DFM Satisfaction Study 2024

February 2024

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Introduction

This is the ninth Defaqto discretionary fund manager (DFM) satisfaction study based on feedback from adviser firms that have outsourced their client investment assets to third-party discretionary managers.

The online survey took place between August and September 2023 and canvassed the opinions of 274 financial advisers measuring their satisfaction levels against 14 categories of service:

Provider financial strength and resource – As indicated by growth in discretionary assets, group assets under management (AUM) and discretionary AUM. Confidence in firm to run a variety of portfolio types, with the resources to do so

Provider brand – Perception of brand quality. Additional confidence in certain brands (eg based on reputation, size, visibility)

Client on-boarding – Efficiency and ease of signing up new clients with cash to invest or those with existing holdings

Existing business administration – Report delivery, payment of income, issue of contract notes, capital gains tax (CGT) reporting

Investment flexibility – range of assets – The range of assets used in portfolios (eg funds, individual securities, structured products) is sufficient to meet client needs

Investment flexibility – range of options:

- **For bespoke** – confidence in investment managers to run a wide range of different investment portfolio types (eg risk targeted, income, ethical, sustainable, cash plus)
- **For MPS** – sufficient range of portfolio options to appeal to client base

Remuneration – Adviser charging facilities are compatible with preferred method of fee remuneration

Service – Flexibility in service to client and adviser eg client meetings (frequency, depth, location), reporting frequency, reporting structure, CGT management, legacy holding approach, access to investment managers

Online facilities – Availability of up-to-date portfolio information to adviser and/or client (eg valuations, transactions, market views, previous reports)

Accessibility – Availability of DFM service through third-party platforms and other tax wrappers (eg individual savings account (ISA), self-invested personal pension (SIPP), offshore bond) is compatible with current 'buy list'

Quality of staff – administration – DFM staff are available and able to deal with a range of enquiries in a timely manner and bring enquiry to a satisfactory conclusion

Quality of staff – investment – Investment managers or account managers are available and able to respond to any investment queries with knowledge and conviction, accurately reflecting any current portfolio positions or market views. Able to support the adviser firm in promoting the service

Quality of literature – Clear, easy to understand literature and terms which give adviser and client a fair representation of the service they should expect

Ease of doing business – The ease of doing business with the DFM firm over all aspects of the relationship

Methodology

First, we asked advisers to tell us how important the 14 service disciplines are to their businesses using a five-point scale from 'not at all important' through to 'very important'. From this we calculated a mean score out of five to determine the importance of each individual aspect of service.

Next, we identified which providers are being used regularly by advisers and asked them to rank them in order of preference.

Finally, we measured the advisers' satisfaction levels with the preferred providers, again using a five-point scale ranging from 'very dissatisfied' through to 'very satisfied'.

For the providers that qualify, we combine the 'satisfied' and 'very satisfied' responses to determine the 'total satisfaction score' for each individual aspect of service. These are weighted by the importance of each category and then aggregated to determine one overall satisfaction index for each preferred provider.

The satisfaction indices by category are available within Defaqto Engage (Centra for SimplyBiz users), our financial planning software solution. They are also the basis of Defaqto's Gold and Silver service ratings.

Supplementary questions

In addition to the core study, we asked advisers a series of supplementary questions. These give background to the market, on which the study is focused, giving insight into how the DFM market is evolving in the eyes of the financial adviser distribution chain.

Satisfaction study qualification

Exclusions

Adviser responses from those that are employed directly by, or are appointed representatives of, DFM firms were excluded from the survey.

Inclusions

As we did last year for the first time, we are again including MPS on platform propositions in the study as well as MPS and bespoke investment direct custody propositions.

As it is the intention of the service ratings to rate the DFM provider and not specific propositions, it makes sense to include MPS on platform in the study to complete the service picture.

Key findings

- The study was conducted between August and September 2023 employing online fieldwork techniques; it measured the relative importance of 14 satisfaction categories and identified the advisers' preferred providers of DFM services.
- The study measured how satisfied the advisers are with their preferred providers and identified where expectations were being met by cross-matching ranked importance with ranked satisfaction.
- Over two-thirds of advisers access MPS via an adviser platform. Just over half use MPS direct and less than half utilise the bespoke service.
- Just short of 20% of respondents said they recommended Tatton Investment Management in the last 12 months. LGT Wealth Management, RBC Brewin Dolphin, Waverton Investment Management and Brooks Macdonald received support from 15% or more adviser respondents.
- In the ranked order of importance, ***Service*** is the category ranked most important ahead of ***Quality of staff – investment***, which was ranked first in last year's study. The average importance scores are largely unchanged as are the ranked positions of importance.
- Ten of the 14 categories achieved scores in excess of 80%, including ***Service*** at 88%, two percentage points higher than last time. Many scores were similar to the last study, but with an average two percentage point drop for the worst performing categories.
- Rockhold attained the largest number of top performing categories (12 out of 14), closely followed by Schroder & Co. (10) and Albemarle (9).
- A cross-match of ranked unweighted satisfaction with ranked importance shows that the industry is failing to meet expectations for 9 of the 14 service categories; however, 6 of those 9 show a good correlation between unweighted performance and importance and are only a few percentage points below par.
- Advisory business placed using single asset funds continued to shrink, falling from 11% in 2019 to 4% in 2023.
- Average DFM portfolio size for all three discretionary types continued to increase.
- The split between accumulation and decumulation business held steady at roughly 60/40.

