Where the costs sit when platforms and advice firms merge

For CEOs, CFOs and integration leads at platforms, wealth managers and advice consolidators: where integration costs tend to sit beyond the purchase price, and what the board should ask before the deal and in the first year after it.

IN BRIEF

The problem

Acquisition cases count the expected savings carefully and the integration costs loosely, so the payback slips once clients, systems and people have to move.

Why it happens

The largest costs sit in client migration, parallel running, file quality and adviser retention, which a financial model rarely shows in detail.

What to do

Price the integration as carefully as the deal, test the case against a longer parallel run, and give the board an owner and a measure for each cost.

01

A consolidating market

The advice and wealth market is consolidating. The FCA's survey of advice firms, published in April 2026, found the number of firms fell by 15% between 2021 and 2025, to about 5,500, and that about a third of the largest firms planned to buy other firms within two years. The FCA's review of consolidation in the sector, published in October 2025, set no new rules but listed the risks it was watching. They include debt that weakens the regulated firm, group solvency that relies on goodwill, due diligence done as a box-ticking exercise and incentives that steer clients to group products.

Several of those risks show up first in the cost and conduct of the integration.

02

Where the costs sit

Before completion. Due diligence should reach the advice files: whether recommendations were suitable, whether clients paying for ongoing advice received it, and what past business could come back as complaints. The FCA's February 2025 findings on ongoing advice services, which asked firms to check delivery back to 2018 and consider redress, make that last check more than a formality. Add professional indemnity cover and the regulatory timetable: the FCA has 60 working days from a complete change in control notice to decide, and requests for more information can pause the clock.

Moving clients. Assets have to be re-registered between platforms, transferred in specie where possible, and moved without unnecessary tax or charges for clients. Each move needs client communications that people understand and a service team ready for the questions. The Consumer Duty requires firms to avoid causing foreseeable harm to retail customers, and a badly run migration is an obvious way to cause it.

Systems and data. The costs sit in back-office systems, client records, reconciliation and the time both systems run side by side. Parallel running is easy to underestimate, because it stops only when the last client and the last report have moved.

People. Clients tend to stay with their adviser, so keeping advisers through the integration often decides whether clients stay. Retention arrangements, clear roles and a sensible approach to incentives cost money, and the FCA has warned against incentives that steer clients to group products.

Governance. The acquiring firm has to decide who oversees the acquired one, how its outcomes reach the Consumer Duty board report, and what the board sees in the first year.

03

The cost of a longer parallel run

ILLUSTRATIVE EXAMPLE

The same deal with migration completed in 12 or 24 months

	Migration in 12 months	Migration in 24 months
One-off integration cost	£1.2m	£1.2m
Parallel running at £50,000 a month	£0.6m	£1.2m
Savings by month 36, at £100,000 a month	£2.4m	£1.2m
Position at month 36	**£0.6m**	**-£1.2m**
Break-even	**Month 30**	**Month 48**

Illustrative. Savings start only once migration is complete; parallel running stops at the same point. No discounting.

A year's delay in migration doesn't only add a year of running costs. It also pushes back every pound of saving, so the case moves from break-even in month 30 to month 48. Test the business case against the longer timetable before the price is agreed, not after.

FROM EXPERIENCE

At St. James's Place, after the firm acquired the discretionary fund manager Rowan Dartington, I attended its board on several occasions to provide oversight and input on behalf of St. James's Place, deputising for my line manager, a director. Earlier, at Aviva, I merged IFRS reporting for Aviva Linked Life and Aviva Life & Pensions.

I also founded and ran a succession of advice practices between 2018 and 2026, through to a substantial sale. From both sides of a deal, my view is that the work that matters most sits in client records, systems and people, and a headline savings figure rarely shows it.

04

The first year after completion

Agree before completion what the board will see each quarter in the first year: clients migrated and still to move, parallel running cost against plan, adviser and staff retention, client complaints and attrition, and any advice files needing remediation. Give each line an owner. A board that sees only the savings line will learn about the rest when they become expensive.

Questions for the board

01 What have we assumed about how long both systems run in parallel, and what happens to the case if it takes twice as long?

02 What did due diligence find in the target's advice files and ongoing service records, and what have we priced in for it?

03 How will clients move, what will they be told, and what will each move cost them in time, tax or charges?

04 Which advisers and staff matter most to keeping clients, and what keeps them through the integration?

05 After the deal, do the regulated firms have enough capital of their own, and does group solvency depend on goodwill?

06 When will the acquired firm's outcomes appear in our Consumer Duty board report, and who owns them until then?

Acquisition cases are usually built around expected savings, but their results depend on the integration. Pricing the integration with the same care, before the deal is signed, gives the board a realistic payback and a plan to hold management to.

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

Talk to Mark

mark@markwoodruff.co.uk · 07391 820971 · markwoodruff.co.uk

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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