Thistle Initiatives

# Effective Client Disclosure

The Adviser's Blueprint
Best Practice Guides for Retail Advisers

01

**Every firm wants to deliver great advice. But consistency, evidence and oversight can make that harder than it sounds.**

**With Consumer Duty now firmly embedded and regulatory scrutiny increasing, firms are under growing pressure to evidence the quality and consistency of their advice. The challenge lies in turning those expectations into practical, repeatable processes that work in the real world.**

**These guides bring clarity to every stage of the advice journey by translating regulation into practical action. We want to help firms move beyond tick box compliance to effective practice, ensuring advice processes are compliant, well governed and truly client centred.**

**By focusing on what works in practice, The Adviser's Blueprint helps your firm to build stronger frameworks, enhance client trust and stay ahead of regulatory change.**

# 1. What's the Purpose?

Let's be honest. Disclosure documents don't usually get anyone excited. Too often they're seen as dry, compliance-heavy paperwork handed over with a quick "I'm afraid I have to give you this." But disclosure is far more important and powerful than that.

The **Client Agreement (Terms of Business)** is the cornerstone of the adviser-client relationship. It sets out the rules of engagement: who you are, what you'll do, how you're paid, and the client's rights. Done well, it's not just a regulatory requirement, it's an opportunity to build confidence, transparency, and trust from day one.

Regulators expect disclosure to be clear, fair, and not misleading (COBS 2.1.1R) and for the client to understand the nature of the services and charges in good time before advice is given (COBS 6.1.11R). But clients expect something more: a document that reassures them, speaks their language, and shows they're valued.

This guide explores how disclosure can move from a "necessary handout" to a meaningful part of the advice journey.

# 2. What does Good Look Like?

A good disclosure document shouldn't feel like a regulatory hurdle to clear, it should feel like the client's welcome pack. The best examples are clear, engaging, and reassuring. They don't just explain fees and services; they help the client understand the value of what they're getting and give them confidence that there will be no surprises later.

In practice, good disclosure balances two things: meeting regulatory expectations and creating a positive client experience. If your document ticks both the compliance and client engagement boxes, you're certainly on the right track.

**Don't say:** *"We levy an initial advice fee of 3% of assets under advice."*

**Say:** *"If you invested £100,000, our initial advice fee would be £3,000. This covers the cost of creating your personalised financial plan and recommendations."*

**Or even better:** *"That £3,000 covers not only the preparation of your financial plan but also the research, analysis, and time spent personalising advice to your circumstances, giving you confidence that your money is invested in the best way to achieve your stated objective."*

### I. Ditch the Legalese

The quickest way to lose a client's attention is to drown them in technical or legal jargon. Disclosure documents are often packed with words like "remuneration structures," "levies," or "indemnity arrangements." While these terms might keep the compliance team happy, they don't mean much to most clients, and worse, they can feel intimidating or even suspicious.

The best disclosure documents take the opposite approach: they keep it simple, use easy-to-understand language and, wherever possible, back up the numbers with real life examples. This makes the information relatable and helps clients picture what it means for them personally.

By swapping jargon for clarity and adding context, disclosure changes from a barrier to an enabler. Clients can see exactly what they're paying, what they're getting in return, and why it matters.

### II. Transparency Without Overload

When it comes to disclosure, more isn't always better. Yes, the FCA expects firms to provide clients with clear, fair and not misleading information about services and costs, but that doesn't mean handing over a 30-page legal manual.

Good disclosure documents strike the right balance: transparent enough that every service, fee, and responsibility is covered, but concise enough that the client can actually read, understand, and retain the key points. This is where Consumer Duty really bites. Under the Consumer Understanding outcome, firms must show that clients not only receive information but actually comprehend it.

If a client can't explain back to you what they'll pay and what they'll get, the disclosure hasn't done its job.

The best examples are structured and easy to navigate. They use clear headings, short sections, and formatting tools like tables or FAQs to break up the content. Clients should be able to dip in and find what matters most to them - fees, ongoing service, or cancellation rights - without wading through pages of dense text.

By presenting disclosure in a way that's transparent and digestible, you're helping clients make informed decisions, evidencing Consumer Duty in action, and setting the tone for a client relationship built on clarity rather than confusion.

## III. Value Focused, Not Obligation Focused

Clients don't open a disclosure document hoping to read about rules and obligations. What they really want to know is: "What do I get for my money?" Effective disclosure documents don't stop at listing fees, they explain the value behind them.

