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# Making sense of S&S ISAs

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*Prepared for*



**University of  
Nottingham**  
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# Foreword

Legal and regulatory communications designed to help consumers aren't doing their job. This isn't new news. The FCA has challenged firms to improve their communications and design with the consumer in mind. The Consumer Duty is in motion. Nevertheless, the FCA's own regulations and firms' risk appetite mean that consumers are still being presented with reams of text and complex jargon.

Firms' communications are putting people off investing. In 2022, TISA's work with Oxa found that over 70% of people with £5k in a cash savings account didn't even consider investing in a S&S ISA because they thought it was 'too risky'. Of those that did try to open an account, between 21% and 24% dropped out of the investing journey when they sought to find out information about S&S ISAs or assess them for their own benefit.

In response, TISA has worked with its members and the University of Nottingham and Amplified Global to design and test three Key Features Documents (KFD). UX and functional design support for the Key Features Document (KFD) prototype was provided by EY-Seren. Each KFD was increasingly shortened and simplified:

- an Original KFD, considered compliant with regulatory requirements, pre-Consumer Duty (4,149 words)
- a Simplified KFD, considered compliant with regulatory requirements following the introduction of the Consumer Duty (2,131 words)
- And a Digital KFD, not fully compliant but based on what TISA members think consumers should know when investing (full text: 1,289 words; main screens only: 592 words)

## The findings of this research show that:

Firms can significantly shorten and simplify communications within the current disclosure regime. Firms must take action to improve their documents so they help consumers. Relying on 'readability scores' alone may not be sufficient. As the research shows, intelligibility sets a higher bar for firms: consumers must be able to read, understand and apply the information to their situation.

Disclosure regulations need a radical overhaul. Pushing too much information into single disclosures to solve for multiple purposes is not working well for consumers. This points to a need to rethink what the purpose of disclosure is and how it should be designed to deliver maximum consumer engagement across decision-making journeys.

Consumers want to know what the costs and charges will be early in their journey. They are wary of costs being sprung on them down the line. But complex charging structures are difficult to make sense of. Calculators can help but people need guidance to understand norms, like how many deals they might be expected to do within a year.

Consumers were keen to know more about, and select their investments when they were reading the KFDs. Digitalisation provides new ways for firms to join the dots between various disclosures. But it also creates questions about the level of information people are presented with. Our work digitised just the KFD. Adding the Key Investor Information for selected investments calls into question how much information would be presented to the consumer. What is it realistic to expect consumers to engage with?

Creating shorter disclosure in a digital journey, alongside interactive tools makes journeys more accessible and engaging for consumers. Personalisation helps people interpret complex costs and charges information. But layering information requires consideration of what information should be prominent and what information firms can safely deprioritise.

TISA looks forward to continuing its work to promote simpler, shorter disclosures that actually do their job and help consumers.

TISA is grateful to its members and other collaborators involved in this project. However, the authorship and findings of the report belong to the authors only. We would like to thank CMS Law for their support. We are also grateful to Amplified Global, Fidelity, EY-Seren, Hargreaves Lansdown, Lloyds Banking Group and the University of Nottingham for all their support and sponsorship [1] .

## **Faith Reynolds**

Adviser to the board at TISA



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<sup>1</sup> Third party trademarks are used with the permission of their owners.

# Acknowledgements

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We would like to particularly thank Dr Sarah Sabbaghan for her excellent research assistance and Ewan Willars at Amplified Global for the summary of Amplifi scoring. We would also like to thank Professor John Gathergood and Edika Quispe-Torreblanca from the University of Nottingham for collecting the quantitative survey data (see Appendix 1).

Any errors or omissions are the authors.

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# Executive Summary

TISA's research with Oxera in 2022 showed that the customer journey creates barriers to investing. Between 21% and 24% of research participants dropped out of the investing journey when they sought to find out information about S&S ISAs or assess them for their own benefit. Challenges of language and layout are holding people back from engaging with disclosure.

