



Response to the FCA's Discussion Paper on

DP25/3: Expanding Consumer Access to Investments

From the Transparency Task Force

<https://www.fca.org.uk/publications/discussion-papers/dp25-3-expanding-consumer-access-investments>

Date of submission: 6th March 2026

About the Transparency Task Force

The Transparency Task Force (TTF) is a UK-based Certified Social Enterprise with a formal mission to 'Promote reform of the financial sector so it serves society better.' We are UK-based but operate internationally, with various degrees of engagement in 20 countries.



We are committed to driving positive change through transparency, accountability and integrity across financial services.

We advocate for consumer protection, fair markets, and access to justice for those harmed by misconduct.

We believe that 'sunlight is the best disinfectant' and our 'North Star' question is always: "what's best for the consumer?"

1. Introduction

The Transparency Task Force welcomes the opportunity to respond to FCA Discussion Paper DP25/3 on Expanding Consumer Access to Investments.

We are responding from the standpoint of:

- **Protecting consumers and retail investors,**
- **Promoting transparency in regulatory decision-making,**
- **Challenging weaknesses in the regulatory framework that enable misconduct, and**
- **Ensuring that changes to the regulatory framework do not inadvertently harm consumers.**

We recognise that DP25/3 raises genuinely important questions. The UK has a persistent problem with sub-optimal consumer investment behaviour - too many consumers hold excess cash while simultaneously too many financially vulnerable consumers take on inappropriately high investment risk. These are real problems that deserve careful and considered regulatory attention.

We therefore approach this discussion paper in a constructive spirit. Unlike some recent FCA proposals where our concerns were predominantly and rightly about deregulatory risk, DP25/3 opens a broader conversation about how the regulatory framework can genuinely serve consumers better. We welcome that. However, several questions in this paper carry risks we wish to flag clearly, and we have serious concerns about specific areas - most notably digital engagement practices, the treatment of high-risk speculative products, and the Financial Promotion Order exemption thresholds.

Our overarching position is this: expanding consumer access to investments is a worthwhile goal, but it must be achieved by building consumer capability and confidence through genuine financial education, high-quality targeted support, and trustworthy regulated products — **not** by lowering safeguards, weakening frictions that protect consumers, or accommodating industry lobbying under the banner of ‘removing barriers’.

2. Executive Summary of TTF’s Position

We support the following aspects of DP25/3:

- The FCA’s recognition that over-cautious behaviour at both ends of the risk spectrum is damaging to consumer financial wellbeing;
- The focus on improving financial literacy and consumer confidence as primary levers for change;
- The acknowledgement that targeted support, if well-designed, can help bridge the advice gap;
- The FCA’s concerns about the Financial Promotion Order exemption thresholds being too low and outdated; and
- The principle of risk-based rather than product-label-based regulation of speculative products.

We have significant concerns about the following:

- **Digital Engagement Practices (DEPs):** The FCA must not allow firms to exploit gamification to drive trading volumes. Current rules are inadequate. We call for mandatory design standards and an outright ban on the most harmful gamification features.
- **Appropriateness test weakening:** Any reduction in appropriateness test protections risks exposing consumers to unsuitable high-risk investments. We oppose changes that would make it easier for consumers to circumvent the test.
- **Speculative products (CFDs, leveraged ETPs, margin lending):** The current evidence shows widespread consumer harm. Regulatory ‘consistency’ in this area must mean consistently strong protection, not consistently weak.
- **The ‘growth agenda’ framing:** We continue to be concerned that the language of growth and competitiveness is being used to justify reducing consumer protections. Sustainable growth requires consumer trust, which requires robust protection.
- **The Consumer Duty as a substitute for specific rules:** As we have consistently argued, principles-based protection is insufficient when firms have financial incentives to harm consumers.

3. The Wider Context: Trust, Harm and the Growth Agenda

3.1 The Trust Deficit Is the Real Barrier to Investment

The FCA’s own Financial Lives Survey data shows that only 39% of adults have confidence in UK financial services and only 36% believe most financial firms are honest and transparent. The FCA cites fear of scams as holding back 34% of potential investors.