A strong disclosure document shows how fees connect directly to the client's experience. Make clear:

- **What they'll receive at the start.** For example, a personalised financial plan, tailored recommendations, and the time invested in understanding their goals and circumstances.
- **What they'll receive on an ongoing basis.** Services such as annual reviews, regular check-ins, portfolio rebalancing, or access to their adviser for ad-hoc queries.

The more tangible this feels, the better. A client should be able to pick up the document six months down the line and see, in black and white, the service they're entitled to. That reassurance builds confidence, reduces misunderstandings, and makes it far easier to demonstrate value for money under Consumer Duty.

# 3. What Approach Should I Take?

How you introduce and deliver disclosure has a big influence on the rest of the client meeting. Get it right, and it sets a tone of openness and professionalism; get it wrong, and it can create a barrier before the conversation has even begun.

Think of it from the client's perspective: if disclosure is handed over as "the boring document I have to give you," the message is that this is compliance admin, not something that matters to them. That framing makes it harder to engage the client later in the meeting. They may hold back questions, feel less inclined to be open about their goals, or start worrying that future paperwork will be equally confusing or irrelevant.

Handled well, however, disclosure becomes a natural entry point into the relationship. Framing it as "your guide to how we'll work together and what you can expect from me" instantly changes the tone. It shows that you're transparent, client-focused, and have nothing to hide. This builds trust and makes clients feel comfortable asking questions, which in turn gives you the best information you need to deliver suitable advice.

In short, the way disclosure is introduced can either smooth the path for a constructive, two-way conversation or could put up a hurdle that you'll spend the rest of the meeting trying to overcome. That's why your approach matters just as much as the document itself.

### I. Frame it Positively

If it's introduced with an apologetic "I'm afraid I have to give you this", the client will immediately view it as regulatory red tape. That mindset makes them less likely to engage with the content, and more likely to see your relationship as transactional rather than collaborative.

Instead, reframe disclosure as a positive: "This is your guide to how we'll work together. It sets out the services you'll receive, the costs involved, and the standards you can expect from me. It's here to make sure everything is clear and there are no surprises."

By positioning it this way, you shift the client's perception from "boring paperwork" to "useful reference."

**Best practice tips**

- ✓ **Treat disclosure as part of your welcome pack**: not a standalone compliance hurdle.
- ✓ **Use client-focused language**: "your guide", "your agreement", or "how we'll work together".
- ✓ **Emphasise the benefits:** reinforce clarity, avoid surprises, and make sure they're fully informed.

**Best practice tips**

- **Highlight most relevant sections:** which are likely to be most relevant to the client's circumstances.
- **Use signposting language:** "This section sets out the ongoing review service, let me walk you through it."
- **Leave the document with them:** and don't forget to invite questions.
- **Adapt and flex for different clients:** some may prefer a quick summary; others will want to dig into detail.

## II. Personalise the Delivery

One of the quickest ways to disengage a client is to read a disclosure document out loud from start to finish. It feels impersonal, scripted, and can overwhelm them with information that may not even apply to their situation.

Instead, the most effective approach is to personalise the delivery. Highlight the sections that matter most to that client at that stage of the relationship. For example, a client coming in for a retirement review will be far more interested in the parts of the document covering your retirement planning services, ongoing review process, and associated fees, than they will be in sections about mortgages or protection (unless that's relevant to their needs).

This doesn't mean ignoring the other content, as the client should always have access to the full document, but it does mean adapting the discussion so it's focused, relevant, and easy to digest.

By personalising the delivery, you're showing the client that disclosure isn't just generic paperwork, it's directly relevant to their journey with you. That makes the document far more engaging and useful, while also showing the FCA that you're putting Consumer Understanding front and centre.

**Best practice tips**

- **Use the client's own words:** reflect phrases they've used during the fact find or conversation.
- **Highlight the 'why', not just the 'what':** explain how fees link to achieving their goals.
- **Anchor disclosure in outcomes:** make the link between the content and the benefit to the client.
- **Keep it natural:** it shouldn't feel like a sudden jump into a regulatory recital.

## III. Link to the Client Needs

The more you can connect it directly to what the client has already told you, the more engaging and meaningful it becomes. Instead of simply pointing out what the document says, show the client how it relates to what they value most.

