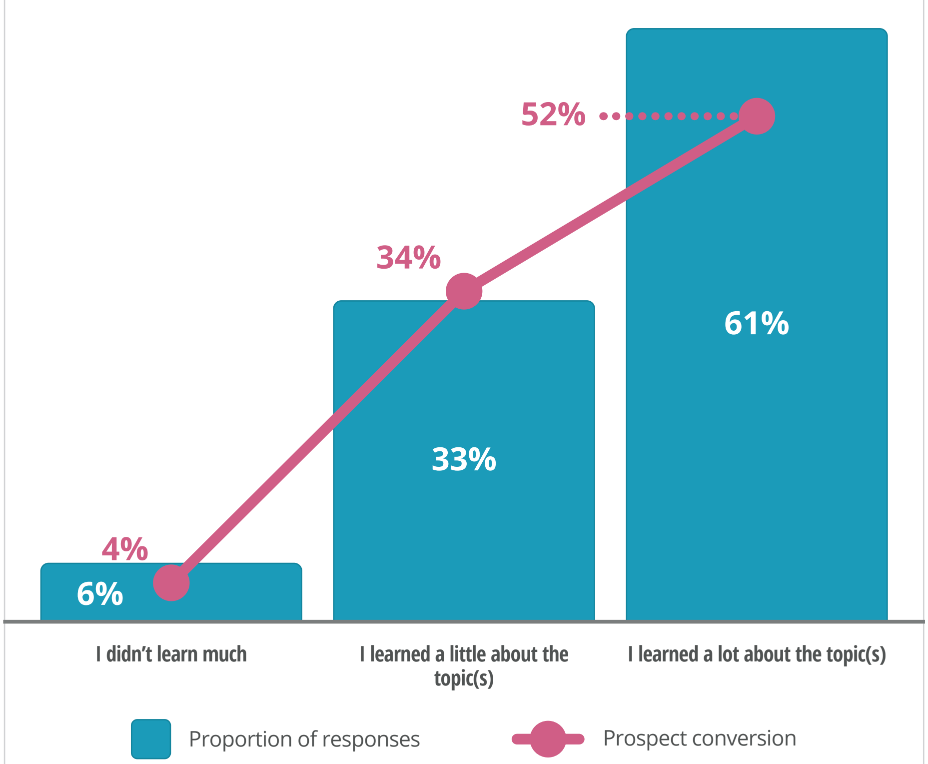
DELIVERING VALUE IN THE FIRST MEETING AND ALWAYS BEING HELPFUL

Understanding a potential client's needs, putting them at ease and conveying how you can help are all important in that first meeting. But that's not where the story ends. To generate the best conversion rates, you have to ensure the client feels they have learnt something too.

Helping prospects improve their understanding of the topics discussed is a great way for advisers to evidence their expertise. It's also a great way to deliver value in the meeting, leaving prospective clients with a positive impression.

More than half (52%) of prospective clients who said they learned a lot in the initial meeting planned to become clients. This falls to just 34% for those who felt they only learned a little.

How did your understanding of the topic(s) you discussed change in your initial meeting?



"More than half (52%) of prospective clients who said they learned a lot in the initial meeting planned to become clients

Comfortingly, it was only 6% who said they didn't learn much from the meeting. It's just as well because this is a conversion killer. In this instance, only 4% of these prospects would have become a client.

WARNING

Only 4% of prospects who say they didn't learn much in the initial meeting intend to become clients.

Always being helpful

There may be times when an adviser realises that they wouldn't be a good fit for the potential client and gives up on impressing them with their knowledge. But even if it's clear to you that the client would not benefit from you being their adviser – or you from having them as a client – giving them information and help can still pay dividends for them, for you and for the advice profession.

> *"As well as being good for your reputation... helping everyone you meet is also good for business*

Often people will come to an adviser with a very limited understanding of financial services and what it can do for them. There tends to also be a lack of confidence, and if the adviser is overly dismissive or doesn't clearly and empathetically explain their reasons for being unable to help, it can create a bad impression of them and the advice profession as a whole.

"For some advisers, a free initial meeting is 'free' in inverted commas - the meeting is one long, linear fact find and the individual comes away with very little if they decide not to proceed" says Sian Macinnes, Chartered Financial Planner at Philip James Financial Services.

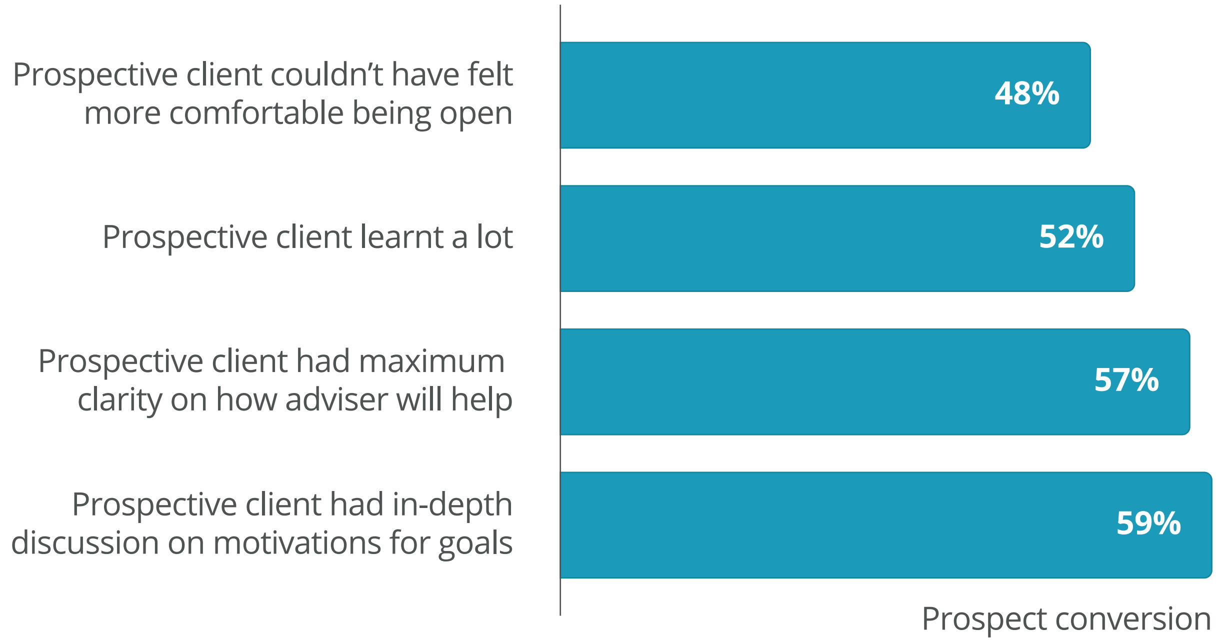
"My aim is that I give every potential client something from our meeting. Perhaps they will be clearer about what assets they hold and what their financial goals are or even the reassurance that they have enough money to retire. It might be a simple direction to the state pension forecasting address, or ensuring they know about getting Attendance Allowance," she says.

"That way, free really means free."

Prospects who are not viable clients may discuss their experience with others and may be viable clients in the future. The better that experience is, the more likely they are to sing your praises and bear you in mind down the line. So, as well as being good for your reputation and that of the profession, helping everyone you meet is also good for business.

EXECUTIVE SUMMARY: MAKING GREAT FIRST IMPRESSIONS

On average, across the industry, our data shows financial advisers turn 40% of prospects into clients. It is possible to significantly increase this by focusing on the 4 key conversion-drivers below:



Advisers who implement all the above 4 factors see the highest conversion rates:

SECTION 2: DELIGHTING EXISTING CLIENTS

Existing clients are your bread and butter and it makes sense that you want to work hard to keep these clients satisfied. But there is a big difference between a client being satisfied with the service you're giving them, and their confidence being high enough to recommend you to other people. Especially when those people are family and friends. Remember, while 99% of clients say that they would recommend their adviser, only 37% say they have recommended their adviser more than once in the last 12 months.

Generating advocacy among your clients is the best way to develop and build your advice business. And most advice firms are sitting on a gold mine here.

> ***"99% of clients say that they would recommend their adviser, only 37% have recommended their adviser more than once in the last 12 months.***

At the start of our research process we used Net Promoter Score (NPS) to gauge client satisfaction. Put simply, this measures client delight based on how likely clients say they are to recommend you. However, given the disconnect between clients who *say* they would recommend and clients who actually regularly *do* recommend, we refocused our analysis on the factors that lead to more actual recommendations. The most powerful of these are set out in the following section.