DFM propositions

Q Do you use a bespoke service or a managed portfolio service (MPS) for your clients?

The advisers that commenced the survey said they used 464 different DFM proposition types. This means that, on average, advisers are using 1.7 discretionary proposition types each, very similar to last year and reverting back to the number for 2021.

It is likely that adviser panels will incorporate an MPS (either on or off platform) and perhaps a bespoke service for more complex cases or for clients with specific investment requirements. It is noticeable that the number of bespoke propositions used has increased significantly since last year, confirming our thoughts that last year's result was probably a statistical anomaly. That said, 49% is still down on the 2021 number, so despite a recovery from last year it remains a possibility that this is an early sign that bespoke propositions are becoming less attractive to advisers.

Table 1: Percentage of types of DFMs used by respondents, 2019–2023

DFM type	2023	2022	2021	2020	2019
Bespoke service	49%	41%	62%	65%	60%
MPS direct with a DFM	53%	54%	52%	36%	38%
MPS via an adviser platform	68%	60%	60%	58%	57%

Much of an adviser's client investment is now managed through platforms and there is little scope for bespoke investment through this medium. Couple this with an ever-expanding choice of MPS portfolios available on platforms and advisers may feel there is no need to go direct to a DFM.

Digging a little deeper, 86% of those advisers that make use of a bespoke investment service for their clients also use an MPS. This is a marked increase on last year (75%), which underlines the growing popularity of MPS solutions. For those bespoke investment service users that do not use an MPS (14%), it is likely that most will be using multi-asset funds or constructing portfolios with single asset funds for clients where a bespoke investment proposition is not suitable.

Taking a look at the numbers from the reverse angle, 92% (91% last year) of the respondents use an MPS (either direct custody or on platform) for their clients. Of these, 36% do not use a bespoke service, a similar figure to last year (39%). The potential reasons for this include:

- There may still be a perception among advisers that discretionary managers will become so involved with their clients that they may lose them.
- There may be a fear that the DFM will provide a better service. It is up to the adviser to make sure this is not the case.
- The adviser does not have any cases that are sufficiently complex to require a bespoke service, particularly as the breadth and depth of MPS portfolio choice continues to increase.
- The adviser does not have clients who are wealthy enough to qualify for a suitable bespoke service.
- The adviser still runs an investment advisory service for some clients using either multi-asset or single asset funds.

The answer probably lies in a combination of all the above.

Business splits

Q Please estimate the percentage split of new investment portfolio business your firm has undertaken in the last 12 months (based on current AUM).

The results for the breakdown of investment portfolio business are shown in Table 2.

Table 2: Breakdown of investment portfolio business, 2019–2023

DFM type	2023	2022	2021	2020	2019
DFM – MPS direct with discretionary manager	15%	17%	19%	15%	15%
DFM – MPS through a platform	49%	46%	31%	26%	21%
DFM – Bespoke service	14%	14%	26%	30%	29%
Advisory	18%	20%	22%	26%	32%
Other	4%	3%	2%	3%	3%

Last time we noted a marked increase in business with MPS solutions via a platform in preference to both bespoke portfolio business and advisory business. This trend continues. In general, we believe that advisers are wedded to the platform approach.

The increase in MPS on a platform continues, on the face of it at the expense of both advisory business and MPS direct custody.

For those advisers who use and are therefore familiar with discretionary management, there has been another small drop in the percentage of business done on an advisory basis, which is not unexpected as advisers continue to embrace outsourcing through discretionary management.

The downward trend of business placed in bespoke investment solutions seems to have been arrested, albeit at a low base historically. This is perhaps another indicator that MPS solutions are sufficient for most advisers' needs.

Advisory business

Q What is the breakdown of advisory business placed in the last 12 months?

For supporters of discretionary management, the focus of this study, 18% of their investment business is still done on an advisory basis. Of that 18%, on average 70% is placed using multi-asset funds (up from 65% last year) and 21% (down from 27% last year) is placed using single asset funds (9% marked as 'other'). This underlines the continued strength of the 'investment outsourcing' argument. Although multi-asset fund investment is not discretionary investment per se, the asset allocation is nonetheless left to a third-party manager.