This is the real barrier to retail investment participation - not regulatory friction. Consumers who do not trust financial markets will not invest in them regardless of how easily promotions can reach them or how few hurdles they must clear. The solution is rebuilding trust, not lowering standards. Rebuilding trust requires the FCA to demonstrate that it will protect consumers from harm, act decisively against misconduct, and enforce its rules robustly.

3.2 The Pattern We Have Seen Before

We have seen this pattern repeatedly in UK financial services: ‘light touch’ regulation followed by scandal. The regulator prioritises growth and reduces regulatory burden; firms exploit the space created; consumers suffer avoidable harm on a massive scale. The examples are painfully familiar:

- London Capital & Finance: 11,600 bondholders lost £237 million;
- Woodford Investment Management: investors lost £3.7 billion;
- British Steel Pension Scheme: 7,700 people mis-sold;
- Car finance scandal: systematic wrongdoing affecting millions, with whistleblower evidence ignored since 2016;

- PPI: the largest retail financial mis-selling scandal in UK history.

In each case, the regulatory framework allowed harm because consumer protections were treated as a constraint to be minimised rather than an objective to be maximised. DP25/3 must not repeat this pattern.

3.3 The 'Growth Agenda' Must Not Dictate Regulatory Design

We note that DP25/3 is explicitly linked to the government's growth agenda and the FCA's secondary competitiveness objective. We wish to register our concern clearly: the FCA's primary objective is to help ensure relevant markets work well, and that can only happen if there is appropriate consumer protection. Its secondary objective must not be allowed to dilute it.

Consumer protection and economic growth are not in tension. A thriving retail investment culture requires investors who trust the market, products they can understand, and confidence that if things go wrong, they have recourse. Weakening protections does not create a healthier investment culture - it creates a more dangerous one, as the repeated cycle of mis-selling scandals demonstrates.

4. Trading Apps and Digital Engagement Practices (DEPs)

4.1 Our Position

We are deeply concerned about the proliferation of digital engagement practices (DEPs) in retail investing platforms. The evidence shows that many features commonly deployed by trading apps are not neutral conveniences - they are deliberately designed to increase trading frequency, encourage risk-taking, and blur the line between investing and gambling.

The FCA's own data shows that almost half of trading app users (47%) are aged 18–34, and that use of non-advised trading platforms nearly doubled between 2020 and 2024. This would be broadly positive if these platforms were supporting long-term, diversified, appropriate investing. The evidence suggests otherwise for a significant subset of users.

4.2 The Evidence of Harm

Key evidence of harm from DEPs includes:

- 80% of retail CFD clients lose money - a statistic that has remained stubbornly consistent despite existing regulatory interventions;
- Trading apps with gamification features (leaderboards, push notifications, streak rewards, default investment amounts) have been shown in academic literature to increase trading frequency, which reduces net returns for retail investors due to transaction costs and poor timing;
- Younger investors, who disproportionately use trading apps, are also disproportionately likely to be investing in high-risk assets including crypto and CFDs;
- The blurring of investing and gambling is not hypothetical - multiple trading app operators have faced regulatory action in Australia, the Netherlands and elsewhere for DEP-related harms.

4.3 TTF Recommendations on DEPs

The FCA should:

1. **Introduce mandatory DEP design standards.** Specific features that have been shown to increase harmful trading behaviours should be prohibited outright. These include: leaderboards and social comparison features; streak rewards for daily trading; push notifications encouraging trading based on market movements; pre-populated default order amounts designed to increase order size; and countdown timers creating artificial urgency.
2. **Require firms to evidence that their DEP design promotes positive long-term investor behaviour.** Under the Consumer Duty, firms must deliver good outcomes. The FCA should clarify that DEPs which increase harmful trading frequency are inconsistent with the Duty and constitute foreseeable harm.
3. **Apply mandatory 'friction' to high-risk transactions facilitated through trading apps.** Where apps facilitate CFDs, leveraged products, or crypto trading, specific friction requirements should apply - including a mandatory 24-hour cooling-off for first-time transactions, and clear real-time loss disclosure.
4. **Commission independent research on DEP harm in the UK retail market.** The FCA should not proceed to rulemaking without robust evidence. An urgent thematic review should be initiated.
5. **Consult specifically on gamification.** A separate targeted consultation on DEPs and gamification should be published, with consumer research, before any rule changes are finalised.