STRONG COMMUNICATION - THE 3 PILLARS THAT DRIVE ADVOCACY

Strong client communication is essential - without it, you will struggle to achieve high levels of client advocacy. There are three areas we have identified that hold the key to delighting existing clients and powering advocacy:

1. Clarity of correspondence
2. Communication frequency
3. Adviser accessibility

Clarity of Correspondence

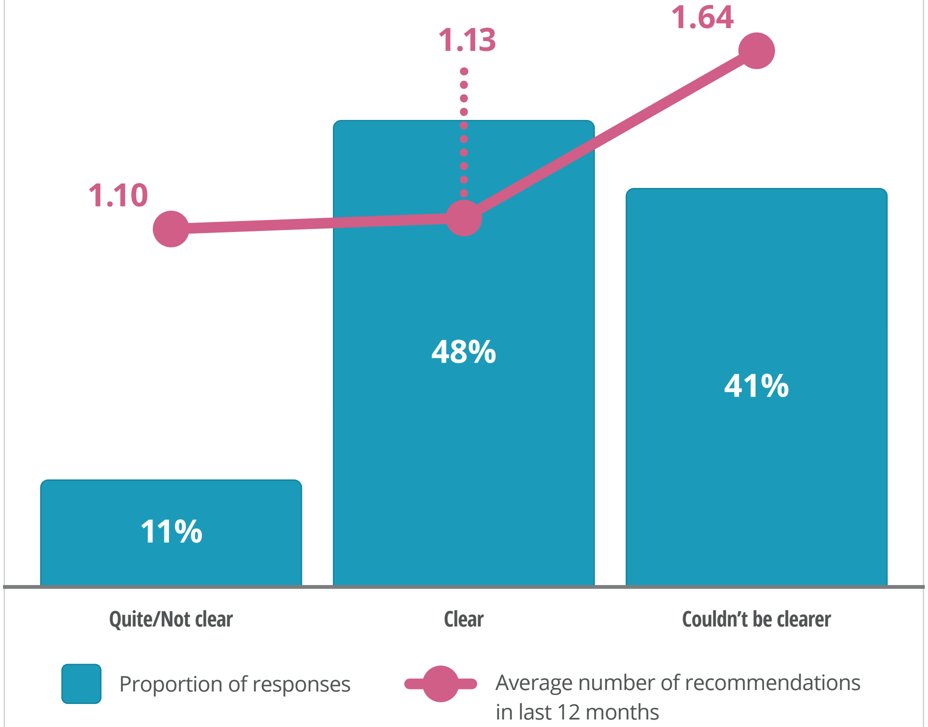
This is statistically the most important of all the factors when it comes to delighting existing clients. It is the best predictor of whether a client will frequently recommend their adviser. This seems to be due to the inter-relationship between clarity of correspondence and clients' confidence in other elements of the service.

For example, where clients are unclear on things like risk, clear product documentation and emails from the adviser can help to improve the client's understanding. Less clear correspondence may make things worse.

However, clear correspondence isn't enough in isolation. Advisers need to also pay close attention to the other two pillars.

> *Strong client communication is essential - without it, you will struggle to achieve high levels of client advocacy.*

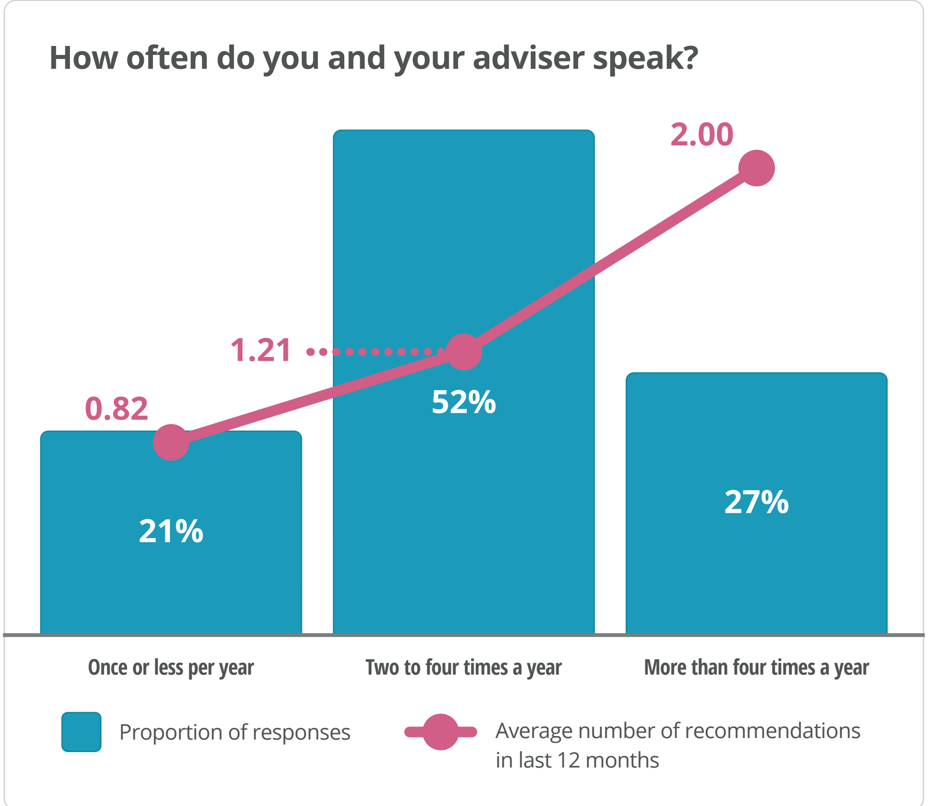
How clear is the correspondence you receive from your adviser?



Communication Frequency

Clear communication is a key driver of advocacy, but the number of times you speak with your client is another important factor.

Clients who speak to their adviser once or less per year are the least likely to be an advocate for their advice services. When you raise that number to more than four times a year, that level of advocacy more than doubles.

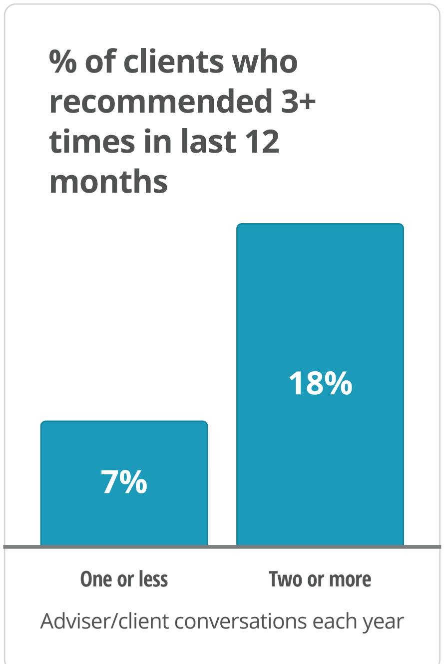


Very few clients who meet their adviser less than twice per year go on to recommend them widely. Only 7% recommended three or more times per year in this category, compared to 18% of those who meet twice or more. This is nearly three times the advocacy for the sake of getting in touch a couple more times a year.

WARNING

Clients who speak to their adviser once or less per year are the least likely to be an advocate for their advice services.

This is something for advisory firms to be aware of when they are defining their service levels. Of course some clients will have simple requirements and need to meet their adviser just once a year, others may need more attention, but advocacy for all clients is increased with more frequent contact.



Where advisers are meeting clients just once a year, all is not lost. There are things they can do to keep advocacy high. For example, clients who only meet their adviser once per year, but have maximum confidence that they are both on track to achieve their goals and understand the potential disadvantages of their adviser's recommendations, will typically recommend their adviser 1.36 times per year, more than the average number of recommendations from clients who meet their adviser two to four times per year (1.21).

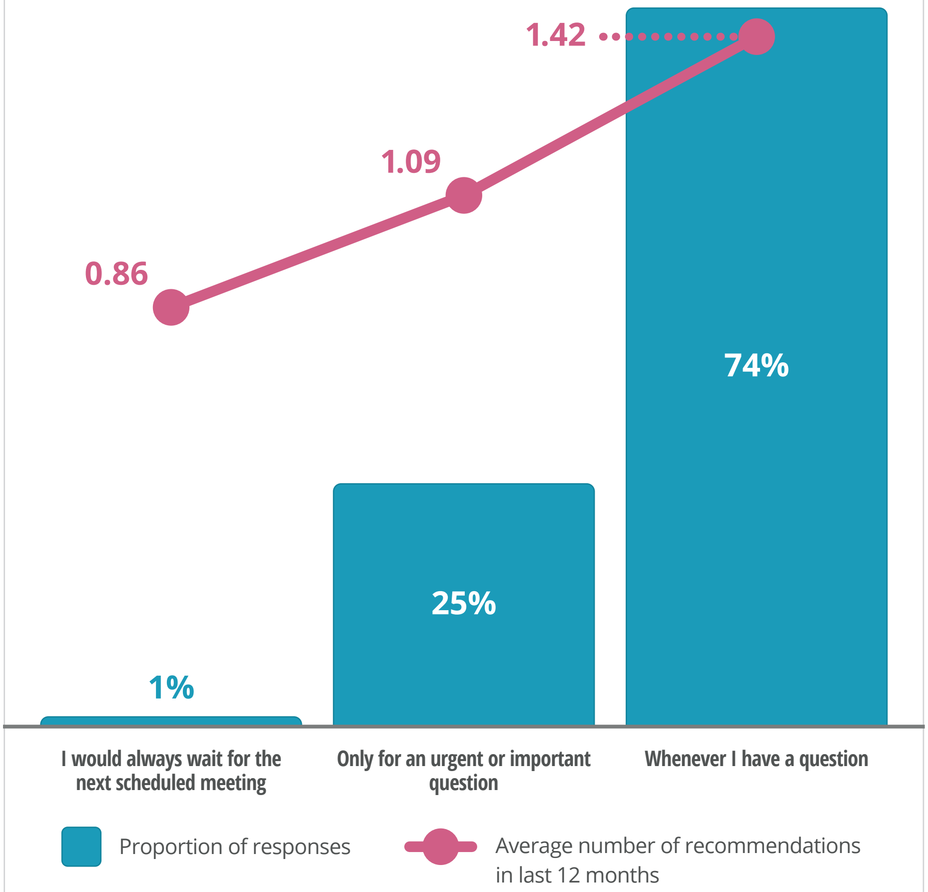
Clients feeling that their adviser is accessible to them

Clients like to know their adviser is always accessible to them. This doesn't necessarily mean you have to give them your personal mobile number and the go-ahead to call you at 3am when there is a major fall in the Asian markets. But ensuring clients know you are there for them whenever they need you really does help with advocacy.