This research used mixed methods to examine the language and layout of a Key Features Document. Three documents were created in consultation with a TISA [2] working group. They were increasingly shortened and simplified:

TISA is the The Investing and Savings Alliance. <https://www.tisa.uk.com/>

- **an Original KFD**, considered compliant with regulatory requirements, pre-Consumer Duty (4,149 words)
- **a Simplified KFD**, considered compliant with regulatory requirements following the introduction of the Consumer Duty (2,131 words)
- **And a Digital KFD**, not fully compliant but based on what TISA members think consumers should know when investing (full text: 1,289 words; main screens only: 592 words)

The Original KFD was created first. The Digital KFD was then created. The Simplified was created by taking the Digital KFD and making it compliant. Compliance was achieved by following the headings required of CONC 13.3.2; adding in the Keyfacts logo; incorporating standardised text used by the industry and providing additional context, e.g. in relation to risk, highlighting that past performance is not an indicator of future performance.

UX and functional design support for the Key Features Document (KFD) prototype was provided by EY-Seren. The KFDs were assessed by Amplified Global to check their difference in intelligibility. A total of 60 qualitative interviews were conducted with research participants (20 per KFD) and these were supplemented with eye-tracking during a 5 minute reading task. Additional survey data was gathered on complexity of terms commonly associated with S&S ISAs.

This report first sets out the background to the research, the approach taken and the methods used. It then reports the results in four parts.

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<sup>2</sup> TISA is the The Investing and Savings Alliance. <https://www.tisa.uk.com/>

## PART 1

### Validating the efforts to simplify KFDs

Amplifi's Intelligibility Assessment shows that the Simplified and Digital KFDs are simpler than the Original KFD across a variety of metrics. The results for the Simplified KFD demonstrate that an easy to read and compliant document can be constructed.

“It was not as difficult as I expected. When you told me it was going to be something around stocks and shares ISA, I thought it might be harder than it was.” (S12, reading Simplified KFD).

The variety of metrics show that condensing information increased some complexity, but overall shortening the document, reducing sentence length and simplifying how concepts were described improved readability and overall intelligibility.

To be intelligible in legal and regulatory terms, information must leave the reader in a position to evaluate the risks and benefits and understand the financial implications of their decision. It is a higher bar than 'readability'.

“I think it was pretty well laid out. I liked the bullet points, I find them easier to read than long bits of text.” (S17)

Test Document	Document length (words)	Reading duration (average adult)	Intelligibility score	Accessibility
Original KFD	4149	21 minutes	65.8	Likely to be understood by a reader who has a GCSE (5 grade A*-C) education or equivalent. Around 72% of the UK adult population.
Simplified KFD	2131	11 minutes	74.5	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (full text)	1289	6 minutes	73.7	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (main screen only)	592	3 minutes	85.0	Likely to be understood by a reader who has a pre-GCSE (Secondary) level of education. Over 90% of the UK adult population.

