Consumer Duty Raised the Bar for Mortgage Advice. Did Adviser Training Keep Up?

By Elizabeth Anne Caddle

Portfolio sample | September 2026

Consumer Duty raised the standard mortgage firms are expected to meet, and the evidence they must produce to show that customers are receiving good outcomes. The rules governing how mortgage advisers maintain their competence were not raised with it.

Retail investment advisers must complete at least 35 hours of appropriate continuing professional development each year. Mortgage advisers have no equivalent FCA minimum requirement, even though they recommend what will often be the largest and longest financial commitment a customer makes.[1]

This does not mean mortgage advisers are left entirely to their own devices. Firms must assess competence, review it regularly and act where necessary. Professional bodies, networks and employers may set their own requirements, and many do. What is missing is a consistent FCA standard for the amount or quality of continuing development expected of a mortgage adviser.

That gap matters because Consumer Duty asks more of an adviser than technical knowledge and a compliant file. Firms must avoid foreseeable harm, support customer understanding, assess fair value and monitor the outcomes customers actually receive. In mortgage advice, those obligations often reach the customer through the adviser's questions and explanations. The Duty will achieve little if advisers cannot apply it to the untidy facts of a real case.

The customer does not ask about the FCA Handbook

Customers do not sit down with a mortgage adviser wondering whether the recommendation will satisfy the FCA Handbook. They want to know whether they qualify, what the mortgage will cost and whether they can buy, keep or rescue their home.

The adviser has to turn regulation, lender criteria and risk into an explanation that makes sense to someone who may be anxious, embarrassed or unfamiliar with mortgage terminology. All the required documents can be present while the customer's understanding is not. They may still be unclear about why the mortgage was recommended, what could go wrong or what the borrowing will cost over time.

The FCA's March 2026 review of consumer understanding was clear on this point. Firms should test whether their communications are understood and whether they help customers make properly informed decisions. Sending the disclosure is not the end of the job.[2]

FCA Handbook, TC 2.1, including TC 2.1.12R and TC 2.1.15R.

2 FCA, Consumer understanding: good practice and areas for improvement, March 2026.

Some customers will say that they are confused. Others will nod, agree and hope it makes sense later. An adviser may hear the same question asked several ways, notice hesitation or find that a customer agrees unusually quickly. None of this proves a lack of understanding, but it is a reason to slow down and check.

The same judgement is needed when vulnerability has not been declared. A customer may become defensive, repeatedly miss documents or avoid explaining why somebody else is answering on their behalf. A tick box on a fact-find shows that a question was asked. It does not show that the adviser recognised what was happening, explored it sensitively or knew what to do next.[3]

A compliance update is not training

Mortgage firms are generally good at distributing information. Lender criteria change, a compliance bulletin is circulated, a network issues guidance or the FCA publishes another paper. Advisers are expected to absorb it, apply it and keep their cases moving.

Reading the update is the easy part to evidence. The harder question is whether the adviser understands what it means for a self-employed borrower, a customer consolidating debt, or a customer whose mortgage will continue into retirement. An accurate bulletin and a technically correct criteria page do not answer that question.

The information may be scattered across lender systems, network guidance and internal compliance wording. The customer sees none of that machinery. They ask a simple question: what does this mean for me? The adviser must produce a clear answer from material that may be dense, fragmented or written for a compliance department rather than a borrower.

An adviser who understands the issue can explain it without sheltering behind technical language. An adviser who is uncertain, overloaded or worried about saying the wrong thing may give an answer that is formally correct and practically useless. The firm can prove that it sent the update. That is not proof that the advice improved.

Second-charge mortgages show what can go wrong

The FCA's March 2026 review of second-charge mortgages shows where the distinction between process and judgement becomes costly. Its sample covered firms representing more than 40 per cent of the second-charge advice market and around half of second-charge lenders.[4]

The FCA found examples of advisers failing to explore the reasons behind the growth of unsecured debt. Some files did not contain the interest rates, accurate balances, or early repayment charges for existing borrowing. Other advisers concentrated on the immediate reduction in monthly payments without helping the customer understand the higher cost that could arise over a much longer term.

---

3 FCA, FG21/1: Guidance for firms on the fair treatment of vulnerable customers, February 2021, updated July 2026.

4 FCA, Second charge mortgages: improving outcomes for consumers, March 2026.

More troublingly, some advisers encouraged customers to consolidate additional debts solely so that the application would pass the lender's affordability test.

That is eligibility being mistaken for suitability. A lender's willingness to advance the money does not make the recommendation appropriate. Reshaping debts until the figures pass an affordability model can increase the total cost, extend the borrowing for years and put the customer's home at risk for debts that were previously unsecured.

The regulator also found intermediaries using lender acceptance rates as a measure of customer outcomes. Some quality-assurance checks focused on whether the file contained enough information for the lender to issue an offer. Both measures rewarded progress towards completion. Neither showed whether the advice was suitable or the customer had received a good outcome.[5]

The suitability obligation was not created by Consumer Duty. MCOB 4.7A already required firms to consider the consequences of debt consolidation, including the cost of extending the repayment period and whether previously unsecured borrowing should be secured on the customer's home. What the Duty changes is the ability to point to completion as if it settled the question of outcome.[6]

Nor is this weakness peculiar to second-charge mortgages. In its 2020 review of equity release advice, the FCA found that advisers had 'largely adopted a form-filling approach to fact finding' instead of tailoring recommendations to the person in front of them. It warned that poor-quality advice in this market could cause significant harm to customers who may be vulnerable.[7]

The equity release review came three years before the Duty; the second-charge review followed. Read together, they expose the same weakness. A process can be completed without the firm demonstrating that the recommendation was properly tailored to the customer. The outcomes standard has risen, but the minimum continuing-development requirement for mortgage advisers has not.