Nearly three quarters (74%) of respondents said they would ask their adviser a question whenever they had one. This creates a requirement for you to answer the question, and if you have a lot of clients asking you questions at once, this can create time pressure.

However, if this is the case, the clients' questions will often relate to the markets, the economy or a political or tax change – which presents a perfect opportunity to create content in the form of a newsletter or email to explain what this means to all clients at once. This will save you time in the long run and helps to underline your expertise.

Between scheduled meetings, in what circumstances would you contact your adviser?



Getting newsletters right

Newsletters can be a powerful tool but our research shows that many suffer from poor engagement rates. Not putting enough thought into your newsletter risks it wasting your time and being ignored by your audience.

“Newsletters are a great way to stay in touch with clients and nurture prospects by adding value, demonstrating knowledge and, thereby, positioning you as the go-back-to expert when the prospect is ready to engage,” says Phil Bray, Founder and Director of The Yardstick Agency.

However, deciding what to write about is a question that financial advice/planning firms often struggle with.

It’s natural that many firms will want to include a market commentary, particularly during times of extreme volatility. However, only writing about the markets means you run the risk of reducing engagement levels over time.

You’ve got to mix it up!

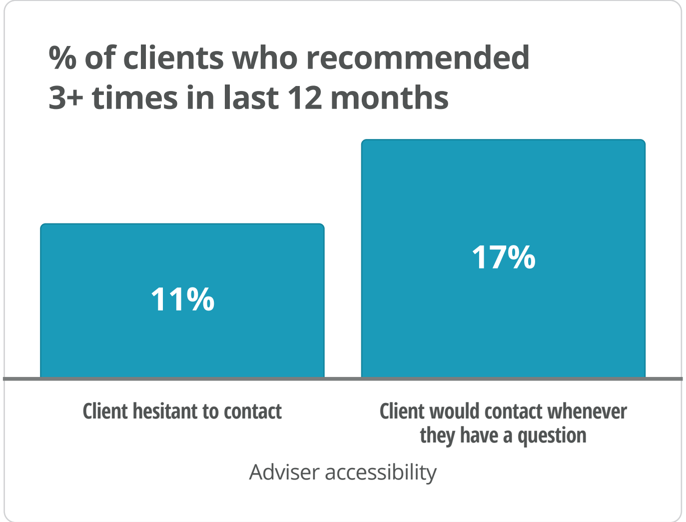
Topical financial planning articles are often a hit with clients, for example, "5 ways rising inflation could impact your finances." Research shows us that clients and prospects will also engage with more quirky lifestyle articles, e.g. "The 10 best restaurants in the West Midlands". And finally, your newsletter audience, particularly clients, will always be interested to read about things going on in your business.

Whatever you go with, it's worth checking in with your audience to make sure your content is helpful to them. The best way to do this is monitor your newsletter KPIs. They never lie!

Look at things such as open rates (the financial industry average we're seeing is 20.9%, so well done if you're north of that!) and click rates (the average here is 2.4%).”

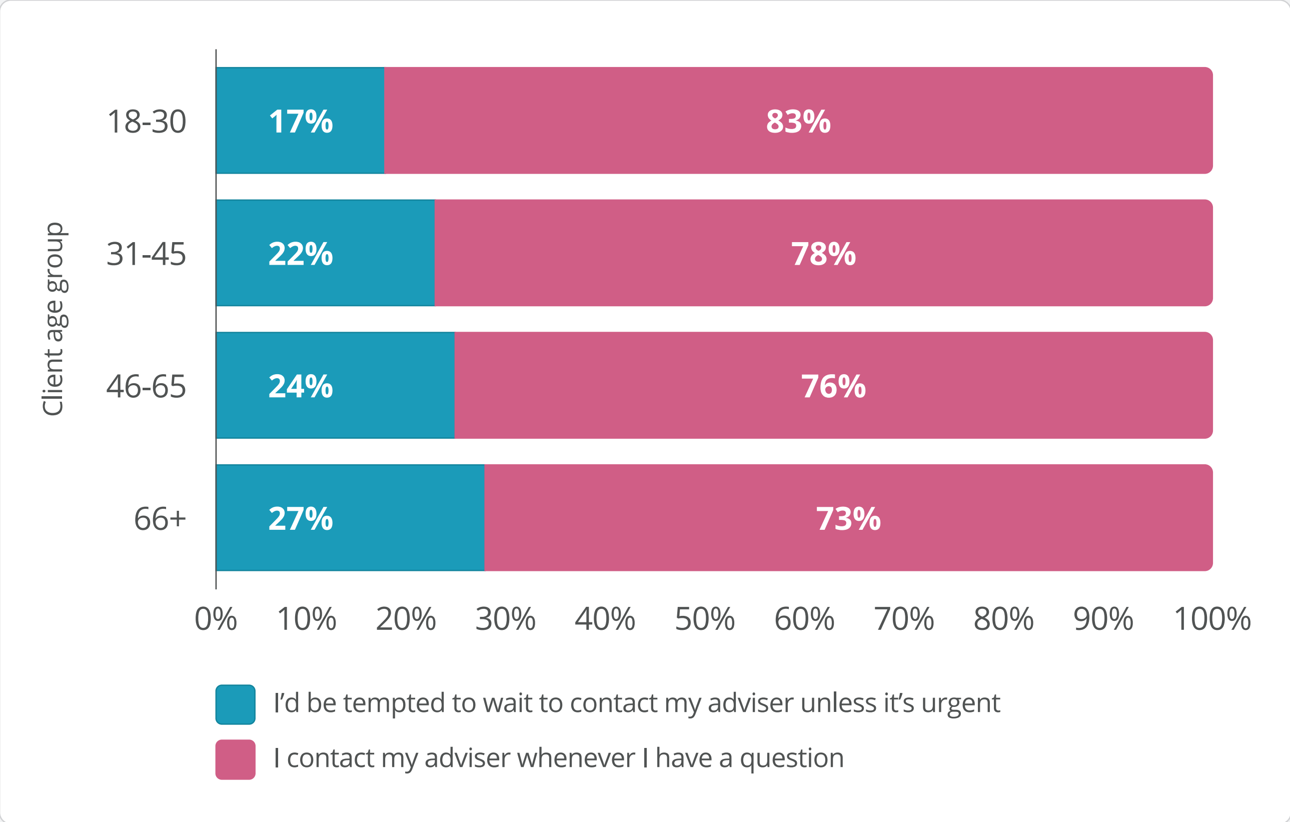
More contact = more recommendations

More contact, particularly where clients feel comfortable to initiate contact, drives recommendations. Just 11% of clients who feel more hesitant about contacting their adviser would recommend them three or more times a year. This rises to 17% who would recommend this often if they are comfortable contacting their adviser whenever they have a question.



The impact of client age on adviser access

Interestingly, clients' willingness or need to contact their adviser decreases with age. This could be because younger clients are more used to the instant gratification enabled by today's technology and think nothing of asking a question of their adviser at any time. This is, after all, the world we live in now. For advisers looking at engaging the next generation, this is something to consider.



BUILDING CLIENTS' CONFIDENCE IN YOUR SERVICE

It's a big deal for a client to recommend their adviser to a friend or colleague. Being happy with your service themselves isn't enough to prompt them to pass on your details – they must also have confidence you will give anyone they refer the same high standard of service. Building each client's confidence in the service they have received, as well as your commitment to great service for all clients, is key.

While an adviser has their reputation to think of, so does the client when it comes to the eyes of their peers. If they make a bad recommendation, there's a good chance their friends will look less favourably on them. This creates a high level of responsibility for the client, and one their adviser may not have considered before.

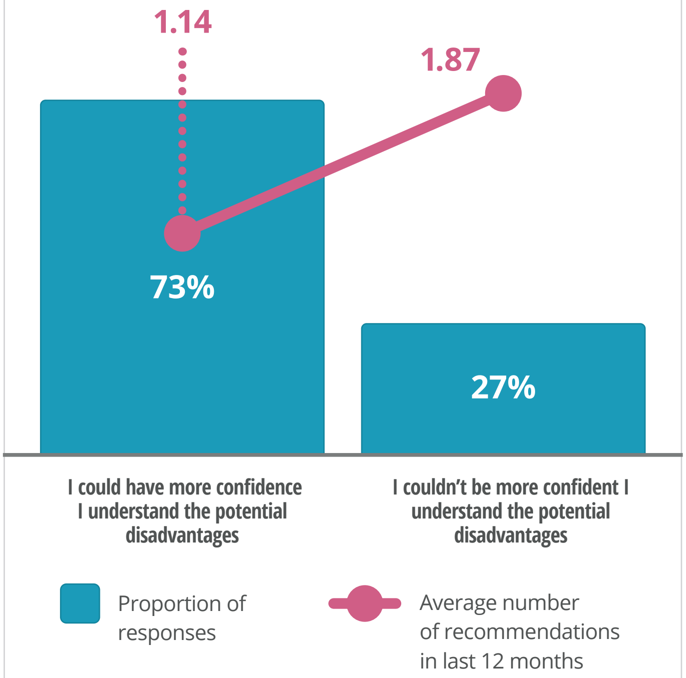
Two aspects to clients' confidence in recommending an adviser

We've explored this in two ways through the Elevation platform: clients' confidence they understand the possible downsides of their adviser's advice, and clients' confidence they are on track to achieve their goals.

Client confidence that they understand the potential disadvantages of their adviser's recommendations can be thought of as one of two "silver bullets" for advocacy.

Clients who fully understand the potential disadvantages of their adviser's recommendations would advocate them 64% more often than those who could have had more confidence about their understanding of any disadvantages. Advisers have work to do here, as just 27% of clients said they had maximum confidence in their understanding of the potential disadvantages of their adviser's recommendations.

