Selling the same product direct and through advisers

For distribution and proposition directors at asset managers, platforms and insurers: what changes when a product sold through advisers is also offered direct, and how to run both channels without one undermining the other.

IN BRIEF

The problem

A direct channel looks like a way to reach the many people who don't take advice, but the same product can struggle direct and unsettle the advisers who sell it.

Why it happens

Advisers do work the product's price doesn't show, from checking suitability to adapting communication for clients in vulnerable circumstances, and a direct channel has to replace it.

What to do

Treat the direct channel as a separate proposition with its own target market, support and economics, and decide openly how its price relates to the advised one.

01

Why firms look at direct

The case for a direct channel starts with a number. In the FCA's Financial Lives survey for 2024, published in May 2025, 8.6% of adults had received regulated financial advice in the previous 12 months, while 29% had no advice but may have needed it. The survey also found that 11% of adults had invested through a non-advised platform. Most adults, in other words, don't see an adviser in a given year.

Since April 2026, firms have also had a new tool. Targeted support lets firms with the right permission give suggestions designed for groups of customers with common characteristics, for pensions and retail investments, without a personal recommendation.

The harder question is whether a product built for the advised channel works when nobody is advising.

02

What the adviser was doing

An adviser does several jobs that don't show up in a product's price. They check the product suits the client. They explain it, and the alternatives.

They adapt how they communicate for clients in vulnerable circumstances. They handle the client's questions and changes for years afterwards. And they absorb part of the cost of finding the client in the first place.

A direct channel has to decide who now does each of these jobs. Under the Consumer Duty's consumer understanding and consumer support outcomes, the firm has to provide the explanation and support a direct customer needs. The FCA's March 2025 review of how firms treat customers in vulnerable circumstances found more work to do on products, services and outcomes monitoring.

> FROM EXPERIENCE
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> In my own advice firms I applied the Consumer Duty in practice, adapting advice and communication for clients with ill health, age-related needs and neurodivergence. At my last firm I was principal adviser for over 400 clients.
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> That work sits outside the product's price, which is why it is easy to forget when a product moves to a direct channel. If the direct proposition doesn't replace it, the customers who most need that help are likely to get the least from the product.

03

The economics are different

In the advised channel, the adviser finds and keeps the client. In the direct channel, the firm pays to acquire each customer and carries the cost if they leave early. Average balances can also be smaller, which matters when revenue is a percentage of assets.

ILLUSTRATIVE EXAMPLE

Paying back the cost of acquiring a direct customer

Customers leaving each year	Payback period	Net value over 10 years
None	4.5 years	£425
10%	5.7 years	£155
20%	10.5 years	-£4

Illustrative: average balance £25,000; product margin 0.45% a year, or £112.50; servicing cost £35 a year; acquisition cost £350 per funded account. Customers leave at the end of each year, so each pays the first year's margin in full. Balance growth and discounting are left out.

On these assumptions the direct channel's value depends on retention: if one customer in five leaves each year, it barely breaks even over 10 years. Retention, not acquisition volume, is the number to watch.

04

Running both channels

Decide how the prices relate, openly. If the direct price is lower than the advised one for the same product, advisers are likely to notice, and some may move clients elsewhere. A different share class or wrapper can be justified by different costs. A difference that can't be explained is likely to be read as competing with the advisers who distribute the product. The fair value assessment will also have to explain why advised customers pay more for the same product.

Write a target market for each channel. The customers buying direct are not the advised customers without an adviser. Define who the direct version is for, who it isn't for, and the support they need.

Build the support before the marketing. Explanation, guidance or targeted support, and a service team trained to recognise vulnerability, should all be in place before customers arrive.

Report each channel separately. Sales, retention, complaints and outcomes by channel. A blended figure can hide a direct channel that is losing money or customers.

Questions for the board

01 Who is the direct version of the product for, and how does that differ from our advised target market?

02 What did advisers do for these customers that we now have to do, and is it built and funded?

03 What retention have we assumed, and what happens to the economics if customers leave twice as fast?

04 How does our direct price compare with the advised one, and could we explain the difference to an adviser?

05 How will we identify and support customers in vulnerable circumstances without an adviser?

06 Do we report sales, retention, complaints and outcomes separately for each channel?

A direct channel can reach people the advised market doesn't, and it serves them well only if it replaces what advisers were doing. Built that way, it can sit alongside the advised channel rather than against it.

If this is on your table, a 30-minute conversation is usually enough to tell whether I can help.

Talk to Mark

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ABOUT THE AUTHOR

Mark Woodruff is a Chartered Actuary (FIA) and Chartered Financial Planner (FPFS). He spent 15 years pricing and building products at Aviva, Prudential, Partnership and St. James's Place, then more than seven years founding and running advice firms through to a substantial sale. Through Mark Woodruff Consultancy he works with financial services firms on product, pricing, distribution and governance.

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Published October 2026
Regulatory references correct at October 2026
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