5. Fractional Investments

5.1 Our Position

Fractional investment is an area where regulatory evolution is genuinely warranted. The ability to invest small amounts in a diversified range of assets can support better long-term financial outcomes for consumers - if done well. However, the regulatory treatment of fractional investments must reflect the reality of what is being offered. When a consumer buys a fraction of a share, they are entering a contractual arrangement with the platform that may differ significantly in character from owning a whole share. The risks - including counterparty risk to the platform, different custody arrangements, potential lack of shareholder rights, and restricted liquidity - must be clearly disclosed.

5.2 TTF Recommendations on Fractional Investments

6. **Ensure consistent disclosure.** Regardless of the technical structure of the fractional arrangement, consumers should receive clear, prominent disclosure of the key differences from whole-asset ownership, including counterparty risk, custody arrangements, and any restrictions on rights.

7. **Communicate FSCS protection status prominently.** Where fractional arrangements are FSCS-protected, this should be prominently disclosed. **Where they are not, this should be equally prominently disclosed.**
8. **Require platform resilience standards.** The failure of a platform offering fractional investments could leave consumers unable to access their assets. The FCA should ensure adequate capital requirements and wind-down planning for fractional platforms.
9. **Do not lower suitability requirements.** Fractional investments expand access - they do not change the need to ensure consumers understand what they are buying. The appropriateness test should apply in full.

6. Model Portfolio Services (MPS)

6.1 Our Position

We strongly support the FCA's observation that consumers are likely to perceive MPS as similar to managed funds, and that the regulatory treatment should reflect this reality. The current situation - where MPS can present as broadly equivalent to authorised funds in terms of consumer experience but without comparable regulatory requirements - creates a genuine protection gap.

Consumers choosing between an authorised fund and an MPS offering a similar investment proposition should be able to compare them on a like-for-like basis, with confidence that both are subject to comparable standards. Any harmonisation must raise MPS standards to match those of authorised funds. It must not reduce fund standards to the level of MPS.

6.2 TTF Recommendations on MPS

10. **Standardise key disclosures.** At minimum, MPS should be required to disclose costs, risk profiles, past performance (with appropriate caveats), and liquidity terms in a standardised format comparable to authorised funds.
11. **Standardise risk scoring.** The use of labels like 'cautious' or 'adventurous' without a standardised underlying risk score is inadequate. Consumers cannot compare MPS to authorised funds or to each other without standardised risk metrics.
12. **Apply comparable product governance requirements.** Firms offering MPS should be required to demonstrate target market identification, product testing, and value assessment comparable to COLL and PROD requirements for authorised funds.
13. **Review FSCS protection.** Many MPS are not FSCS-protected in the same way as authorised funds. This material difference must be clearly disclosed and the FCA should consider whether the protection gap is appropriate.

7. Speculative Products (CFDs, Leveraged ETPs, Margin Lending, Structured Products)

7.1 Our Position

This is perhaps the area of DP25/3 where we have the greatest concern about the direction of regulatory travel. The framing of the FCA's questions on speculative products - asking whether a 'more consistent regulatory approach' based on underlying risks rather than product labels is needed - could be positive if it means strengthening protections for all products with similar high-risk profiles. It is deeply concerning if it means weakening the stronger protections currently applied to CFDs and similar products.

The evidence is unambiguous: **80% of retail CFD clients lose money**. This is not a market functioning well for consumers. It is a market functioning well for firms. The appropriate regulatory response is not to make these products more accessible - it is to ensure that consumers who do access them fully understand and can absorb the risks involved.

7.2 The Risk of 'Consistency' Meaning Weakening

We are concerned that 'risk-based consistency' could become a mechanism for reducing the strong protections that currently apply to CFDs while nominally applying the same framework to other products. This would be a serious step backwards. The FCA must be explicit that any harmonisation means applying the strongest applicable protections across all similar high-risk products - not the lowest common denominator.