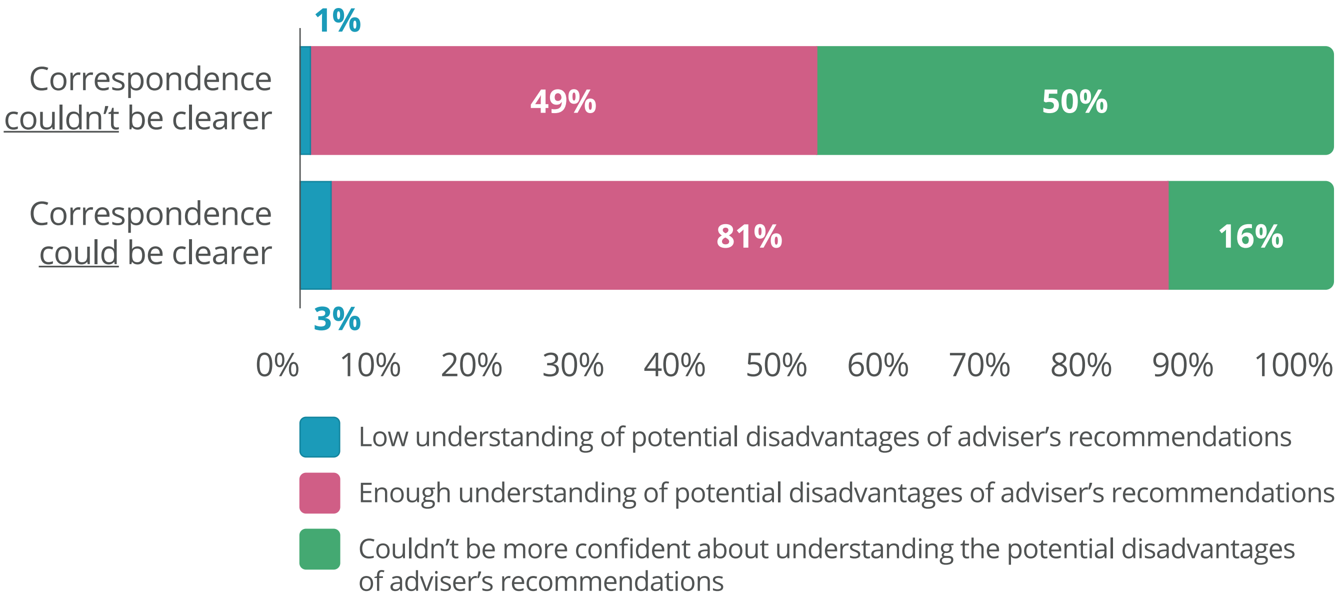
How confident are you that you understand the potential disadvantages of your adviser's recommendations?



When it comes to relaying the risks in a product recommendation, advisers rely heavily on written correspondence – which makes a lot of sense when it comes to dealing with regulatory oversight.

The data bears this out, as half of clients fully understood the potential disadvantages of the products they had been recommended when they felt the written correspondence they received "couldn't be clearer". Yet just 16% of clients who felt the correspondence could have been clearer felt they fully understood the possible disadvantages of the adviser's recommendations.

The impact of correspondence clarity on clients' understanding of risk

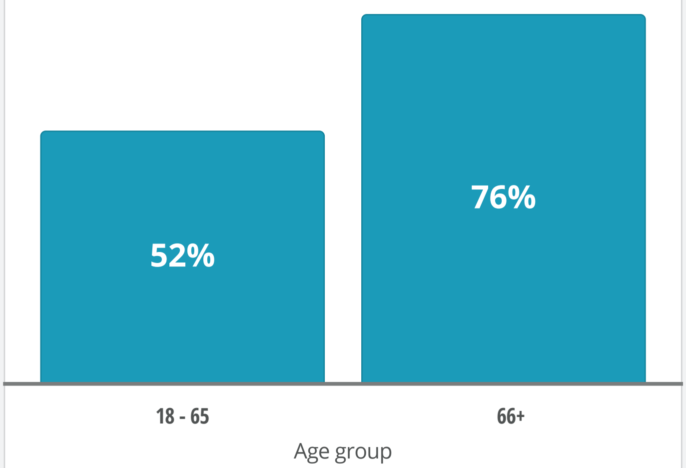


Why it's particularly key older clients understand risk

Older clients – those 66 or over – who have absolute confidence they understand the risks associated with the advice they have received, refer their adviser 76% more often than older clients with less confidence. Younger clients in the same position only refer 52% more when they fully understand risk.

> *"Older clients who have absolute confidence they understand the risks refer their adviser 76% more often*

% increase in recommendations when client is completely confident about risk

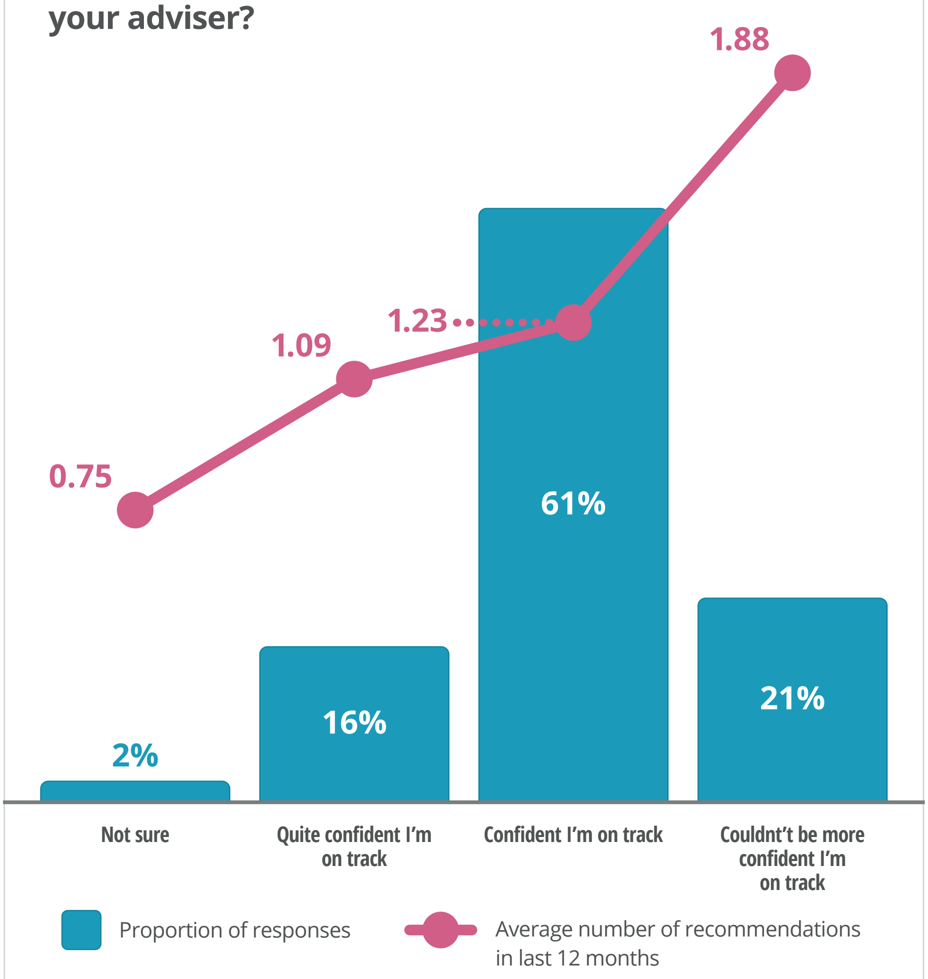


Staying on track

Ensuring clients are completely confident they are on track to achieve their goals can be thought of as the second "silver bullet" for advocacy.

> ***"Clients with maximum confidence they are on track to hit their goals recommend their adviser 1.88 times on average, 53% more than those who were merely confident they were on track.***

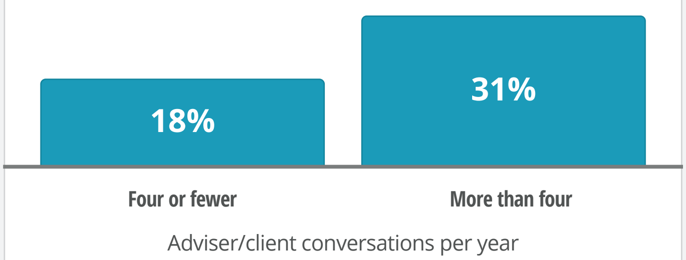
How confident are you that you are on track to achieve the goal(s) you are working towards with your adviser?



How to ensure clients feel on track?

Frequent communication is one factor that helps to build this confidence. Clients who meet their adviser more than four times per year are almost twice as likely to have maximum confidence that they are on track to achieving their goals than those who meet their adviser four times or fewer. More regular check-ins clearly work well.

% of clients with maximum confidence they're on track to achieve their goals



CASE STUDY: DRIVING ADVOCACY

SETUL MEHTA, HEAD OF BUSINESS DEVELOPMENT AND ADVISER SERVICES, THE OPENWORK PARTNERSHIP

The Openwork Partnership is a national financial advice firm with nearly 4,500 advisers across the UK and over 1.2 million clients.

Data from VouchedFor's Elevation platform reveals that 42% of The Openwork Partnership's financial advice clients describe themselves as 'passionate advocates' for their adviser, which is 45% above the industry average of 29%. This matters because, on average, passionate advocates make 1.94 recommendations per year. More than double the 0.96 per year made by clients who don't describe themselves as passionate advocates.