## PART 2

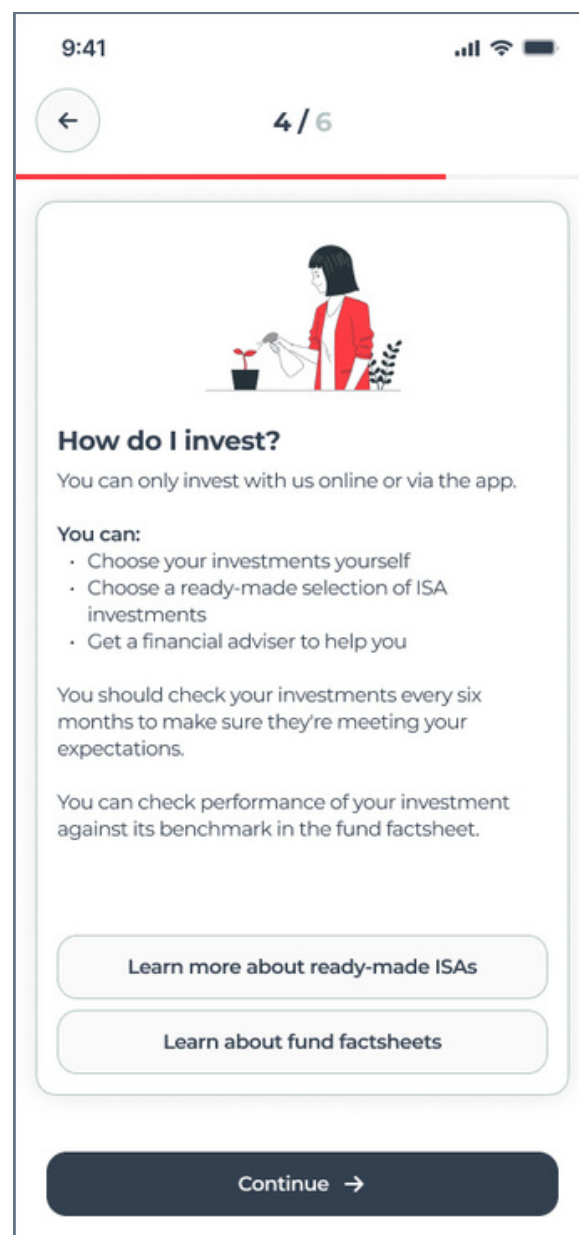
### Making information more accessible

Part 2 of the report draws on the data from the qualitative testing of the documents and the survey data. It shows shorter information is more likely to be read in full, in time-constrained scenarios. Simplified language eases reading and makes it easier for people to understand.

“It was quite straightforward and quite simple. I mean, there was no complicated language. I could understand what it was trying to tell me, so that was good and it was quite short, which I liked. I think sometimes when you get a lot of information it can be quite hard to digest. So that was quite useful” (D3, reading the Digital KFD)

“I thought the text was accessible. I think it was just about right. I didn’t think it was, it was formal. But it had the right level of informality to keep me reading it.” (S1)

All participants managed to finish reading the Digital KFD in the five minute reading task. No participant reading the Original or Simplified version managed to complete reading within the allotted time. Readers of the Original version reached, on average, page 9 of the document (reading 66% of the document) and readers of the Simplified version, on average, reached page 7 (reading 87.5% of the document).



Disclosure requirements may need to take more account of the time that people are willing to engage in documents.



In the post-reading interview,

- 17 readers said that they would be likely to read the Digital KFD in full;
- 18 readers said that they would be likely to read the Simplified KFD in full.
- 13 readers said that they would be likely to read the Original KFD in full.

People who read the Original and Simplified versions of the document displayed a different reading approach to those who read the Digital version. Readers of the Digital version were more likely to read methodically with their eyes resting on every word. However, people reading the Original and Simplified were more likely to skim backwards and forwards. This suggests that more consideration should be given to how channel effects people's approach to reading and how this effects their engagement.

Participants encountered difficult words and phrases whilst reading all versions of the KFD. Eye-tracking identifies difficult words and phrases by identifying where eyes rest on a word or phrase longer than the average. People spent longer fixating on words in the Original KFD than the Simplified and the Digital.

Survey data confirmed words identified in the eye-tracking data that people find difficult are also considered difficult by the general public.

### Four types of terms made the reading experience harder for people:

- Words with multiple, nuanced meanings. For instance, 'investment' is used in different ways to convey information related to both the general act of investing as well as specific individual investments.
- Familiar terms in unfamiliar contexts. For instance, the use of the word 'subscription' to mean the contribution of money to a fund, is not common and caused people to pause.
- Unfamiliar terms for regulatory purposes. For instance, 'bid-offer' spread is a key term used to explain underlying investment charges but is not well understood. As also noted in the survey, public opinion is that very few people would understand this term. Information about charges is required for regulatory purposes: it is important in ensuring consumers are equipped to know where charges might arise. But currently, the information is not transparent enough to be helpful.

- Words with less immediate relevance. The “civil partnership” concept caused difficulty for a number of participants. It is likely that this term is less familiar to those for whom it is less relevant. Greater personalisation in future may help ensure information is made more prominent for those to whom it is more relevant.

Shortening documents, simplifying jargon and concepts can contribute to an improved reading experience for consumers.