As we have suggested over the last couple of years, it does look as though building client portfolios on an advisory basis, particularly using single asset funds, is on the wane as advisers continue to turn to outsourcing investment from a third-party specialist whether that be a discretionary manager or a multi-asset fund manager.

For those taking part in the study:

- 12.5% of investment business overall is placed with multi-asset funds on an advisory basis. This points to a steady decline over recent years: 13% in 2022, 16% in 2021, 18% in 2020 and 20% in 2019.
- Just under 4% of investment business overall is placed with single asset funds on an advisory basis. The amount invested overall in single asset funds has, once again, fallen year on year, down from 5% in 2022, 6% in 2021, 8% in 2020 and 11% in 2019.
- Only 3% of respondents claimed that all their investment business was done on an advisory basis, curiously up a little on last year. There are very few advisers that are committed fully to advisory business. The vast majority are adopting discretionary or multi-asset fund solutions as an investment alternative.

Portfolio size

Q What is the average size of client portfolios for each DFM type?

Table 3 shows the average portfolio sizes of the advisers who answered this question clearly (257).

Table 3: Average portfolio sizes by discretionary type

Average portfolio sizes	2023	2022	2021	2020
Managed portfolio service through a platform	£284,000	£228,000	£228,000	£150,000
Managed portfolio service direct custody with DFM	£277,000	£221,000	£281,000	£190,000
Bespoke service	£627,000	£563,000	£530,000	£507,000

These figures can vary year on year, depending on adviser sample and shape of business acquired. However, overall, we have seen an increase in average portfolio size of all categories of DFM.

MPS on platform once again exceeds MPS direct, indicating adviser preference for centralising client investments on a platform. It is also interesting to note that even as numbers of bespoke portfolios drop overall, the size of the portfolios on average continues to increase. This may be a sign that bespoke portfolios are being selected more for need than client preference, if you believe that increased wealth is more likely to mean increased financial complexity.

Investment focus

Q Can you estimate the split between investing for wealth accumulation and decumulation?

We asked advisers where their clients' investment focus lay. We asked them to estimate the percentage split between wealth accumulation and decumulation in terms of new investment business placed over the previous 12 months.

For the 274 advisers who answered this question, the average split was 64% of client portfolios focused on wealth accumulation and 36% focused on decumulation. This is a similar split to the last two years.

Q Do you have a preference for portfolios structured with passive funds?

Table 4 shows that while the changes are only marginal, there is a noticeable move towards 'active' and 'no preference' from passive.

Table 4: Passive portfolio preference

Investment preference	Percentage of advisers 2023	Percentage of advisers 2022
No, prefer portfolios structured with individual securities	3%	3%
Yes, prefer portfolios structured with passive funds	23%	25%
No, prefer actively managed funds	30%	29%
No preference	44%	43%

DFM providers

Q Which of the following DFMs have you placed business with in the last 12 months?

Chart 1 shows the DFM providers recommended in the last 12 months.