The competence gap beneath the Duty

The FCA describes Consumer Duty as a 'higher and more exacting' standard. Its Training and Competence sourcebook is far less prescriptive about the continuing development of mortgage advisers.

Mortgage firms must review employees' competence on a 'regular and frequent basis' and take action to ensure that they remain competent. The rules do not prescribe an annual number of hours for mortgage advisers. They do not set a common requirement for structured learning, tested understanding or development aimed at weaknesses exposed by customer outcomes.

---

5 FCA, Second charge mortgages: improving outcomes for consumers, section 5.3, The role of intermediaries, March 2026.

FCA Handbook, MCOB 4.7A.15R, Advised sales: debt consolidation.

7 FCA, The equity release sales and advice process: key findings, June 2020.

An hours requirement would not, on its own, prevent poor advice. CPD can become another box-ticking exercise, especially when it consists of product presentations, recycled slides or an undemanding online test. A certificate proves that the activity was completed. It says little about whether the adviser can use what they learned when a customer's circumstances demand careful judgement.

The better test is whether continuing development strengthens advisers' knowledge and judgement and, in turn, produces better advice for customers.

Passing the required examinations is the beginning of competence, not the end. Customers do not arrive as tidy case studies. They bring irregular income, adverse credit, missing documents, debts they are ashamed of, poor financial confidence, illness, family pressure and circumstances that sit awkwardly outside a training manual.

A newly qualified adviser may know the rule but struggle with the conversation around it. An experienced adviser may know the products but rely too heavily on habit. Both need their judgement to be challenged before a file review, complaint, or FCA visit reveals the gap.

One adviser interviewed for an Equity Release Council report said, ‘I've not really come across anything that is better than experience.’ Crucially, the firm did not leave advisers to acquire that experience by trial and error. New advisers reviewed customer calls with senior colleagues, discussed how the conversations had unfolded and considered what they might do differently next time. That is continuing development rooted in the job itself.[8]

Commercial pressure cannot be excluded from this discussion. Advisers may be expected to convert enquiries, discuss protection and keep cases moving before rates or products change. That does not automatically produce poor advice, but it can make a hesitant customer feel like a delay and a complicated case feel less attractive. Training that ignores those pressures describes an idealised job, not the one advisers are being asked to do.

What useful training would look like

Useful training need not mean a long course or another collection of certificates. It should leave an adviser better able to recognise risk, explain consequences and spot when a course of action that might secure an offer is not in the customer's interests.

Worked cases, role-played conversations, vulnerability scenarios, peer discussion of anonymised files and plain-English compliance briefings all have a place. Advisers also need somewhere safe to bring a difficult case, to admit uncertainty, and to ask questions. A firm that discourages this may appear confident on paper, even as misunderstanding spreads through the advice team.

Repeated confusion is evidence in its own right. If several advisers misunderstand the same policy, sending the email again is unlikely to fix it. The guidance may be unclear, the training too theoretical, or the time allowed to apply it unrealistic.

8 Equity Release Council, Later Life Lending and Customer Vulnerability, July 2025, p.17.

Competence testing should also be connected to the outcomes the firm monitors. If case reviews repeatedly raise concerns about debt consolidation, unusually long terms, borrowing into retirement or vulnerability identified too late, changing the fact-find or compliance checklist is not enough. The firm should ask whether advisers understood the problem, whether the training addressed it and whether later cases were any better.

After an important update, an adviser should be able to answer three basic questions:

- What does this mean?
- Why does it matter to this customer?
- How would I explain it clearly and fairly?

If the training does not help the adviser answer them, attendance is weak evidence of competence.

The adviser is where the Duty succeeds or fails

Consumer Duty can still be reduced to approved wording, revised templates and management reports laid over existing sales practices. A full file may show that the process was followed, but not that the right questions were asked. A signed disclosure does not establish understanding, and a lender's offer does not make the recommendation suitable.

The FCA accepts that smaller firms can use a limited number of meaningful indicators rather than build elaborate monitoring systems. That is sensible. Proportionality, however, is not permission to be superficial. The evidence must still show more than activity, completion and customer satisfaction when the money is released.[9]

For an advised mortgage, the adviser is where rules, criteria and disclosures meet the customer's circumstances. A firm cannot credibly claim that customers understand its products if it has never established whether its advisers can explain them. Nor can it claim to avoid foreseeable harm if advisers are trained to complete the process but not to recognise when it produces the wrong answer.

Consumer Duty raised the standard expected of firms, but the continuing-competence framework underpinning mortgage advice did not keep pace. When a case is later pulled apart, it is usually the adviser's judgement that comes under scrutiny. The firm may never have given that adviser a structured way to develop or test it. The FCA should now ask whether that gap is still defensible. Firms should not wait for the answer.

Primary sources

- FCA Handbook, TC 2.1: Assessing and maintaining competence.
- Financial Conduct Authority, Consumer understanding: good practice and areas for improvement, March 2026.
- Financial Conduct Authority, Guidance for firms on the fair treatment of vulnerable customers, February 2021, updated July 2026.
- Financial Conduct Authority, Second charge mortgages: improving outcomes for consumers, March 2026.

9 FCA, Outcomes monitoring: good practice and areas for improvement, July 2026; FCA Handbook, PRIN 2A.

- FCA Handbook, MCOB 4.7A: Advised sales.
- Financial Conduct Authority, The equity release sales and advice process: key findings, June 2020.
- Equity Release Council, Later Life Lending and Customer Vulnerability, July 2025.
- Financial Conduct Authority, Outcomes monitoring: good practice and areas for improvement, July 2026.