TISA

Response by TISA to the FCA consultation on Regulatory fees and levies: policy proposals for 2026/27

Sophie Legrand-Green, Head of Policy

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About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270 member firms involved in the supply and distribution of savings and investment products and associated services.

Our work, your influence

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members and our industry. From improving financial education, inclusion and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **four distinct workstreams**:

1. **Consumer Protection -** *Protecting the best interests of UK consumers in their financial journeys.*
2. **Consumer Access -** *Considering issues that could directly impact access to financial products.*
3. **Effective Products -** *Examining key considerations and legislation relating to products across the investing and saving landscape.*
4. **Corporate Responsibility**
   Exploring issues that directly impact society, the environment, and the economy.

All groups focus on both strategic and technical elements of policy/regulation. We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government and regulators.

Find out more about TISA here: **www.tisa.uk.com/about-tisa**

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Summary of Recommendations

TISA welcomes the opportunity to respond to the FCA consultation on regulatory fees and levies. We have limited the scope of our response to the proposals pertaining to Targeted Support.

We note that the consultation does not contain any projected costs or liabilities. Without this information, it is very difficult to give an informed response, which increases the likelihood of the FCA's proposals having unintended consequences. To prevent this, and to ensure that informed policy decisions are made, we recommend that the FCA pauses to enable more informed policy decisions to be made. We do not agree with the FCA's proposal to base fees on eligible income. This fundamentally misrepresents the aim of Targeted Support and risks eroding trust with consumer groups. Instead, we recommend that the FCA takes this matter forwards once the regime has been introduced, tested and implemented. This would enable the FCA to make informed policy that firms can easily comply with. The FCA has already committed to undertake a 2 year review of Targeted Support, and we recommend that this matter is revisited and put in place as a part of the review.

I would be happy to discuss these recommendations and any other aspects of the TISA response.

Sophie Legrand Green
Head of Policy, TISA.

Responses to Consultation Questions

Question 3: Do you agree with our proposal to extend the definition of fee-block A.13?
In principle this seems sensible. However, the consultation does not contain any details of projected costs and levies. It is crucial that the industry understands this information so that it can provide an informed response to the FCA. There is a risk that the industry agrees to the principles of the FCA's proposals without fully understanding the actual cost implications. When these cost implications eventually come to light, there is a risk that the actual fees and levies act as a disincentive on firms to provide Targeted Support. They may ultimately lead to firms deciding not to provide Targeted Support. This underlines the importance of having clear cost projections so that firms can understand the cost implications of conducting this regulated activity.

Given this information has not been made available, we recommend that the FCA does not progress with its proposals at this point in time. Instead, we recommend that the FCA allows for a period of time for the Targeted Support regime to be implemented and understood by providers, consumers and the wider industry. This will help determine how fees and levies can more appropriately be apportioned and allocated.

Question 4: Do you agree that some of the project costs should be recovered from fee-blocks A.7 and A.9?
We are not opposed to this proposal, but would need to see the details in order to give an informed response. We can see that the broader ecosystem of firms will ultimately benefit from a well-functioning, scaled Targeted Support regime. For example, we would expect more people to understand and benefit from the holistic forms of support and advice that are available. Spreading the official sector related costs for Targeted Support amongst firms that benefit from the regime would in principle, seem like a sensible suggestion.

Question 5: Do you agree with our proposal to include targeted support in industry blocks 8 and 9 to include the activity of targeted support?
In line with our previous response, we agree that a wider ecosystem benefits from a well-functioning, scaled Targeted Support regime. However, it is not clear what projected costs the FCA, FOS and FSCS expect to incur, so it is difficult to provide an informed response.

Question 6: Do you agree with our proposal to add targeted support to Class 2, Category 2.1 for FSCS levies?

In principle this seems sensible. However, as noted in our previous responses, the consultation does not contain any details of projected costs and levies. It is crucial that the industry understands this information so that it can provide an informed response to the FCA. Otherwise, there is a risk that the industry agrees to the principles of the FCA's proposals without fully understanding the actual cost implications. When these cost implications eventually come to light, there is a risk that the actual fees and levies act as a disincentive on firms to provide Targeted Support. They may ultimately lead to firms deciding not to provide Targeted Support. This underlines the importance

of having clear cost projections so that firms can understand the cost implications of conducting this regulated activity.