7.3 TTF Recommendations on Speculative Products

14. **Retain and strengthen current CFD restrictions.** The FCA should not weaken the leverage limits, risk warnings, or appropriateness requirements currently applying to CFDs. The 80% loss rate is evidence that these restrictions remain insufficient, not evidence that they should be relaxed.
15. **Apply comparable protections to all products with similar risk profiles.** Leveraged ETPs, margin lending, and structured products with complex payoffs should face appropriateness requirements, risk warnings, and cooling-off periods comparable to those applying to CFDs.
16. **Require real-time profit and loss disclosure.** All speculative products should display real-time P&L prominently during and after trading. Consumers who cannot see how much they are losing cannot make informed decisions.
17. **Mandate loss reporting.** Firms should be required to report aggregate retail client profit and loss data annually by product category, publicly, to enable consumers and the FCA to assess market-wide outcomes.
18. **Investigate the 80% CFD loss rate.** The FCA should conduct a formal review of why the 80% loss figure has remained unchanged despite existing regulatory interventions, and consult on further measures before any relaxation of current rules.

8. Peer-to-Peer Lending (P2P)

8.1 Our Position

We broadly agree with the FCA's current policy approach to P2P lending. The sector's contraction reflects both market consolidation and the withdrawal of platforms that could not meet appropriate standards. This is not a failure of regulation; it is evidence that the regulatory framework has appropriately sorted the market. We are supportive of P2P lending as a source of funding for SMEs, but we do not believe that facilitating P2P growth should come at the expense of consumer protection.

8.2 TTF Recommendations on P2P

19. **Maintain the current investment cap for non-sophisticated retail investors.** The 10% cap is an important safeguard. It should be maintained.
20. **Ensure wind-down plans are robust and regularly stress-tested.** Platform failure remains the greatest P2P consumer risk.
21. **Improve the disclosure on defaults.** Consumers must be given clear, standardised information about platform default rates, recovery rates, and the range of outcomes for investors in the relevant lending categories.
22. **Do not expand P2P access without accompanying improvements in disclosure quality.**

9. Financial Promotion and Distribution Rules

9.1 Our Position

We welcome the FCA's focus on this area. The financial promotion framework is one of the most important consumer protection mechanisms in retail investment - it determines who sees what, and under what conditions. We are particularly concerned about two issues: the effectiveness of the RMMI/NMMI categorisation framework, and the Financial Promotion Order (FPO) exemptions.

The simple reality is that the FCA could make rules - as opposed to legislate - to ensure that *all* financial promotions are not misleading, but it has thus far not chosen to do so.

The FCA's current thinking seems to be about increasing the number of people exposed to these potentially misleading promotions and denying those people other protections, such as FOS access.

The irony is that expanding the number of financial scandals and ensuring more people are affected by them will further reduce public confidence in our financial sector and cut propensity to save and invest, all of which harms the honest majority of firms, our economy and citizen welfare.

9.2 The RMMI/NMMI Framework

The framework introduced in PS22/10 was a significant improvement. However, we have concerns about its effectiveness in practice:

- Firms are using increasingly sophisticated marketing to present high-risk products in ways that technically comply with the framework's letter while undermining its spirit;
- Online marketing techniques - including algorithmic targeting, lookalike audiences, and social media influencer promotion - are not adequately captured by a framework designed in a pre-social-media era;
- The appropriateness test, which acts as a key friction for RMMIs, is being administered inconsistently across firms, with some effectively rubber-stamping test completion rather than assessing genuine understanding.

9.3 Financial Promotion Order Exemptions — A Serious Consumer Protection Gap

We strongly agree with the FCA's concern about the FPO exemptions. The current thresholds - £100,000 annual income or £250,000 in net assets to be deemed 'high-net-worth', and the relatively low bar for 'self-certified sophisticated investor' - have not been updated since July 2001. They are woefully out of date.

At current house price levels, a homeowner who remortgages or sells their property in many parts of the UK can easily hold assets of £250,000. That does not make them a sophisticated investor capable of evaluating complex unregulated financial promotions. The FPO thresholds were not designed for a 2026 UK asset price environment.

The consequence is that very large numbers of consumers are being classified as 'high-net-worth' or 'sophisticated' under the FPO exemptions and exposed to promotions for unregulated or high-risk products without the protections that would otherwise apply - including the requirement to be fair, clear and not misleading.