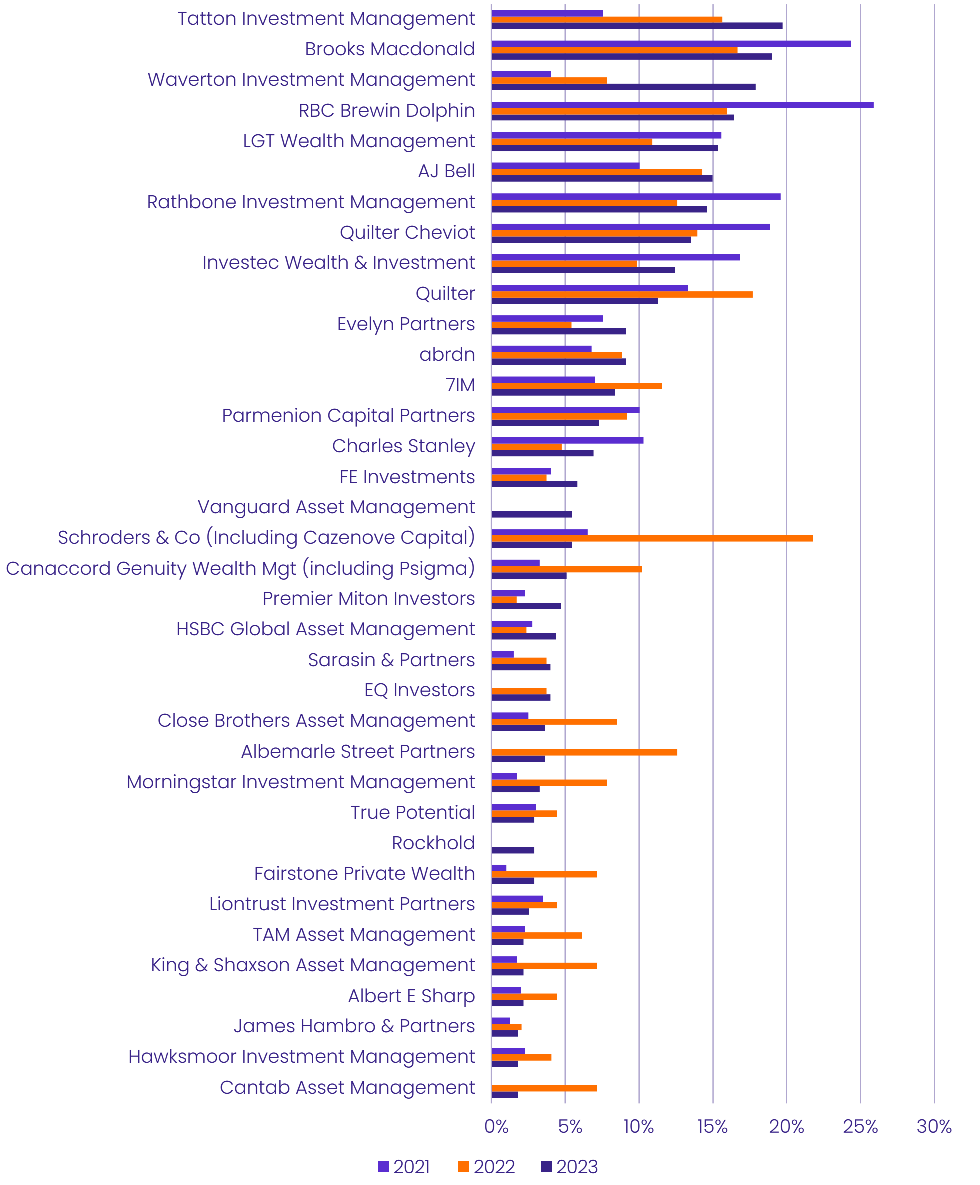
On average, advisers are using three providers for DFM services, down on last year, but still higher than two years ago (2.8). Advisers are continuing to offer choice to their clients.

Tatton Investment Management was the most popular choice among those financial advisers surveyed with nearly 20% of support, pushing Brooks Macdonald, Quilters and Schroders further down the chart compared with last year.

Of course, the number of responses to this question will reflect the activities of the respondent pool and will therefore vary from year to year. However, it does give a basic indicator of what has been popular over the previous year. There are no real surprises, with the top 10 featuring those firms you would expect to see there.

What is noticeable though is that there are only a few firms in the bottom half of the list that appear to be gaining traction year on year, although a good number appear to be holding their own.

Chart 1: DFM providers recommended in the past 12 months



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Preferred providers

Where advisers said they recommend more than one provider of DFM, we asked them to rank the providers they use in order of preference.

Table 5 shows the percentage of top three preferences by provider for bespoke DFM.

Rathbone Investment Management achieved the greatest number of top three choices with 10% of advisers placing the firm as one of their top three preferences. Some 7% of advisers chose Rathbone as their first or only choice.

Some 9% of advisers placed Brooks Macdonald, Investec Wealth & Investment and RBC Brewin Dolphin in their top three choices for bespoke DFM.

Table 5: Advisers' top three bespoke providers

Provider	First or only choice	Second choice	Third choice	Total (rounded)
Rathbone Investment Management	7%	2%	1%	10%
Brooks Macdonald	3%	3%	3%	9%
Investec Wealth & Investment	4%	4%	1%	9%
RBC Brewin Dolphin	4%	3%	1%	9%
Quilter Cheviot	4%	2%	2%	8%
Evelyn Partners	3%	1%	2%	6%
LGT Wealth Management	2%	3%	1%	6%
Waverton Investment Management	2%	2%	1%	5%
AJ Bell	3%	1%	1%	4%
Quilter	1%	1%	2%	4%

Provider	First or only choice	Second choice	Third choice	Total (rounded)
Canaccord Genuity Wealth Mgt (including Psigma)	1%	1%	2%	4%
Tatton Investment Management	2%	1%	0%	3%
abrdn (acquired by LGT Wealth Management)	0%	2%	0%	3%
Charles Stanley	1%	0%	1%	2%
7IM	1%	0%	1%	2%
Parmenion Capital Partners	1%	1%	0%	2%
Close Brothers Asset Management	1%	0%	1%	2%
Schroders & Co (Including Cazenove Capital)	0%	1%	0%	2%

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Preferred providers (continued)

Table 6 shows the percentage of top three preferences by provider for MPS via a platform.