For example:

- *If the client has said they want peace of mind about ongoing support, you might say: "This section sets out exactly what ongoing reviews include, so you'll always know when to expect a check in and what we'll cover."*
- *If they're focused on cost, frame it like: "Here's the fee section, but let me show you how this links to the financial plan we'll create, so that you can see the value behind the numbers."*
- *For a time-poor business owner, you might say: "This part explains the admin support we'll handle for you, so you don't need to worry about the paperwork."*

By tying disclosure back to the client's priorities, you not only bring the document to life but also reinforce that you've listened and understood their needs.

**Best practice tips**

- **Avoid yes/no questions:** such as "Does that make sense?" which doesn't reveal real understanding.
- **Use open prompts:** invite dialogue and allow the client to highlight gaps.
- **Record how you checked your client's understanding:** Document not just that disclosure was provided, but how you checked.

## IV. Check Understanding

Disclosure isn't just about giving information, it's about making sure the client actually understands it. Under the FCA's Consumer Duty (Consumer Understanding outcome), firms are expected to go further than simply handing over documents or asking "Do you understand?" A nod or a polite "Yes" doesn't necessarily mean the client has fully grasped what's been explained. It may simply mean they don't want to look confused, or don't know what they don't know.

To meet both regulatory expectations and deliver real value, advisers need to test understanding in a supportive way. This isn't about quizzing clients or putting them on the spot, but about creating a safe space for them to ask questions and gently confirming that key points have landed.

Practical approaches could include:

- **Encourage questions**: *"I've explained a lot there. What questions does it raise for you?"*
- **Ask them to explain back in their own words**: *"Just so I know I've explained that clearly, how would you describe the service you'll be getting?"*
- **Check for confidence, not just comprehension**: *"On a scale of 1 to 10, how confident do you feel about what we've covered so far?"*
- **Break it into chunks:** Don't wait until the end of the document; pause after each key section to check understanding before moving on.

This approach does two things: it ensures clients are genuinely informed and confident about the services and costs, and it creates a clear audit trail showing that you've gone beyond providing disclosure to delivering Consumer Understanding.

# 4. How Can I Avoid Common Pitfalls?

## Don’t Skim Over the Fees

One of the biggest mistakes with disclosure is treating the fee section as something to hurry past. Advisers often fear that talking too much about costs might “scare off” the client, so they gloss over it quickly or leave it for the client to read later. The problem? Fees are one of the most important first things clients want clarity on, and one of the areas where the FCA is most alert under the Consumer Duty: Price and Value.

Clients aren’t just asking “*What will this cost me?*” but also “*What am I getting in return?*” If the fee conversation feels vague or rushed, it can leave doubts about transparency and trust. Worse still, if fees are buried in jargon or percentages, the client may not fully grasp them, and that’s a Consumer Duty red flag.

By explaining fees clearly and early, you also create the space for clients to raise concerns or objections before they become barriers.

**Best practice tips**

- ✓ **Talk through fees openly and confidently:** don’t apologise for them, frame them around outcomes.
- ✓ **Separate fees clearly:** spell out what’s included at the start versus ongoing.
- ✓ **Evidence the discussion:** record how fees were explained and how client demonstrated understanding.

**Best practice tip**

✓ **Treat digital disclosure as an opportunity:** use it to enhance client engagement, not to reduce your workload.

## Don’t Assume Digital = Clearer

Sending disclosure electronically can be efficient and environmentally-friendly but simply firing off a 25-page PDF into a client’s inbox isn’t progress, it’s just moving the paper problem online.

Without context or guidance, many clients won’t read it thoroughly, may only skim the first few pages, or worse, won’t open it at all.

That means key details like costs, services, or responsibilities risk being missed, leaving the client under informed and the firm exposed.

A better approach is to think about digital delivery as part of the client experience, not just a convenience. Use tools that make the content digestible and engaging.

For example:

- Clickable contents or bookmarks so clients can easily navigate to the sections most relevant to them.
- Embedded FAQs that answer common queries in plain English.
- Short explainer videos highlighting what the client will get for their money or how ongoing service works.
- Clear summaries at the start of each section, so even if they don’t read every word, the essentials land.

And don’t stop there. A quick call or meeting to walk the client through the main points not only ensures understanding but also shows that you take disclosure seriously as part of the relationship, not just compliance admin.

## Best practice tips

- **Place complaints after service and value:** don't bury complaints in small print, but don't lead with it either.
- **Keep the regulatory wording intact:** but surround it with human, client-friendly language.
- **Talk about complaints confidently:** frame as part of a service promise, not just a compliance necessity.