9.4 TTF Recommendations on Financial Promotions

- 23. Call urgently on HM Treasury to update the FPO thresholds.** The FCA cannot update the FPO itself as it is set by legislation. However, it should make the strongest possible case to HM Treasury for immediate revision. At minimum, the annual income threshold should be raised to £250,000 and the net assets threshold to £750,000, with CPI indexation thereafter.
- 24. Review the 'self-certified sophisticated investor' category.** This category relies entirely on self-assessment with minimal verification. It should be replaced with a test requiring demonstrated knowledge and experience, not mere self-attestation.
- 25. Address social media and influencer promotion.** The FCA should issue specific guidance on the application of financial promotion rules to social media, including influencer marketing, with meaningful enforcement action against breaches.
- 26. Strengthen appropriateness test administration.** The FCA should conduct a thematic review of how firms are administering appropriateness tests and take enforcement action where firms are using the tests as a tick-box exercise rather than a genuine friction point.
- 27. Publish data on financial promotion breaches.** Annual publication of data on financial promotion referrals, enforcement actions, and outcomes would enable public accountability and deter breaches.

10. The Appropriateness Test

10.1 Our Position

The appropriateness test is an important consumer protection. For execution-only sales of complex or high-risk investments, it is often the only meaningful point at which a consumer's understanding of the risks is assessed. We are concerned that DP25/3 approaches this test primarily as a potential barrier to be reviewed, rather than as a protection to be preserved and strengthened.

The FCA notes that the rules have been 'adapted over a long period of time and may be outdated.' We agree they should be reviewed for consistency and proportionality. However, the objective of any review must be to ensure the test is genuinely effective at preventing consumers from accessing products they do not understand - not to make it easier to complete.

10.2 Key Concerns

- Many firms are treating the appropriateness test as a compliance formality rather than a genuine assessment. The solution is better enforcement of the existing test, not a reduced test.
- The 'non-complex financial instrument' exclusion is being interpreted broadly, meaning consumers access products with significant risks without any assessment. This gap should be closed, not expanded.
- Online test design allows many consumers to complete the test by guessing until they pass, defeating its purpose entirely. The FCA should mandate minimum standards for test design, including randomisation of questions and a meaningful pass threshold.

10.3 TTF Recommendations on the Appropriateness Test

28. **Retain the appropriateness test as a mandatory requirement.** Do not allow firms to route around it through broader 'non-complex' exclusions or weaker equivalents.
29. **Strengthen test design standards.** The FCA should mandate minimum standards for test construction, including question randomisation, prohibition on 'retry until pass' mechanics without a meaningful cooling-off, and minimum pass thresholds.
30. **Conduct a thematic review of test administration.** Before any rule changes, the FCA should assess how effectively firms are currently administering the test and publish the findings.
31. **Close the non-complex instrument gap.** The definition of 'non-complex' should be reviewed to ensure it does not create an easy route around the test for products that carry significant risk.
32. **Do not make circumvention easier.** We strongly oppose any proposal to allow consumers to override a failed appropriateness assessment more easily than current rules permit.

11. Consumer Duty and Its Interaction with Other Rules

11.1 Our Position

We have consistently argued, and continue to argue, that the Consumer Duty - while a positive development - is not a substitute for specific, prescriptive rules in areas of significant consumer risk. The Consumer Duty is principles-based, and principles-based regulation only works when firms act in good faith, the regulator actively supervises and enforces, and there are clear, measurable standards. In the context of DP25/3, the Duty should supplement financial promotion and distribution rules, not replace them. Where specific rules provide stronger protections, those protections must be maintained.

11.2 TTF Recommendations on Consumer Duty

33. **Clarify that the Duty does not create a route to remove specific protections.** The Duty framework should not be used as a vehicle for reducing specific obligations in financial promotion, distribution, or appropriateness.
34. **Strengthen Duty enforcement in the retail investment context.** The FCA should publish specific guidance on how the Duty's good outcomes requirements apply to each of the speculative product categories and DEPs discussed in DP25/3.
35. **Require firms to evidence positive outcomes.** Firms should be required to collect and report data on retail investor outcomes - including profit and loss, product retention, and complaint rates - to enable the FCA to assess whether good outcomes are being achieved.