Table 6: Advisers' top three providers for MPS via a platform

Provider	First or only choice	Second choice	Third choice	Total (rounded)
Tatton Investment Management	20%	3%	1%	24%
Waverton Investment Management	11%	5%	3%	19%
RBC Brewin Dolphin	8%	3%	2%	13%
AJ Bell	8%	3%	0%	12%
LGT Wealth Management	8%	2%	2%	11%
Brooks Macdonald	5%	3%	2%	11%
abrdn	7%	2%	1%	10%
Quilter	6%	1%	1%	9%
7IM	4%	1%	3%	8%
Parmenion Capital Partners	4%	2%	1%	7%
Quilter Cheviot	4%	3%	0%	7%
FE Investments	4%	0%	2%	7%
Charles Stanley	4%	1%	1%	6%
Investec Wealth & Investment	4%	1%	1%	6%
Morningstar Investment Management	3%	1%	0%	5%
Schroders & Co (Including Cazenove Capital)	3%	1%	1%	5%
Evelyn Partners	3%	1%	1%	4%

Tatton Investment Management achieved the greatest number of top three positions with 24% of advisers making the firm their first, second or third choice. A total of 20% of advisers chose Tatton as their first or only choice for MPS via a platform.

A total of 19% of advisers placed Waverton Investment Management in their top three preferences.

RBC Brewin Dolphin, AJ Bell, LGT Wealth Management, Brooks Macdonald and abrdn were chosen by 10% or more of advisers for this class of business.

Preferred providers (continued)

Table 7 shows the percentage of top three preferences by provider for MPS direct.

Table 7: Advisers' top three providers for MPS direct

Provider	First or only choice	Second choice	Third choice	Total (rounded)
Tatton Investment Management	11%	2%	1%	14%
Waverton Investment Management	8%	3%	1%	12%
Rathbone Investment Management	8%	0%	1%	9%
Quilter	6%	3%	1%	9%
Parmenion Capital Partners	6%	1%	1%	8%
LGT Wealth Management	5%	2%	1%	8%
RBC Brewin Dolphin	5%	3%	1%	9%
abrdn	5%	1%	0%	6%
Quilter Cheviot	5%	3%	1%	8%

Provider	First or only choice	Second choice	Third choice	Total (rounded)
AJ Bell	5%	1%	1%	6%
7IM	4%	1%	1%	6%
Brooks Macdonald	4%	1%	3%	8%
Vanguard Asset Management	3%	0%	0%	3%
Rockhold	3%	0%	0%	3%
Investec Wealth & Investment	2%	3%	1%	6%
Evelyn Partners	2%	2%	0%	4%
Fairstone Private Wealth	2%	0%	0%	3%

Tatton Investment Management and Waverton Investment Management achieved the greatest number of top three positions with 14% and 12% of advisers placing them in their top three choices.

Importance

Q How important are the following factors when it comes to the service provided by DFMs?

In this study, the providers were measured against 14 categories of service weighted according to the level of importance that advisers attach to each of them.

We asked the respondents to say how important each of these categories of service is to their business, ranging from 1 'not at all important' to 5 'very important'. From the range of responses, we are able to calculate an average score and rank the categories in order of importance, as shown in Table 8.

Table 8: Ranked importance

Year	2023	2022
Service	4.72 (1)	4.65 (2)
Quality of staff – investment	4.61 (2)	4.66 (1)
Ease of doing business	4.60 (3)	4.54 (4)
Investment flexibility – range of assets	4.59 (4)	4.55 (3)
Investment flexibility – range of options	4.53 (5)	4.53 (5)
Existing business administration	4.52 (6)	4.51 (6)
Client on-boarding	4.50 (=7)	4.47 (9)
Provider financial strength and resource	4.50 (=7)	4.50 (7)
Quality of staff – administration	4.49 (9)	4.49 (8)
Accessibility	4.43 (10)	4.42 (10)
Online facilities	4.31 (11)	4.36 (11)
Quality of literature	4.08 (12)	4.13 (12)
Provider brand	3.96 (13)	4.05 (13)
Remuneration	3.75 (14)	3.84 (14)

There are no real surprises this year. The average importance scores are largely unchanged, as are the ranked positions of importance.

Service, an indicator of the flexibility in service to client and adviser eg client meetings (frequency, depth, location), reporting frequency, reporting structure, CGT management, legacy holding approach, access to investment managers is the category ranked most important in this year's study ahead of ***Quality of staff – investment***, which was ranked first in last year's study. ***Provider brand*** and ***Remuneration*** are, once again, ranked least important.

Satisfaction

Satisfaction is calculated with reference to scores awarded to the providers for each of the 14 aspects of service in the range 1 – 5, where 1 equates to 'very dissatisfied' and 5 equates to 'very satisfied'.

