Using AI in advice firms and platforms under the Consumer Duty

For owners of advice firms and executives at platforms and wealth managers: where AI is entering advice and customer service, what the Consumer Duty expects of it, and the checks that keep a person accountable for each outcome.

IN BRIEF

The problem

AI note-takers, report drafting and chat assistants can spread through advice firms and platforms faster than the checks around them.

Why it happens

The tools save time from the first week, while the risks, such as a note that misses what a client said about their health, show up later and one client at a time.

What to do

Map where AI touches each client, decide what a person checks at each point, and keep records that would let the firm explain any outcome.

01

Where AI arrives first

AI tends to arrive in an advice firm through the adviser's working day: a note-taker in client meetings, a tool that turns a fact-find into a first draft of the suitability report, an assistant that drafts follow-up emails. On a platform, it may be the chat assistant a customer meets before a person. Each saves time from the first week. The risks show up later, one client at a time.

The rules haven't changed to make room for it. The FCA has said it does not plan extra rules for AI and will rely on existing ones, naming the Consumer Duty and the Senior Managers and Certification Regime. The protections haven't changed either.

In its March 2026 perimeter report, the FCA noted that people using general-purpose AI tools for financial questions aren't receiving regulated advice and have no Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) protection. When a regulated firm uses AI in a regulated service, its clients keep the protections that come with it, and the firm keeps responsibility for the outcome.

The practical starting point is a map: for each tool, where it touches a client, what it produces, who checks it, and what the firm keeps, with one senior manager accountable for the whole.

02

What a person checks, and when

WHERE AI SITS

Five uses in advice firms and platforms, and the check each needs

Where AI is used	What can go wrong	What a person checks
Meeting notes	Smooths over what the client said about health, worries or family	Adviser corrects it the same day, keeping the client's own words
Fact-find	Figures taken from old documents, or gaps filled with assumptions	Adviser confirms the figures and the gaps with the client
Suitability report	Generic reasons, at a length few clients will read	Adviser makes the reasons this client's, and edits for length
Letters and emails	A standard tone and format that doesn't suit the client	Adviser adapts tone and format for clients who need it
Platform chat	No clear route to a person when a customer needs one	A visible route to a person; regular review of failed conversations

A starting list. The right checks depend on the tool, the firm and its clients, and the time they take belongs in the business case.

03

Clients in vulnerable circumstances

The Duty requires firms to tailor communications to their customers' characteristics, including any characteristics of vulnerability, and to design support that meets those customers' needs (PRIN 2A.5 and 2A.6, as at October 2026). The FCA's guidance on vulnerable customers (FG21/1) groups the drivers of vulnerability under health, life events, resilience and capability.

These are the clients an AI tool is most likely to let down, because what matters is often in the detail: how a client described a diagnosis, what they found hard to follow, how they would like to hear back. A summary written for the typical client tends to lose that detail.

> 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 Eight Financial Advice I was principal adviser for over 400 clients.
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> Adapting advice for those clients depended on details that were easy to miss and mattered a great deal to the client. Those are the details I would check first in any AI-written note or report.

Notes about a client's health are special category data under data protection law. The FCA and the Information Commissioner's Office said jointly in March 2026 that data protection law does not stop firms using information about vulnerability to support customers. Clients should still know what a note-taker records and why, and the firm needs a lawful condition for recording health information.

04 Reports for clients, records for the file

In its February 2026 response to the FCA's Mills Review, the Financial Ombudsman Service asked the FCA to set clear expectations for firms to give it and the consumer a clear rationale for how AI contributed to an outcome, and said it would welcome clarity on record keeping. Keep the AI draft, the adviser's changes and the name of the tool used, so the firm can show where the judgement came from.

AI makes long reports cheap to produce. The FCA's proposals for simplifying advice rules (CP26/10, March 2026) go the other way: suitability reports should be "concise and consumer-focused", and not "designed or used primarily as compliance records". These are proposals, not yet final rules, but they point to a sensible design: a short report for the client, written in the client's terms, with the evidence kept on file.

05 Platforms and targeted support

On a platform, the consumer support outcome applies to a chat assistant as it does to a call centre. Support has to meet the needs of customers, including those with characteristics of vulnerability, without unreasonable barriers to making an enquiry, a complaint or a switch. An assistant that can't tell when someone needs a person works against that.

Targeted support, live since 6 April 2026, carries no rules specific to AI. The FCA has said it will keep engaging with firms on their use of AI, including for targeted support. A firm that uses AI to decide which customers receive which suggestions is responsible for the outcome, in the same way as for any other part of the service.

Where a tool makes a significant decision about a customer with no meaningful human involvement, data protection law requires safeguards. The Data (Use and Access) Act 2025 rewrote these rules with effect from February 2026: the customer has to be told, and can make representations, ask for a person to intervene and contest the decision.

Questions for the board

01 Which AI tools are our advisers and staff using, including any they have adopted themselves?

02 Who reads and corrects AI meeting notes, how soon after the meeting, and how do we know it happens?

03 Do our AI-drafted suitability reports give reasons specific to each client, in a length and language the client can follow?

04 How do our tools handle clients whose advice or communication needs adapting, and how do we check?

05 If a client complained, could we show the Financial Ombudsman Service how AI contributed to the advice?

06 Can a customer using our chat assistant reach a person easily, and who reviews the conversations that went wrong?

AI can give advisers and service teams back hours each week. The firm stays responsible for every outcome, so some of that time is best spent on the checks, and on the clients whose circumstances a tool is most likely to miss.

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

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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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