12. Financial Literacy and the InvestSmart Campaign

We strongly support investment in financial education and financial literacy as core tools for improving consumer investment outcomes. The FCA's InvestSmart campaign represents a meaningful effort in this direction, and we welcome the resources invested to date.

However, we note that financial literacy campaigns - however well-designed - have limited impact without a trusted, accessible, affordable pathway from awareness to action. Consumers who understand the opportunity cost of holding cash but cannot access affordable advice or guidance are not meaningfully better off. The advice gap remains critically important and must be addressed through quality as well as access. Expanding access to low-quality guidance could cause as much harm as over-caution.

36. **Increase investment in financial education with measurable outcomes.** The FCA and the Money and Pensions Service should publish evidence of the impact of financial education interventions, including changes in consumer behaviour.
37. **Address the scam fear barrier directly.** 34% of potential investors are held back by fear of scams. The FCA should specifically address this through improved consumer-facing communications about how to verify regulated firms and products.

13. Responses to Selected Discussion Questions

We respond below to the FCA's specific discussion questions where we have substantive views.

Q1: Are there inconsistencies or complexities that create barriers to informed investment risk-taking?

Yes. The key inconsistencies are: the treatment of MPS versus authorised funds; the inconsistent application of appropriateness tests across firms and product types; and the outdated FPO exemption thresholds. These should be addressed as outlined above. TTF cautions, however, that identifying 'inconsistencies' should not become a pretext for lowering protections to the level of less-regulated products. Harmonisation must mean raising standards, not reducing them.

Q2: Do FCA rules adequately mitigate the risks arising from DEPs?

No. Current rules are inadequate to address the most harmful DEP features. The FCA should introduce specific DEP design standards as outlined in Section 4. The Consumer Duty alone is insufficient - firms have commercial incentives to exploit DEPs and the Duty does not provide clear enough standards to prevent this.

Q3/Q4: Opportunities and risks of fractional investments; regulatory treatment

Fractional investments can support better diversification and access for retail consumers. The regulatory treatment should ensure consistent disclosure and consumer protection regardless of the technical structure. FSCS protection status must be transparently communicated. The FCA should not lower appropriateness or suitability requirements for fractional products.

Q5/Q6: MPS - whether more consistent treatment is needed

Yes. MPS should be subject to disclosure, risk categorisation, product governance, and value assessment requirements comparable to authorised funds. Any harmonisation should raise MPS standards to fund standards, not reduce fund standards.

Q7: Speculative products - more consistent risk-based regulatory approach

We support risk-based regulation in principle. However, consistency must mean consistently strong protection based on the highest applicable standard, not the lowest. CFD restrictions should not be weakened. All products with comparable leverage and volatility profiles should face comparable protective requirements.

Q8: P2P - additional interventions or removal of unnecessary barriers

The current framework is broadly appropriate. We do not support expanding P2P access without accompanying improvements in disclosure quality. Wind-down planning and defaults disclosure should be strengthened.

Q9/Q10: Financial promotion rules - effectiveness of RMMI/NMMI framework

The framework is an improvement on what preceded it but has gaps - particularly around online and social media promotion and the administration of appropriateness tests. The FPO thresholds are a serious consumer protection gap that must be addressed urgently by HM Treasury at the FCA's instigation.

Q11/Q12: Appropriateness test - effectiveness and scope

The test is an essential protection that must be retained and strengthened. Its effectiveness is being undermined by inadequate administration standards. We oppose any reduction in the scope or rigour of the test.

Q13: Consumer Duty interaction with financial promotion and distribution rules

The Duty should supplement but not replace specific rules. Where specific rules provide stronger protection, they must be maintained. The FCA should use Duty enforcement actively in this area and require firms to evidence positive outcomes.

Q14/Q15: FPO exemptions - FCA's ability to mitigate harm

The FCA should make the strongest possible case to HM Treasury for urgent upward revision of FPO thresholds, which have not been updated since 2001 and are now deeply inadequate. In the meantime, the FCA should pursue all available supervisory and enforcement levers to mitigate harm from misuse of the exemptions.