> *"Data from VouchedFor's Elevation platform reveals that 42% of The Openwork Partnership's financial advice clients describe themselves as 'passionate advocates' for their adviser*

Looking at the factors that drive advocacy, The Openwork Partnership is ahead of the industry in areas like client understanding of risk, clients feeling their adviser is accessible to them and clients feeling they are on track to achieve their goals.

"We are committed to ensuring great client outcomes," says Setul Mehta, Head of Business Development and Adviser Services for The Openwork Partnership. "This starts with attracting the right advisers, whose focus is on delivering the best outcomes for their clients over simply making a sale. We support our advisers with extensive training and resources on everything from the softer skills through to identifying clients who need additional support."

THE Openwork PARTNERSHIP

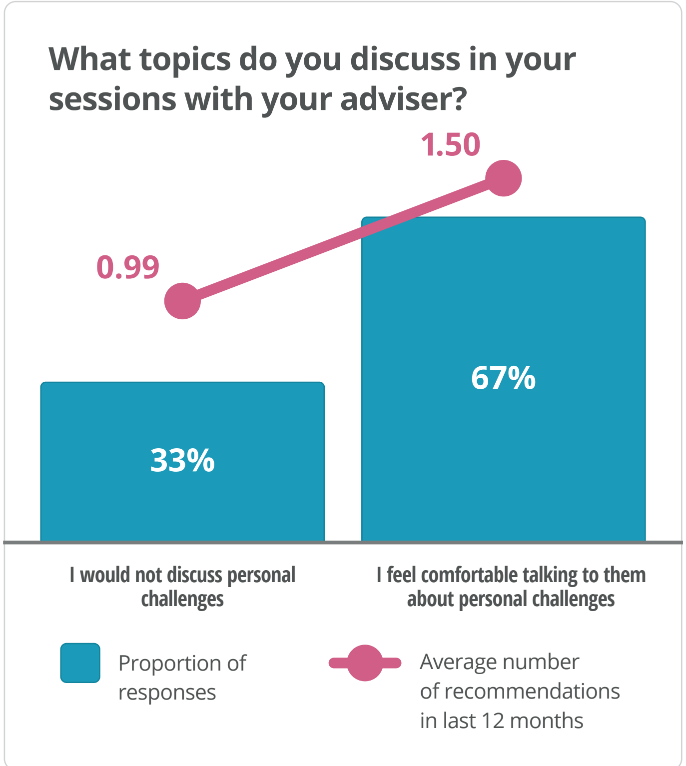
BUILDING STRONG RELATIONSHIPS

Most clients have at least some level of trust in their adviser, otherwise they wouldn't be a client for very long. So, we have tested various questions to measure the depth of the client/adviser relationship, and we have found a strong correlation between clients who are comfortable opening up to their adviser about personal challenges such as health and bereavement, and their level of delight and advocacy.

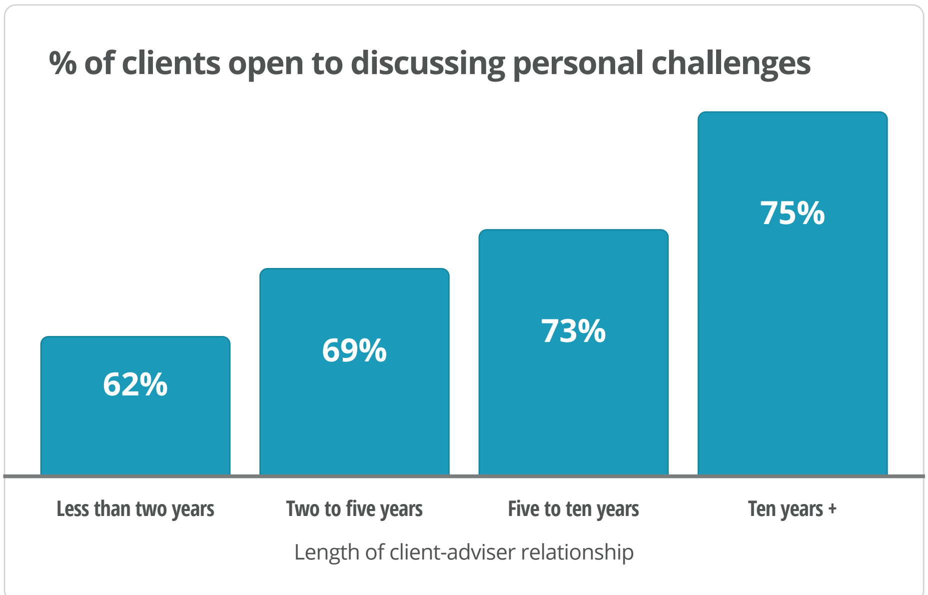
Personal discussions

More than two thirds of clients (67%) would be comfortable sharing personal challenges with their adviser. However, that means that 33% of clients wouldn't be comfortable sharing personal challenges.

This is a worrying statistic. As the chart shows it leads to reduced advocacy. But it also makes it much harder for advisers to identify a client is in a vulnerable situation, a key focus of the FCA's Consumer Duty paper, if the client isn't comfortable discussing personal challenges.



> *"33% of clients aren't comfortable discussing personal challenges*



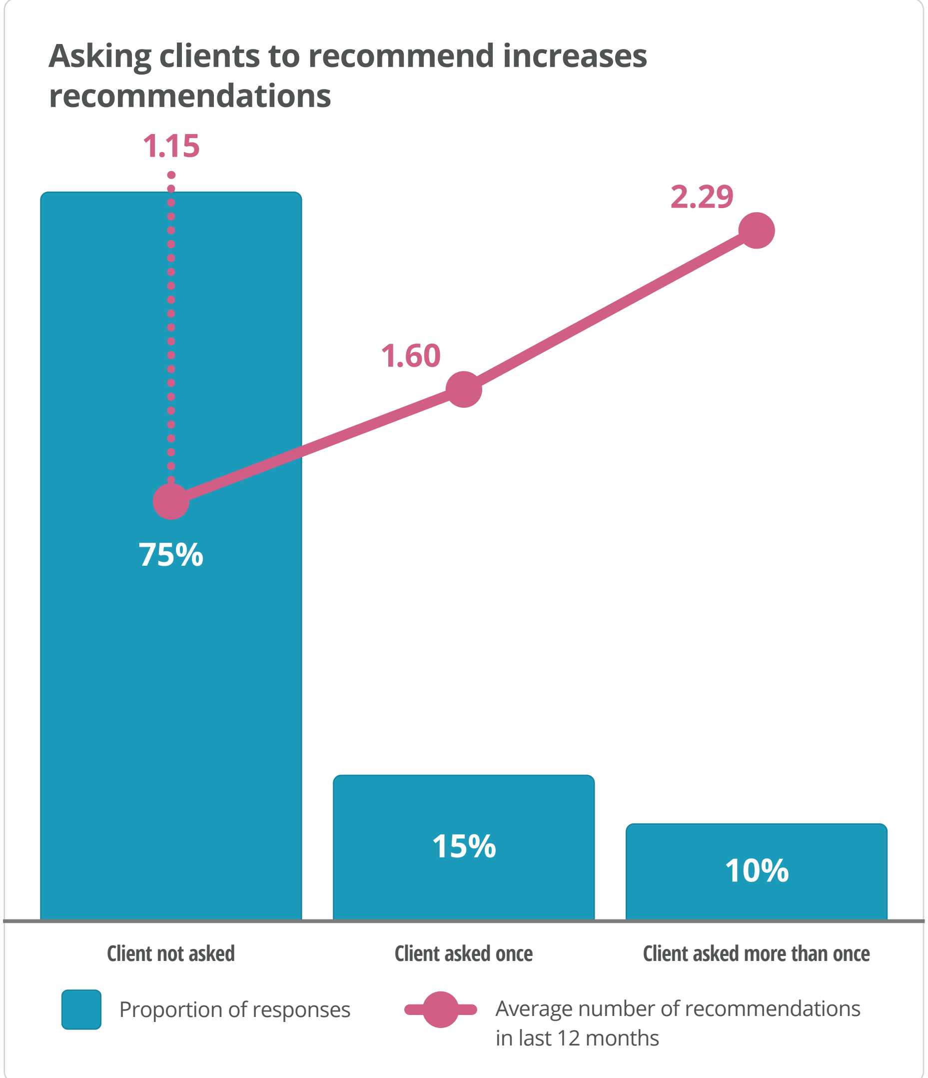
It would be reasonable to assume that the length of an adviser-client relationship is an important factor here, and indeed there is a correlation between relationship length and clients being more open to discussing personal challenges. However, as the chart shows, 25% of longstanding clients would not be comfortable discussing personal challenges.

Asking for recommendations

There is a strong relationship between whether a client has been asked to recommend their adviser and the number of recommendations the client reports having made. But it seems most advisers are a little shy about asking for recommendations – three quarters of clients (75%) have never been asked by their adviser to recommend them.

> ***"Three quarters of clients (75%) have never been asked by their adviser to recommend them***

The data in this graph speaks to the impact of asking for recommendations on clients making recommendations. But how many of those recommended actually get in touch?



TOP TIP

"Advisers are often unsure how to ask for referrals. I suggest that rather than putting the focus on how referrals help *you* grow *your* business, you focus on the greater good, and your desire to help your clients' loved ones," says Ben Wright, founder at Change Squared (previously a Tenet board member).

Persuasive recommendations

How likely the person is to get in touch can depend on how persuasive the recommendation is. So, we asked clients: "In what circumstances would you recommend your adviser?"

Respondents include those who say they would recommend to certain people in specific circumstances, but also those who say they would be a 'passionate advocate' for their adviser. Passionate advocates are more likely to be persuasive in their recommendations.