Table 9 shows the satisfaction indices for each service category for the industry. The indices are weighted by the importance scores the advisers gave each category.

Table 9: Weighted satisfaction by category and order by ranked importance

Satisfactory category	Importance	Weighted satisfaction 2023	Weighted satisfaction 2022	Change
Service	1	88%	86%	2.0%
Quality of staff – investment	2	86%	88%	-2.0%
Ease of doing business	3	85%	85%	0%
Investment flexibility – range of assets	4	85%	85%	0%
Investment flexibility – range of options	5	84%	84%	0%
Existing business administration	6	82%	81%	1.0%
Client on-boarding	=7	82%	82%	0%
Provider financial strength and resource	=7	85%	85%	0%
Quality of staff – administration	9	81%	80%	1.0%
Accessibility	10	82%	82%	0%
Online facilities	11	74%	77%	-3.0%
Quality of literature	12	70%	74%	-4.0%
Provider brand	13	72%	74%	-2.0%
Remuneration	14	65%	66%	-1.0%
Overall	**–**	**80%**	**81%**	**-1.0%**

Ten of the 14 categories achieved scores in excess of 80%, including ***Service*** at 88%, two percentage points higher than last time.

Generally, though, scores were very similar to last time but with a drop, on average, of two percentage points for the worst performing categories like ***Online facilities***, ***Provider brand***, ***Quality of literature*** and ***Remuneration***.

Quality of literature showed the biggest fall in satisfaction among advisers. This is not surprising considering the introduction of The Consumer Duty Regulation and the need for clear and transparent communication. Broadly, fewer than a third of advisers felt fully supported by their preferred DFM and quality of literature is likely to be a part of this.

Best performing providers

As you would expect, each DFM has its own attributes, with some excelling in a number of categories. Based on the weighted satisfaction indices for each provider, we can identify the top performers in each of the 14 categories of service, as shown in Table 10.

Table 10: Best performing DFM providers by category

Satisfactory category	Top performing DFMs in each category	
Provider financial strength and resource	Albemarle Street Partners Brooks Macdonald Canaccord Genuity Wealth Mgt (including Psigma) Charles Stanley Evelyn Partners HSBC Global Asset Management	Premier Miton Investors Rathbone Investment Management RBC Brewin Dolphin Rockhold Tatton Investment Management
Provider brand	Albemarle Street Partners HSBC Global Asset Management Rathbone Investment Management	Rockhold Schroders & Co (Including Cazenove Capital) Waverton Investment Management
Client on-boarding	Canaccord Genuity Wealth Mgt (including Psigma) Charles Stanley Parmenion Capital Partners Premier Miton Investors	Rockhold Schroders & Co (Including Cazenove Capital) Waverton Investment Management
Existing business administration	Albemarle Street Partners Brooks Macdonald Morningstar Investment Management Quilter Cheviot	Rockhold Schroders & Co (Including Cazenove Capital) Waverton Investment Management

Best performing providers (continued)

Table 10: Best performing DFM providers by category (continued)

Satisfactory category	Top performing DFMs in each category	
Investment flexibility – range of assets	Albemarle Street Partners Canaccord Genuity Wealth Mgt (including Psigma) Charles Stanley Evelyn Partners HSBC Global Asset Management	Quilter Cheviot Rathbone Investment Management Rockhold Tatton Investment Management
Investment flexibility – range of options	Albemarle Street Partners Canaccord Genuity Wealth Mgt (including Psigma) Charles Stanley	Rockhold Schroders & Co (Including Cazenove Capital) Tatton Investment Management
Remuneration	Albemarle Street Partners Canaccord Genuity Wealth Mgt (including Psigma) Premier Miton Investors Quilter	Rockhold Schroders & Co (Including Cazenove Capital) Vanguard Asset Management
Service	Brooks Macdonald Canaccord Genuity Wealth Mgt (including Psigma) Evelyn Partners Premier Miton Investors	Rathbone Investment Management Rockhold Tatton Investment Management Waverton Investment Management

Best performing providers (continued)

Table 10: Best performing DFM providers by category (continued)

Satisfactory category	Top performing DFMs in each category	
Online facilities	Rockhold Quilter	Schroders & Co (Including Cazenove Capital)
Accessibility	7IM Brooks Macdonald Charles Stanley Premier Miton Investors	Schroders & Co (Including Cazenove Capital) Vanguard Asset Management Waverton Investment Management
Quality of staff – administration	Albemarle Street Partners Brooks Macdonald Charles Stanley Premier Miton Investors	Quilter Cheviot Rockhold Schroders & Co (Including Cazenove Capital) Waverton Investment Management
Quality of staff – investment	Albemarle Street Partners Brooks Macdonald Canaccord Genuity Wealth Mgt (including Psigma) LGT Wealth Management Premier Miton Investors	Rathbone Investment Management Rockhold Tatton Investment Management Waverton Investment Management
Quality of literature	7IM Schroders & Co (Including Cazenove Capital)	

