Preparing an advice firm for sale

For owners of financial advice firms and wealth businesses who may sell in the next few years: what buyers examine, what tends to reduce the price or move it into deferred payments, and the work worth doing well before a buyer appears.

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IN BRIEF

The problem

Owners tend to start preparing when a buyer appears, by which point the files, the client base and the firm's dependence on its founder are what they are.

Why it happens

Value in an advice firm rests on recurring revenue, and buyers test whether it is evidenced, transferable and likely to stay after the sale.

What to do

Start two or three years ahead, run the buyer's due diligence on yourself, and fix what it finds while there is still time.

01

What buyers are buying

A buyer of an advice firm is buying its recurring revenue and the likelihood that it continues after completion. Ongoing advice is the core of it: introducing its February 2025 review of ongoing advice services, the FCA noted that about 80% of revenue from adviser charges related to ongoing services.

That makes three questions decisive: whether the revenue is evidenced, so the firm can show that clients paying for ongoing advice received it; whether it is transferable, rather than dependent on the founder or one adviser; and whether it will stay when the people clients know step back.

02

Where buyers look

Evidence of ongoing service. The FCA's 2025 review found reviews were delivered in about 83% of cases at the large firms it examined, and asked firms to check their delivery back to 2018 and consider redress where clients paid for reviews they didn't receive. A careful buyer will check the same thing, client by client.

Advice file quality. Suitability, evidence of Consumer Duty outcomes, how clients in vulnerable circumstances were supported, and any past business, such as defined benefit transfers, that could return as complaints.

The client base. Age profile, assets per client, concentration among the largest clients and, above all, how many clients are tied to the founder.

People. Adviser contracts, retention arrangements and who could run the firm without the founder.

Systems, data and permissions. Records a buyer can migrate, data protection in order, the right regulatory permissions and a complaints history that stands scrutiny. A buyer acquiring control of an FCA-authorised firm needs the FCA's approval first, and the FCA has up to 60 working days from a complete notice to decide, with pauses for information requests.

03

How preparation shows up in the price

Deals for advice firms often pay part of the price after completion, linked to how much recurring revenue stays. That puts the cost of weak preparation where the seller feels it.

ILLUSTRATIVE EXAMPLE

What the seller receives for each £1m of agreed price

Revenue retained at 2 years	Deferred payment	Total received
100%	£500,000	£1,000,000
95%	£475,000	£975,000
90%	£450,000	£950,000
85%	£425,000	£925,000
80%	£400,000	£900,000

Illustrative: for each £1m of agreed price, half is paid on completion and half after two years, scaled by the share of recurring revenue retained. Deal terms vary widely between buyers.

Retention after a sale depends largely on work done before it: clients who know more than one person in the firm, service that is documented and consistent, and advisers with a reason to stay.

FROM EXPERIENCE

Between 2018 and 2026 I founded and ran a succession of advice practices (Forbury Financial; Bromiley & Partners, later MW & Partners; and Eight Financial Advice) through to a substantial sale of the business. I ran them jointly with a business partner and then on my own, with teams of up to 10. At Eight Financial Advice I was principal adviser for over 400 clients and more than £80m of funds under management. As Senior Quality Assurance Representative, I took the practice into the Institute and Faculty of Actuaries (IFoA) Quality Assurance Scheme, and in a Vistage peer board of chief executives and founders I gave and received challenge on exit planning.

Seen from the seller's chair, most of the work that protects value is done years before a buyer appears.

04

A pre-sale review

Two or three years before a possible sale, run the buyer's due diligence on the firm yourself, or ask someone independent to. Sample files, test ongoing service evidence against what clients paid for, map which clients depend on which adviser, and list anything that could come back as a complaint. Then fix what you find, while fixing it still adds value rather than just reducing the discount. The FCA's March 2026 proposals to simplify advice rules (CP26/10), including periodic rather than annual reviews, may change what ongoing service looks like; the final rules are expected later in 2026.

Questions for the board

01 Could we show, for every client paying an ongoing fee, that the service was delivered?

02 How much of our revenue depends on the founder or a single adviser, and what would a buyer assume about it?

03 What would a buyer find in a sample of our advice files, and have we looked first?

04 What past business could come back as complaints, and how is it covered?

05 How does our client base split by age, assets and adviser, and what does that mean for retention after a sale?

06 What deferred payment terms would we accept, and on what measure of retention?

Preparing early gives a seller time to fix what a buyer would find, and the evidence to support the price when the buyer looks. Starting with the ongoing service records, client by client, usually shows where the work is.

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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