Asking passionate advocates to recommend is marketing gold. Passionate advocates who are asked to recommend more than once make an average of 2.98 recommendations per year.

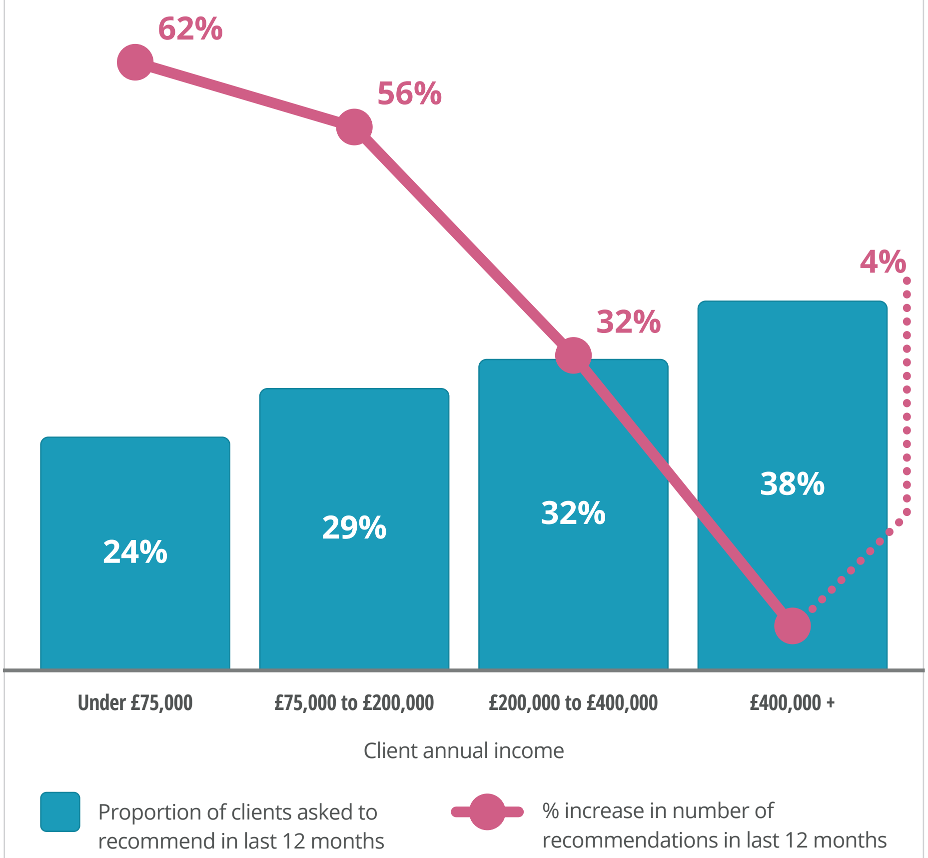
> *"Passionate advocates who are asked to recommend more than once make an average of 2.98 recommendations per year*

Asking clients with higher incomes to recommend

Clients with higher incomes are asked to recommend more often, but the higher the client's income the weaker the percentage increase in the number of recommendations. It suggests that advisers could be asking the wrong clients to advocate for them.

The idea that higher-earning clients may have higher net-worth friends makes sense and it would be reasonable for advisers to assume they could get a good recommendation as a result. But the data suggests better advocacy could come from clients with slightly lower incomes.

Asking clients with higher incomes to recommend is less effective



EXECUTIVE SUMMARY: DELIGHTING EXISTING CLIENTS

On average, across the industry, our data shows financial advisers receive 1.33 recommendations per client per year. Advisers who achieve maximum satisfaction in each of the 6 key areas below can dramatically increase the number of recommendations they receive:

Advisers who wow clients in all of the 6 key areas achieve an average number of 3.09 recommendations per year:

SECTION 3: MEETING THE CONSUMER DUTY

In the last decade, the regulator and the industry have been moving towards firms and advisers taking increasing responsibility for their clients' experience. The latest regulation from the FCA, the Consumer Duty, is the next step on that journey.

This section explores data relating to the four consumer outcomes outlined in the Consumer Duty paper. The data suggests that this regulation is much needed, and that there is a powerful commercial case for treating the Consumer Duty as more than a box-ticking exercise.

> *"There is a powerful commercial case for treating the Consumer Duty as more than a box-ticking exercise*

Consumer Duty Report powered by Elevation

VouchedFor's Elevation platform enables advice firms to bring the voice of their clients into their Consumer Duty response. The Consumer Duty report that Elevation produces evidences your proactivity and the quality of your clients' experience to the regulator. See extracts from an example report in the Appendix.

CONSUMER DUTY OUTCOME 1: **CONSUMER UNDERSTANDING**

"We want firms' communications to support and enable consumers to make informed decisions about financial products and services. We want consumers to be given the information they need, at the right time, and presented in a way they can understand."

FCA Consumer Duty Consultation CP21/36, December 2021

Our data shows room for improvement when it comes to communication.

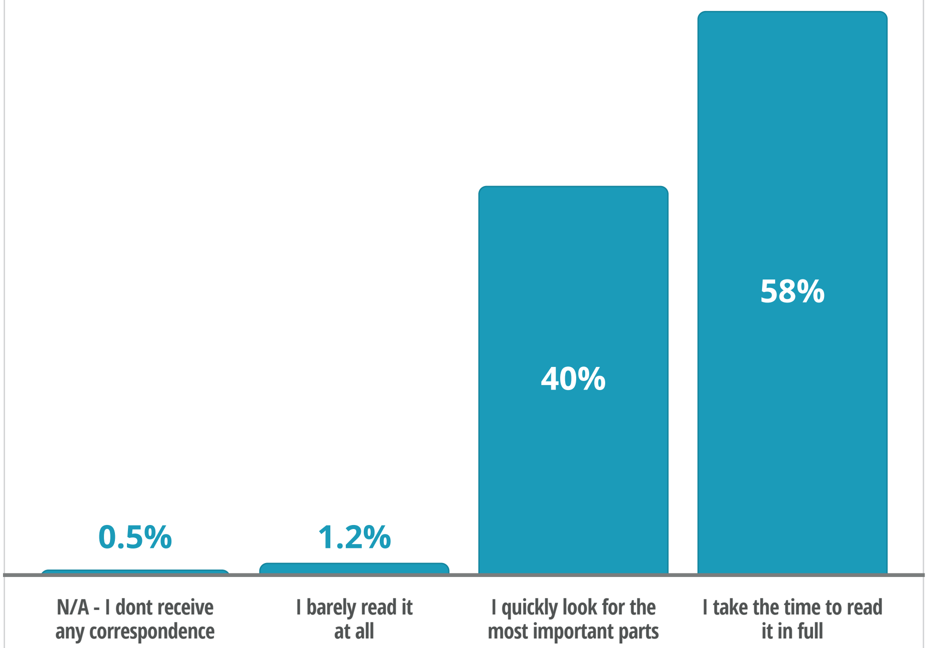
11% of clients found the correspondence they receive from their adviser and their firm to be only quite clear. This figure increases to 17% for clients who have low financial knowledge.

More encouragingly, only 0.53% of clients say the correspondence is not clear, or don't receive any correspondence at all.

As discussed earlier in the report, there is a significant commercial opportunity in improving the clarity of correspondence. Clients who say that correspondence couldn't be clearer recommend 45% more on average than those who only said it was clear.

1.2% of clients barely read the correspondence they receive from their adviser. This figure increases to 4.3% for clients who have low financial knowledge.

How do you engage with the correspondence you receive from your adviser and/or their firm?



As shared in the chart on page 16, around 2% of clients speak with their adviser less than once per year. It's likely that for many of these clients the communications standard set out in the Consumer Duty is not being met. 19% of clients only speak with their adviser once a year, which may also make Consumer Duty adherence harder.

As discussed earlier in the report, speaking with clients more frequently increases the likelihood that they will recommend the adviser. Clients who speak to their adviser more than four times per year recommend them twice per year on average.

CONSUMER DUTY OUTCOME 2: **PRODUCTS & SERVICES**

"We want all products and services for retail customers to be fit for purpose. We want them to be designed to meet consumers' needs. These are essential steps if firms are to act to deliver good outcomes to consumers."