# Framing Complaints the Wrong Way

Too often, the complaints section in a disclosure document reads like a legal formality: a block of regulatory wording dropped in with no context. If it's one of the first things a client sees, it can create the unhelpful impression that complaints are common or even expected.

A better approach is to position it as part of your firm's commitment to client service and continuous improvement. Instead of jumping straight into regulatory wording, frame it positively. For example:

*"We're always looking to improve the service we provide. If there's something we do well, we'd love to hear it. If there's something you feel could be better, we welcome your feedback and will always listen. In the unlikely event that you feel the need to make a complaint, please give us the chance to put things right. If we can't resolve it, this section explains how to escalate your concerns, including your rights to refer to the Financial Ombudsman Service."*

This wording reassures clients that their voice matters, whether it's positive feedback or constructive criticism, and that complaints aren't a "normal" part of the process but a last resort if things go wrong. It also shows that your firm sees disclosure not as a defensive tool, but as part of the overall client relationship.

**Best practice tips**

- **Reissue only when there's a material change:** in fees, services, permissions, or regulatory disclosures.
- **Frame the update positively:** explain why the new agreement is being sent.
- **Evidence in the file:** note when and why to demonstrate compliance and Consumer Duty alignment.
- **Maintain version control:** date and number each agreement and record when clients received it so it's always clear which version is current.

# Avoid Reissuing Agreements Without Cause (or Not Reissuing When You Should)

A common misconception is that client agreements need to be reissued on a fixed timetable, for example, every year. In fact, the FCA does not require routine annual reissue. Sending clients the same lengthy document every year can feel unnecessary and disengaging.

The real regulatory requirement (COBS 8.1.3R) is to ensure that clients are kept informed of any material change to the information previously provided, particularly around costs, services, regulatory status, or complaints procedures. Put simply: reissue when something changes that materially affects the client, not just because another year has passed.

The opposite pitfall is just as risky: not reissuing or updating when a significant change does occur. For example, introducing a new charging structure, changing the scope of ongoing service, or updating FSCS coverage all trigger the need for clients to receive a fresh or updated agreement. Failing to do so can leave the firm exposed, with disclosure that no longer reflects reality.

# 5. Overall Summary

Effective disclosure isn't just a regulatory requirement, it's an opportunity to build trust, set expectations, and create transparency from day one. Strong disclosure documents and conversations should:

- ✓ Frame disclosure positively as "your guide to how we'll work together" rather than a regulatory burden.
- ✓ Ditch the legalese and use plain English, real life examples, and clear illustrations of charges.
- ✓ Balance transparency with clarity, avoiding information overload and aligning with Consumer Duty's Consumer Understanding outcome.
- ✓ Personalise delivery by walking clients through the sections most relevant to them, instead of reading it verbatim.
- ✓ Link the content directly to client needs, showing how services and charges connect to the outcomes they value.
- ✓ Check understanding properly, not just by asking "do you understand?", but by encouraging questions and having clients confirm back their understanding.
- ✓ Focus on value as much as costs, so clients can clearly see what they get for their money.
- ✓ Avoid common pitfalls such as skimming over fees, positioning disclosure as "boring paperwork," or reissuing agreements unnecessarily.
- ✓ Adopt best practices like version control and positive framing when updates are required.

## Summary Checklist

Use this checklist to confirm that each step of your disclosure process meets both regulatory expectations and client understanding outcomes.

- ☐ Client has received the current version of the Client Agreement (Terms of Business).
- ☐ Correct version number and issue date recorded on file.
- ☐ Adviser has explained and highlighted the service and charging option relevant to the client.
- ☐ Material changes (including (fees, services, complaints process, FSCS cover, firm details) have been reflected in the latest version.
- ☐ Client understanding and confirmation (signed, digital, or file note) has been recorded
- ☐ CRM or client record updated with method and timing of disclosure delivery (email, portal, or hard copy).

## About the Author

**Paul Marriott,**
**Compliance Manager**

With more than 25 years' experience in financial services, Paul has dedicated his career to promoting compliance and regulatory excellence, helping firms operate securely and with strong governance. His background across retail and corporate advisory environments gives him a deep understanding of diverse financial needs and regulatory challenges.

Specialising in compliance oversight for complex, fast-evolving organisations, Paul develops practical solutions that align regulatory expectations with business objectives. A strong advocate for training and competence development, he helps individuals and teams understand how effective compliance supports sustainable success and long-term growth.