14. What Is Missing from DP25/3

We note the following important issues that are either absent from or insufficiently emphasised in DP25/3:

14.1 No Adequate Treatment of Consumer Redress

DP25/3 is almost entirely forward-looking. It does not address the question of what happens when things go wrong - when consumers invest in products that prove unsuitable, when firms fail, or when misconduct occurs. A comprehensive review of the retail investment framework must address redress as well as access. The motor finance scandal, where millions of consumers were systematically harmed over years, is a reminder that good access frameworks without robust redress mechanisms leave consumers deeply vulnerable.

14.2 No Treatment of Vulnerable Consumers

The discussion paper does not adequately address the specific needs and risks facing vulnerable consumers in the retail investment context. Elderly investors, those with cognitive impairment, those in financial distress, and others with characteristics of vulnerability require specific protections that

go beyond the general framework. The FCA should include a vulnerability lens throughout any rule changes arising from this paper.

14.3 The Pension Decumulation Gap

With an ageing population and the shift from defined benefit to defined contribution pensions, an increasing number of consumers are making high-stakes investment decisions in decumulation - converting pension savings into retirement income. The retail investment framework must be adequate for this context, where mistakes are irreversible and the consequences of poor decisions are severe. DP25/3 does not engage with this adequately.

14.4 Enforcement

Better rules are necessary but not sufficient. The FCA's supervisory record in retail investment has been criticised in multiple scandals. Any improvement to the regulatory framework must be accompanied by a credible commitment to active supervision and meaningful enforcement. DP25/3 is largely silent on this.

15. Summary of Key Recommendations

15.1 Critical Recommendations

38. Call urgently on HM Treasury to raise FPO exemption thresholds — the 2001 thresholds are a serious consumer protection gap.
39. Introduce mandatory DEP design standards — ban the most harmful gamification features in trading apps.
40. Retain and strengthen the appropriateness test — do not weaken scope or allow easier circumvention.
41. Harmonise MPS regulation upward to fund standards — not downward.
42. Retain and strengthen CFD and speculative product protections — do not use 'risk-based consistency' to lower the current floor.
43. Require public reporting of retail investor outcomes by product category — loss rates, complaints, and returns.
44. Commission a thematic review of DEP harm and appropriateness test administration before any rule changes.

15.2 Important Recommendations

45. Require real-time P&L disclosure for all speculative products.
46. Strengthen wind-down planning and defaults disclosure for P2P platforms.
47. Require standardised risk scoring and disclosure for MPS.
48. Issue specific guidance on financial promotion rules for social media and influencer marketing.

49. Address the scam fear barrier directly in consumer-facing communications.
50. Introduce a vulnerability lens into all rule changes arising from this paper.
51. Engage specifically on pension decumulation in the retail investment framework.

15.3 Process Recommendations

52. Do not use this discussion paper as a vehicle for deregulation — frame rule changes around strengthening consumer protection, not reducing regulatory burden.
53. Conduct consumer research before finalising any rule changes — test whether proposed changes are understood and welcomed by actual retail consumers, not just industry.
54. Publish a full cost-benefit analysis before formal consultation, with explicit quantification of consumer harm risks alongside firm cost savings.
55. Engage meaningfully with consumer organisations throughout the process.

16. Conclusion

The Transparency Task Force engages constructively with DP25/3, recognising that it raises genuinely important questions about how the regulatory framework can better serve retail consumers.

A stronger and smarter retail investment culture is indeed good for consumers, the economy and the country. But strength and smartness must be grounded in genuine protection - not the illusion of access created by reducing the safeguards that protect consumers from harm.

The evidence speaks for itself. 80% of retail CFD clients lose money. Only 36% of UK adults believe financial firms are honest and transparent. Consumer trust is the foundation on which a healthy retail investment market must be built, and that trust is earned through consistent, credible, enforced protection - not through growth targets.

We urge the FCA to:

- Frame its priorities from the standpoint of what is best for consumers - not what serves industry interests under the banner of competitiveness;
- Prioritise enforcement of existing rules before considering their relaxation;
- Commission robust consumer research and evidence before any rule changes; and
- Resist the regulatory capture pattern that has led to so many previous mis-selling scandals.

Kind regards,

Andy

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