VIEWPOINT

BRAYBROOK & CO

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.

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Going it alone

The risks of DIY advice can significantly compromise long-term financial security.

Is it worth getting financial advice?

It appears that most UK consumers remain unconvinced. In a survey conducted in May 2024, fewer than one in ten adults admitted to seeking advice on investment, pensions, or retirement planning in the previous year[1].

So, what's the problem? Do people believe they haven't got sufficient wealth to benefit from it, or do they think professional advice is too expensive or untrustworthy? Maybe they're confident they can go it alone.

There is no doubt that the emergence of online tools and low-cost platforms in recent years has increased the popularity of do-it-yourself financial advice, together with a belief that managing money independently saves fees. But there are pitfalls to DIY advice that can seriously damage your wealth.

Overconfidence

Many DIY investors assume that reading articles or watching videos equips them to make professional level decisions. In reality, financial planning requires deep understanding of tax rules, investment risk, sequencing risk, behavioural biases, and long term cash flow modelling.

The majority of UK adults do not take regulated financial advice, indicating many are making financial decisions independently. Yet the same research found that among consumers with more than £10,000 of investible assets, 61% held all or at least three-quarters of it in cash[2]. In other words, their investment decisions aren't necessarily the right ones.

This chimes with research among those who are not engaged with financial services, which found that while 90% of them has cash savings, only around a third of them had investments. Of adults currently contributing to a workplace pension, 38% didn't know how much they or their employer was paying in[3].

Getting emotional

A financial adviser acts as an invaluable behavioural anchor, discouraging clients from making the wrong decisions as well as guiding them to make the right ones. Without that sounding board, DIY investors are more prone to panic during market downturns or make impulsive changes that can erode returns and quickly throw plans off track.

Ignoring the big picture

Financial planning is complex. It's a skilled profession. Managing investments is only a small part of what's involved, but is often what DIYers focus on, ignoring vital areas such as estate planning, tax rules and wrappers, pension optimisation, insurance and long-term care needs. Missing these elements can have a devastating impact on the wellbeing and financial security of families.

Financial advice helps you create a clear picture of what you want your future to look like. It instils the financial disciplines of saving, planning and regular reviews which help build long-term capital. It gives you greater certainty that you've got things under control and the peace of mind that comes from knowing you've done the best for yourself and your loved ones.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

[1] [2] [3] FCA Financial Lives 2024 survey, published in 2025

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