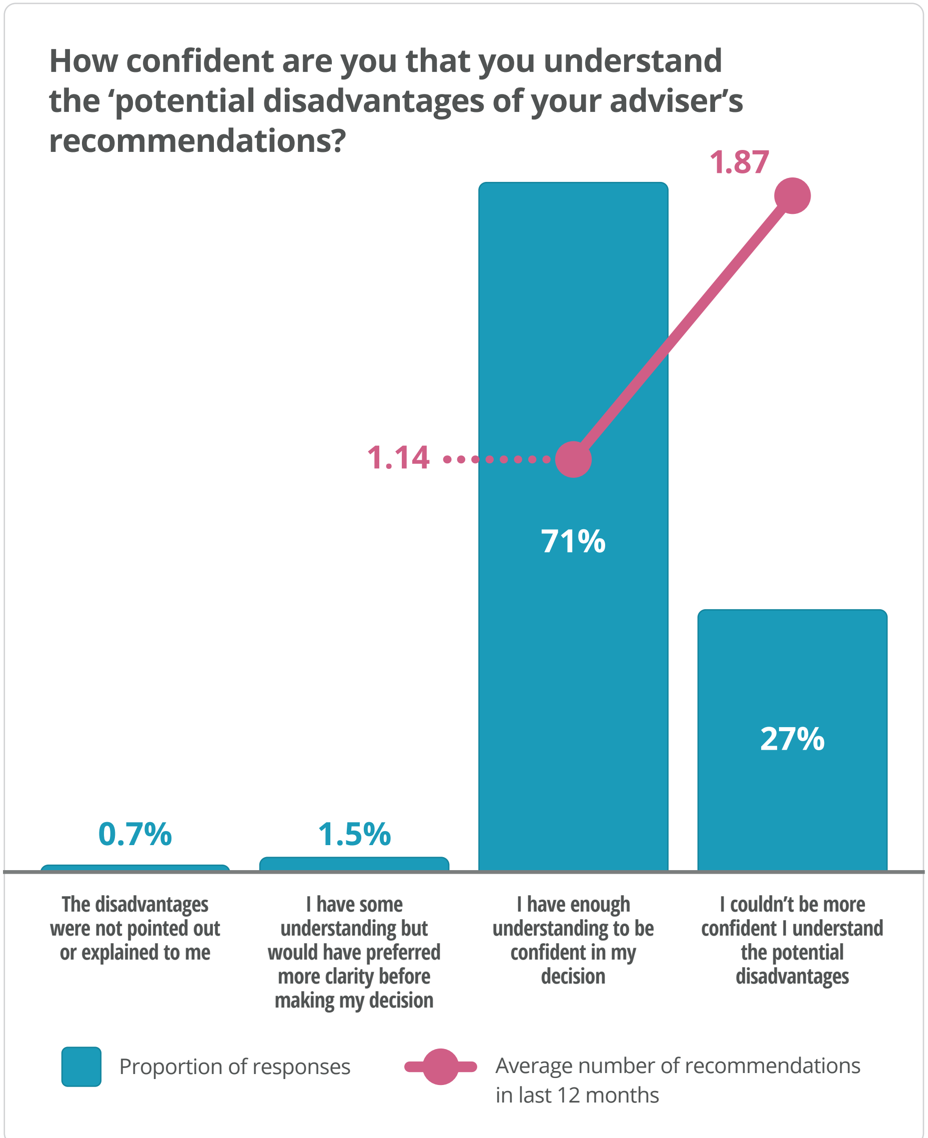
FCA Consumer Duty Consultation CP21/36, December 2021

Within this outcome it's important that clients are in products that align with their risk tolerance. To test this we asked clients whether they understood the potential disadvantages of their adviser's recommendations. A minority registered low understanding here.

1.5% of clients have some understanding of the potential disadvantages but would have preferred more understanding before making their decision. This figure increases to 2.2% for clients with low financial knowledge.

As discussed earlier in the report, building clients' confidence in their understanding of the potential disadvantages of the adviser's recommendations increases the likelihood that they will recommend them. Clients with maximum confidence that they understand the potential disadvantages recommend their adviser 1.87 times per year on average.

> ***"1.5% of clients have some understanding of the potential disadvantages but would have preferred more understanding before making their decision***



CASE STUDY: RISING TO THE CONSUMER DUTY

STUART PHILLIPS, CEO, THE PRIVATE OFFICE (TPO)

The Private Office (TPO) is a chartered financial planning firm with nearly 50 advisers across the UK.

Data from VouchedFor's Elevation platform reveals that 95% of TPO's clients' feedback shows no markers of risk, which is one of the best firm-level scores we've seen and is 16% higher than the industry average of 83%.

The firm performs particularly well vs the industry in areas like clients feeling comfortable discussing vulnerabilities, regular communication and clients reading correspondence in full. All of which are important within the Consumer Duty, which requires firms to identify clients who need extra support and to ensure all clients receive the right information at the right time to facilitate informed decisions.

"Meeting the Consumer Duty requirements is about having the right processes and the right culture in place," says Stuart Phillips, CEO of The Private Office.

> "
> ***Meeting the Consumer Duty requirements is about having the right processes and the right culture in place***

"We've invested in the rigorous process of collecting feedback from prospective and existing clients to help us focus our efforts. This, together with other quality metrics, feeds into appraisals, recognition and other internal processes."

"But the right processes alone are not enough. Everyone in the business - from advisers through to paraplanners and operational support colleagues - takes ownership of our 'client first' culture. And also of ensuring that great client outcomes, which is what the Consumer Duty is all about, stay front and centre of all we do."

tpo
the private office

CONSUMER DUTY OUTCOME 3: **CONSUMER SUPPORT**

"We want firms to provide a level of support that meets consumers' needs throughout their relationship with the firm. This means firms' customer service should enable consumers to realise the benefits of the products and services they buy and ensure they are supported when they want to pursue their financial objectives."

FCA Consumer Duty Consultation CP21/36, December 2021

A measure of consumer support is how comfortable clients feel contacting their adviser, a theme we explored earlier in the report.

1% of clients would always wait for the next scheduled meeting to contact their adviser, and 25% would only contact them between scheduled meetings for urgent or important questions.

As discussed earlier in the report, ensuring clients feel able to contact their adviser with any questions is associated with a higher level of advocacy. Clients who feel able to contact their adviser whenever they have a question recommend 30% more than those who only contact their adviser for urgent or important questions.

There is some room for improvement in helping clients understand the benefits of the advice they are receiving.

> ***"16% of clients are only quite confident that they are on track. This figure increases to 20% for clients with low financial knowledge***

As shared on page 22, 2% of clients aren't sure whether they are on track to achieve their goals. This figure increases to 2.4% for clients with low financial knowledge. 16% of clients are only quite confident that they are on track. This figure increases to 20% for clients with low financial knowledge.

Ensuring clients are confident they are on track to achieve their goals has a significant impact on the level of advocacy. Clients who have maximum confidence that they are on track to achieve their goals recommend 53% more than those who are merely confident that they are on track.

CONSUMER DUTY OUTCOME 4: PRICE AND VALUE

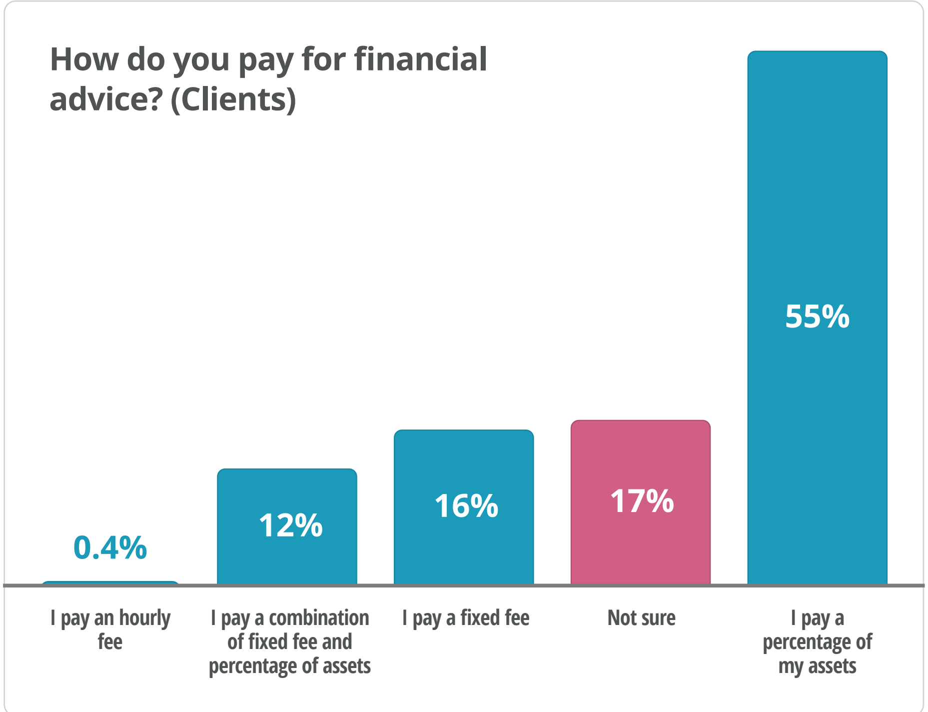
"Distributors must not distribute products unless they are satisfied the product/service provides fair value."

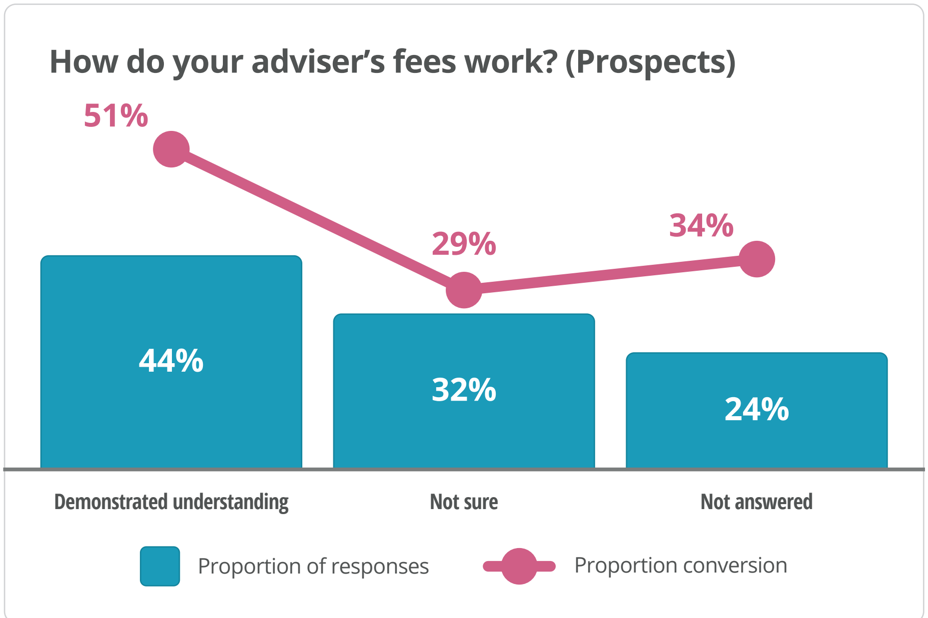
FCA Consumer Duty Consultation CP21/36, December 2021

It's hard for clients to understand value without first understanding cost. And, our data shows that a large proportion of clients don't understand the fees they are being charged.