Given this information has not been made available, we recommend that the FCA does not progress with its proposals at this point in time. Instead, we recommend that the FCA allows for a period of time for the Targeted Support regime to be implemented and understood by providers, consumers and the wider industry. this will help determine how fees and levies can more appropriately be apportioned and allocated. Given all providers of Targeted Support will be required to hold a minimum of £500,000 regulatory capital, we would hope it is unlikely that any recourse to the FSCS will be required in the first couple of years of the Targeted Support regime being introduced. The controls already contained in the regulatory regime should afford sufficient time for Targeted Support to be implemented and better understood, enabling the fees and levies framework to benefit from these insights.

Question 7: Do you agree that Financial Ombudsman and FSCS levies for targeted support should be based on annual eligible income? If so, how will firms calculate this? If not, what alternative tariff base do you suggest?

No we do not agree that annual eligible income should be used as the tariff basis. Following extensive engagement with TISA's Consumer Panel, we think it would be very unhelpful to present Targeted Support as a purely revenue generating service. From engagement with TISA members, it is clear that firms are focussing on the increases in customer confidence, trust and financial wellbeing as key indicators of Targeted Support being successful. Revenue raising is not a focus. Long-term better consumer outcomes are the focus.

The FCA's proposal to base fees on annual eligible income would be exceptionally difficult to implement, unless it solely related to either income generated from firms charging for Targeted Support services, or where a customer who receives Targeted Support immediately acts upon the precise recommendation. Alternatively, more expansive definitions would be very difficult to track. For example, what if the customer acted upon the recommendation using a different channel (e.g. they received digital Targeted Support and went into a branch, or spoke to a helpdesk to execute the recommendation)? Or what if the customer acts upon the recommendation days, weeks, months or even years after it is given? Or what if the customer acts in a way that is similar, but not identical, to the recommendation? Or what if the customer acts with a different firm (who may or may not provide Targeted Support services)? The unpredictability of the customer's next steps and the variability of those next steps, makes this proposal very difficult to operationalise.

As noted in our previous responses, we recommend that the FCA does not move forwards with proposals at this stage. Waiting for the regime to be introduced, tested and implemented would enable the FCA to make informed policy. The FCA has already committed to undertake a 2 year review of Targeted Support, so this matter could be revisited and put in place as a part of the review.

If the FCA will not wait for Targeted Support to be implemented and embedded before prescribing a fees and levies framework, we propose that an interim approach is adopted. We accept that there are some base costs that the official sector will incur, for example, as firms go through the Authorisation process and begin to be supervised as they launch their Targeted Support service. During this interim period, the FCA could introduce a simple model that is based on the number of consumers receiving Targeted Support. This should align with the regulatory definition of Targeted Support (so that Guidance is not included) and the FOS approach. This would mean that a consumer would need to receive a readymade suggestion and the required disclosures have been provided to that consumer in a durable medium. At this point, the regulated activity has been performed, in line with the regulatory definition and FOS approach. In addition, to ensure that firms are not overly disincentivised to provide a range of Targeted Support journeys, we think the FCA should also consider banding and having a ceiling. This would mean that once providers have reached a certain scale, they can innovate with new journeys and Targeted Support use cases, without incurring additional costs. In addition, where a firm is testing a new form of Targeted Support, perhaps piloting a use case with a smaller number of customers, this should not incur large additional fees and levies costs. Appropriate banding design could encourage innovation and also ensure that firms do not overly prioritise Targeted Support journeys that disproportionately apply to wealthier, income-maximising customers. Encouraging firms to consider many Targeted Support use cases that maximise reach, particularly to disengaged, underserved portions of society is vital. It is important that the costs and levies framework does not undermine the overarching policy objective.

We accept that this approach is not perfect, but we strongly recommend that the FCA moves away from a proposal that is purely tied to income. This fundamentally misrepresents the aim of Targeted Support and could detrimentally impact trust in this new service. Ideally, the FCA should wait until the regime has been introduced and operationalised, to understand the data outputs that are available and the firms that ultimately benefit from Targeted Support. This would enable informed policy and decision making. We have proposed an alternative, interim option that could be considered: an approach that bands consumers in receipt of Targeted Support. This information should be relatively easy for firms to track, albeit we would expect that this approach could be improved as Targeted Support is embedded and scaled.