

# Advice and guidance in a digital world



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**There can be a lot to think about when making decisions about your money. The good news is that technology is making expert support accessible to more of us than ever.**

Many of us make decisions about our money today without any expert help. Even though those decisions could have a big impact on our financial futures.

This is known as the 'advice gap'. We might fall into it if we feel we may benefit from support but for some reason are unable or unwilling to access it. That might be because we think it's going to be too expensive, don't know where to find it or aren't aware of free services and resources that could help.

It's a gap the financial industry regulator, the Financial Conduct Authority (FCA), would like to see narrowed. The FCA published consumer research in this area and has been stepping up efforts to help regulated businesses use technology in innovative ways. Ways that can make it easier for us to get free or at least much more affordable expert support.

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## Advice and guidance are different

Advice and guidance can both be an invaluable source of support on financial matters but when it comes to what each type of service offers, there are some important differences.

Guidance covers anything from learning resources about products and services to more structured tools and questionnaires that you might use to help when making your own decisions. But this isn't the same as being given personalised advice.

Investment advice is a particular type of service based on your own personal circumstances, objectives, the amount of risk you're willing and able to take with your money and other relevant personal and financial information. A qualified investment adviser uses all the information they collect from you to work out a specific recommendation for you personally.

## Government resources

Over the years, the government has been developing free online financial guidance and support services. Its new Money and Pension Service, for example, is bringing together three previous services under one roof. Pension Wise and The Pension Advisory Service are for people using pensions to invest for their retirement. The Money Advice Service is a more general service covering all sorts of subjects, from dealing with debt to investing for your future. Visit [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk) if you'd like to find out more about what it can offer.

## Personal doesn't have to mean a person

You may think of advice as something a person would give you, face-to-face or perhaps over the phone. There are circumstances though in which digital advice can work just as well – taking you through a set of questions designed by experts and then using your answers to make a personal recommendation.

Digital advice is a growing area and at present can be helpful when your financial needs are relatively simple. For example, maybe you're thinking of taking some next steps on the investing journey. You want to be confident you're building a portfolio that's right for you and be given suitable investment recommendations to help you on the way.

## Suitability matters

Suitable is an important word when it comes to the difference between advice and guidance. An adviser giving personal investment advice must make sure any recommendations they make for you are suitable, not just generally, but for your individual circumstances.

Guidance is factual information around features, potential benefits and downsides. So it's always important to check which you're getting when you use any digital support service.

Guidance might be appropriate for you if you require just general information and have sufficient understanding on financial markets to make your own financial investment decisions. Guidance is usually free, but not always so it's best to check first.

## Which service is for you?

But if you would prefer a definite recommendation based on your personal circumstances, it's advice you're looking for. Personal investment advice is a service you will have to pay for. The cost can vary, with face-to-face advice generally costing more than digital advice.

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