One in six clients said they were not sure how their adviser's fees work, a worrying fact since this should be something made explicitly clear at the start of the adviser/client relationship.

Clearly there is more work to do here. As the chart below shows, one in three prospective clients (32%) said they were not sure how the adviser's fees work. A quarter (24%) chose not to even answer the question.





A clear explanation of fees is an important element of advisers' duty to consumers. But it's also commercially beneficial because a lack of understanding correlates with a reduced conversion rate. Only 29% of prospects who said they weren't sure about how fees were charged intended to become a client. This rose to more than half (51%) who understood how the fees work.

CONCLUSION:
USE DATA TO FOCUS YOUR EFFORTS

The importance of understanding how clients see and experience advice is vital for firms to understand if they are going to not only comply with their regulatory requirements, especially under the new Consumer Duty, but also to increase their business value.

> ***"Elevation is a powerful tool that provides actionable data at every level within the business: central management, line manager and adviser level.***

It is clear from the data in this report that there are a number of blind spots limiting the advocacy advisers can expect from existing clients. In short, they need to be clearer about fees, clearer in their communications and offer better explanations of the risks associated with their advice.

By using the data available, it is easier for advisers to identify where they need to focus their efforts to improve their offering and the relationship they have with their clients and prospective clients.

Elevation is a powerful tool that provides actionable data at every level within the business: central management, line manager and adviser level. By using this effectively to create a better understanding of where improvements need to be made, adviser businesses can enjoy a more comfortable and prosperous relationship with their clients.

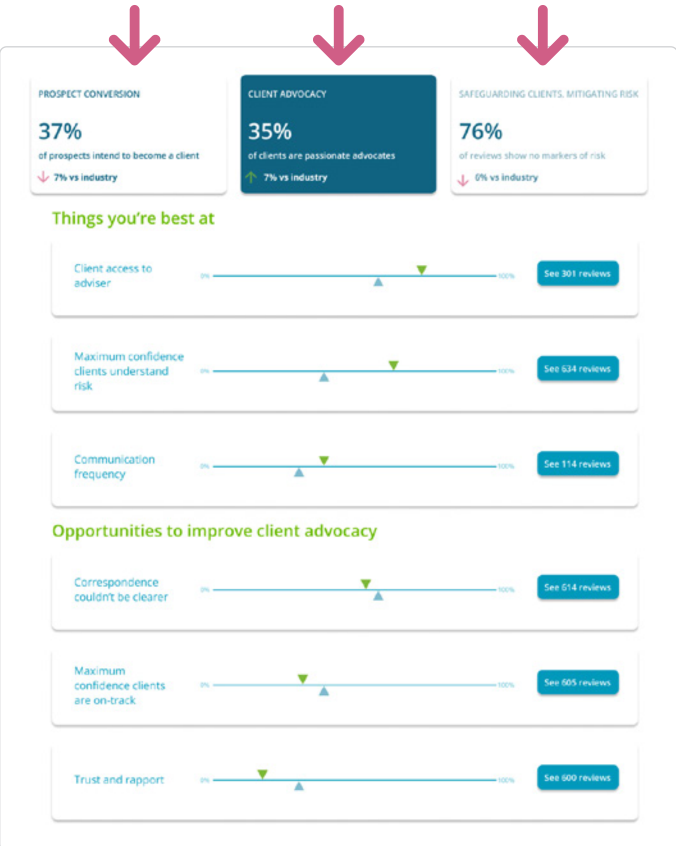
Equally important, clients can be sure that their advisers have their best interests at the heart of their business. Something that can only benefit both parties going forwards.

APPENDIX

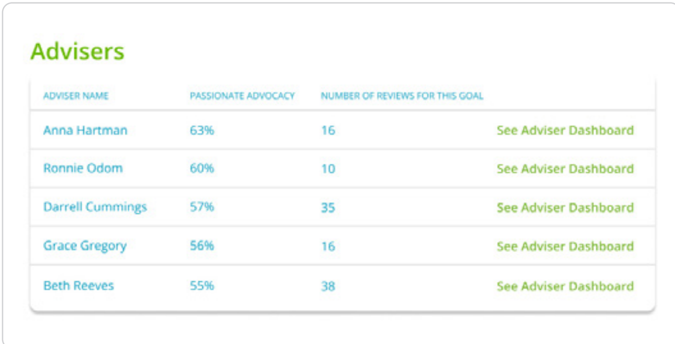
The Elevation Platform

Elevation is a new platform from VouchedFor. It uses insights from 250,000 clients to help firms improve client experience, driving revenue and reducing risk in the process. Over 50 firms have already signed up to Elevation, including Ascot Lloyd, The Private Office, Kingswood and others.

Elevation reveals progress against these 3 goals at firm and adviser level.



Elevation improves conversion, advocacy and risk over time. It makes it easy to stay focussed on great client outcomes.



Advisers

ADVISER NAME	PASSIONATE ADVOCACY	NUMBER OF REVIEWS FOR THIS GOAL	
Anna Hartman	63%	16	See Adviser Dashboard
Ronnie Odom	60%	10	See Adviser Dashboard
Darrell Cummings	57%	35	See Adviser Dashboard
Grace Gregory	56%	16	See Adviser Dashboard
Beth Reeves	55%	38	See Adviser Dashboard

Consumer Duty Report

Elevation powers a Consumer Duty report showing firms (and the regulator) progress against the 4 outcomes.

Elevation
a VouchedFor platform

Consumer Duty Report for Anonymised Firm
FCA ID 123456

Introduction

At the core of the consumer duty lies a requirement for firms to put customers at the heart of their business. We believe the best way to do that is to put customer feedback at the centre of all we do; allowing us to measure and monitor ourselves against the requirements of the New Consumer Duty regulation from the FCA.

Anonymised Firm has implemented the use of the Elevation client experience monitoring solution from VouchedFor in order to fulfill this.

This report summarises the latest statistics from our client feedback on meeting the principles, rules and outcomes of the New Consumer Duty. We are committed to this as an ongoing monitoring solution.

Principles

We understand the core parts of the pri…
firm's actions hav…

Outcome 1: Consumer Understanding

Metrics based on responses from 581+ reviews for

REGULATORY REQUIREMENTS	METRIC	ALL CLIENTS	VULNERABLE CLIENTS	INDUSTRY AVG
Client understands features. Firms should communicate in a way that is reasonably likely to be understood and facilitate decision making. Consumers given the information they need, at the right time, and presented in a way they can understand.	Correspondence is clear	99%	100%	99%
	Read correspondence	95%	90%	98%
	Speak to adviser at least once per year	94%	96%	97%
Client understands costs	Clear on how fees work	77%	63%	82%
Client understands risks	Understand potential risks	53%	44%	75%
Client understands if benefits meet needs	Confident they are on track to meet their goals	98%	97%	99%

…BLE | INDUSTRY AVG
75%
INDUSTRY AVG
95%
distributed to consumers in their target market rather than other consumers | needs

…ABLE | INDUSTRY AVG
99%
68%
99%
4.9/5

Design and monitor processes that take needs into account, including those of vulnerable groups. Consider customer service needs of their target market

Real-time and continuously collected review data supports continuous improvement on customer service

…ERABLE …NTS | INDUSTRY AVG
4.8/5
82%
99%

To be able to show us that they have made an assessment and can demonstrate why they consider that the relationship between the price and benefits is

Real-time and continuously collected review data supports evaluation of fair value and understanding of benefits and costs

Research approach

VouchedFor is passionate about helping everyone access the best advice for them and the platform - VouchedFor.com – enables consumers to find and check financial advisers. Public reviews give advisers the chance to shine and outline the excellent service they provide.

Each review form on VouchedFor includes an optional private survey to measure client experience. The questions are analytical and drive to the heart of three main points:

- What makes a great first impression?
- How best can you delight existing clients and promote advocacy and retention?
- How can you mitigate risk and identify/protect vulnerable clients?

Analysis of over 250,000 reviews has highlighted the most powerful client experience drivers. Each question is multiple choice, and reveals the depth a client or prospective client engages with their adviser.

These drivers and goals are divided into two main surveys. The first examines a prospective client's initial consultation with their adviser:

- Advisers can invite prospects to review them on VouchedFor, but if the enquiry for the adviser comes through VouchedFor.com, we will ask the prospect directly for feedback.
- For the first impression section of this report, we only consider survey responses from direct enquiries submitted through VouchedFor.com. Analysis shows these responses tend to be more representative of the industry. Responses from invited prospects are at risk of being biased towards prospects who intended to become a client.

Our Elevation platform uses machine learning and statistical analysis (classification decision trees, logistic regression, chi-squared tests, and Student's T-tests) to examine which drivers have the most profound effect on the client/adviser goals whilst ensuring that all results are 100% reproducible.

The second survey is designed for existing clients of advisers:

- Advisers are encouraged to invite clients to answer surveys after first becoming a client, and then annually following their Annual Review meeting. The relationship between the number of times a client has recommended their adviser in the last 12 months and relevant drivers and demographic data is analysed. The aim is to identify what pleases existing clients, and what prompts them to promote their adviser to others and to remain clients.

Throughout both surveys we pay particular attention to those respondents who select the most negative responses that could identify the types of clients who may be at risk.

Powered by

Elevation

a VouchedFor platform

For questions about this report or to learn more about the Elevation platform please email **elevation@vouchedfor.co.uk**.