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Best performing providers (continued)

Table 10: Best performing DFM providers by category (continued)

Satisfactory category	Top performing DFMs in each category	
Ease of doing business	Albemarle Street Partners	RBC Brewin Dolphin
	Charles Stanley	Rockhold
	Evelyn Partners	Schroders & Co (Including Cazenove Capital)
	Premier Miton Investors	Waverton Investment Management

Rockhold attained the largest number of top performing categories, coming first in 12 out of the 14 categories. Schroder & Co. came next with 10 and Albemarle Street Partners next with 9.

As you would expect in a service-based industry, several firms scored very well in a number of categories.

Standing out, though, are Rockhold, Quilter and Schroders & Co. in the ***Online facilities*** category and Schroders & Co. and 7IM in the ***Quality of literature*** categories. These are categories that we feel will increase in importance as the ever increasing demand for information continues under Consumer Duty.

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Expectations

Ranked order of unweighted satisfaction plotted against ranked order of importance demonstrates where expectations are being met, as shown in Chart 2.

A cross-match of ranked unweighted satisfaction with ranked importance shows where expectations are being met or where the industry is falling short.

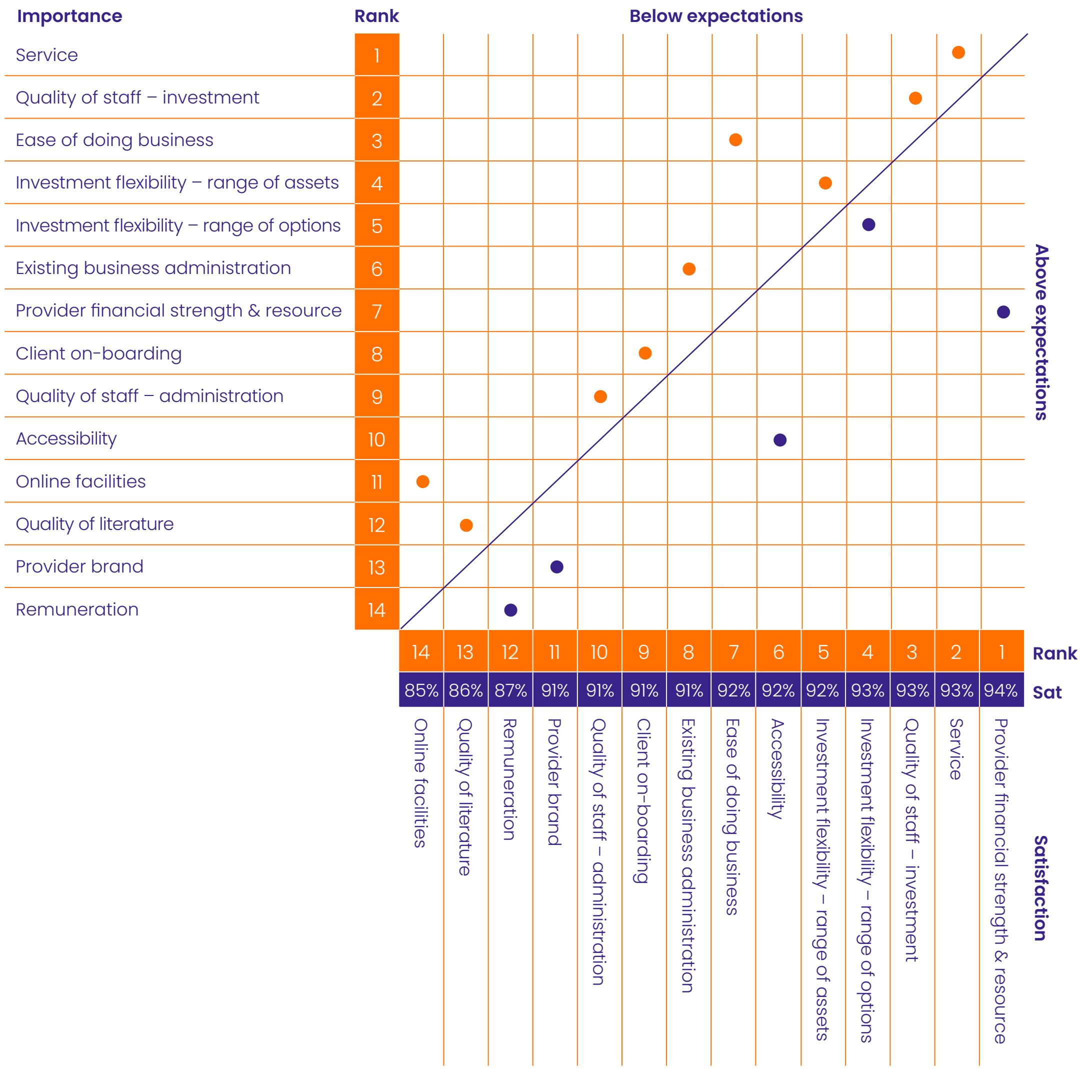
The industry is failing to meet expectations for 9 of the 14 service categories; however, 6 of these 9 show a good correlation between unweighted performance and importance and are only a few percentage points below par.

Existing business administration is a little below expectations, but has improved since last year, so is heading in the right direction.

The two areas of concern are ***Ease of doing business*** and ***Online facilities***. The former is a catch-all category that looks at the overall relationship between the adviser and the DFM. The latter is looking at what is available online. This would include Consumer Duty related information. If it is not easily accessible, clear and detailed it would be frustrating for advisers and perhaps affect the overall relationship.

Provider financial strength and resource, ***Investment flexibility – range of options***, ***Accessibility***, ***Remuneration*** and ***Provider brand*** exceed expectations, attaining a score greater than the ranked order of importance.

Chart 2: Expectations – cross-match of satisfaction versus importance



Consumer Duty

This satisfaction study was run over the months following the implementation of the new Consumer Duty guidelines, implemented on 31 July. We took the opportunity to ask advisers how well prepared they were and how supported they felt they were by their preferred providers.

Firstly, we asked how well prepared they felt in terms of the four critical outcomes of the guidelines and the results can be seen Table 11.

Table 11: How prepared advisers feel they are for Consumer Duty

Outcomes	Communications	Products & services	Customer service	Price & value
Advisers fully prepared	56%	57%	63%	65%
Advisers more or less prepared	39%	38%	31%	30%
Advisers with work still to do	5%	5%	6%	7%

Consumer Duty (continued)

There is undoubtedly a link between adviser preparedness and how well they are supported by their preferred providers. Table 12 indicates how well supported they feel.

Table 12: How advisers feel they are being supported by DFMs in their Consumer Duty obligations

Outcomes	Communications	Products & services	Customer service	Price & value
Providers are fully supportive	31%	33%	31%	30%
Providers somewhat supportive	53%	50%	47%	49%
Providers neither supportive nor unsupportive	9%	11%	14%	14%
Providers not very supportive	5%	4%	5%	4%
Proiders not at all supportive	1%	1%	2%	2%
Don't know	2%	1%	1%	1%

Of course, these numbers are based on advisers' own personal experiences and we are a few months further down the line since implementation, but it would be wise for DFM providers to pay attention to these advisers' perceptions.

The FCA is focusing heavily on this regulation and, if advisers feel that the support they are getting is not sufficient to comply with the Consumer Duty, then it is inevitable that they will start to look elsewhere if things do not improve.

As a supplementary to these questions, we asked an open question about in which areas in particular they were perhaps being let down. There were three areas that featured more than most: speed of responses and communications, more detail around fair value assessments (including greater transparency and disclosure on costs and charges generally) and difficulty in finding information. This does rather chime with the study results with satisfaction in ***Online facilities*** and ***Quality of literature*** falling year on year.

Service and due diligence

The results and insights in this document have been collated from a survey among financial advisers and reflect the service and levels of satisfaction those advisers have experienced.

While there is not a direct relationship with the service experience of consumers, there should be a good correlation for clients of adviser firms. It stands to reason that where the adviser is receiving good service, they can be more confident and better equipped to meet client requirements.

This high-level commentary is supported by the detailed scores for each provider listed by service satisfaction category in Defaqto Engage (Centra for SimplyBiz users). We do not anticipate that advisers use service scores as the sole measure of suitability, but rather that service scores may feature as one of a number of selection criteria. Advisers should continue to conduct their own research and document their findings before recommending any suitable solutions.

Defaqto Engage

Defaqto Engage (Centra from SimplyBiz) is our financial planning software solution enabling advisers to manage their financial planning process all in one place.

Our software contains a wealth of product and proposition information to help advisers select a product that is suitable for their clients' needs and evidence their due diligence for compliance purposes. You can see more at **defaqto.com/advisers/solutions/engage**

The satisfaction results, by category, are available within Engage (Centra for SimplyBiz users). Advisers can use the individual category satisfaction scores (for example, new business services, existing business administration, online services) during the research process, as one of a number of selection criteria. They can also be added to comparison tables.

Advisers should note that not all providers are rated. To qualify for a Service Rating, providers must receive a minimum number of responses from advisers. So, using any service results in the filtering process may exclude providers offering potentially suitable client solutions from the research output.

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