## PART 3

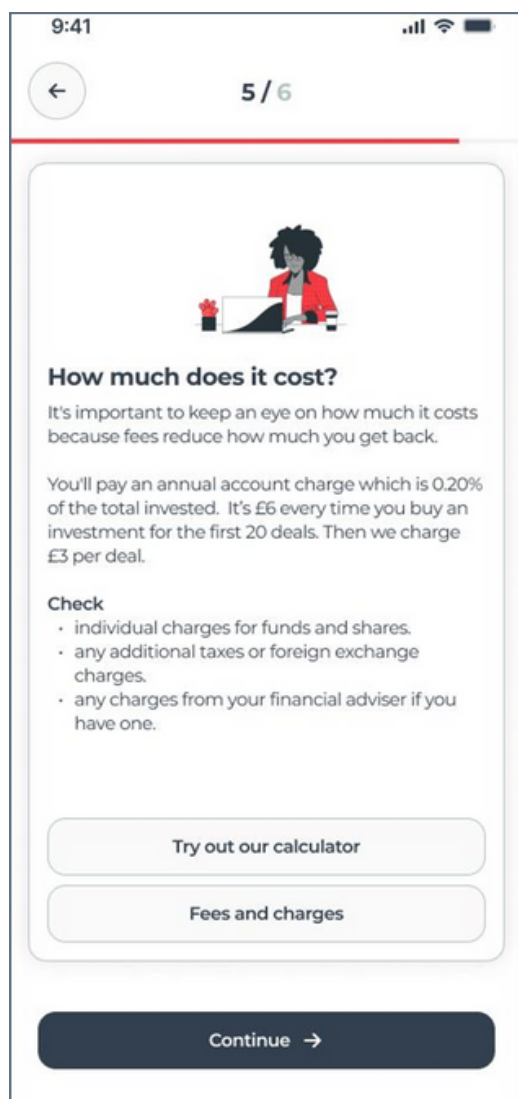
### Helping people assess the information

Part 3 explores the analysis of the qualitative interviews with research participants. It shows that even where information is simpler, it can still be difficult to recall in full. People understood the benefits and risks associated with the product, however, they struggled to recall clearly information about fees and charges; how to check their investments; and the distinction between advice and guidance.

“...but I think when you’re giving lots of information about costs, it’s harder to remember and interpret” (D3)

Complex charging structures create friction for readers.

“So it was a bit of a surprise to see that there are charges coming from different places for different reasons.” (D16)



Consumers want to receive the information in the KFDs, early in their decision making journey. They expect to use other sources of information for shopping around (e.g. internet).

Consumers may not be aware of KFDs until late in the journey when they are making their application. This points to the need for a rethink about the purpose of disclosure and whether it is meeting consumers' needs.

“You should know most of this stuff before you decide to invest...” (D13)

The layout of information can help consumers navigate through the information and people particularly liked the Digital KFD for the separation of information and bitesize chunks.

People appreciate tools that help them personalise information because it makes it easier to interpret what it means.

The calculator in the Digital KFD was particularly welcomed, but people needed additional information to understand how it would apply to them: for instance, the number of deals they might be likely to make in a year.

“I think what I appreciated at the end of the calculator was it kind of gave me, a rough annual cost. And that made me feel comfortable. Whereas when I read the information on the costs, I got a bit like that’s a lot of different charges.” (D5)

“It is a nice idea, but I don’t think I would know what numbers to put in.” (D19)

Trust is important and is a multifaceted concept. Consumer trust is built through the reputation of the sector and the brand as well as the information provided. A perception that information is being withheld can damage trust. In particular, readers wanted more information about the investments they could select. The missing information negatively influenced readers’ trust in the information they were shown.

## PART 4

### Designing for the future

Part 4 examines the Digital KFD, setting out the considerations that drove its design and the response of consumers to the information it contained.

Research participants particularly liked the Digital KFD, because they perceived it as more accessible and easier to engage with than the Original KFD.

“It was easy to get through. I could see what I was doing and where I was going” (D16)

“Pretty concise, organised... easy to follow... the way it’s put together makes you feel quite comfortable.” (D7)

The Original KFD was seen as long, legalistic, boring and confusing. Readers were able to read the information in the Digital KFD within the five minute reading task. This was not the case for the Original and Simplified documents.

The Original KFD is for “somebody who has experience in terms of language and product” (O8, reader of the Original KFD).

However, creating concise documents required prioritising information and deprioritising other information to the ‘layers’ which readers must click through to view.

9:41

Cost calculator

### Estimated fees

This calculator only provides an estimate of what your fees might be based on what you've told us.

- Annual account fee  
**£10.22**
- Dealing charges  
**£30**
- Fund charges  
**£25.51**

### Estimated costs

Cost for one year based on 5% return.

**£65.73**

You can change how much you invest, the number of deals or the likely fund price to adjust the total fees you pay.

Recalculate

People did not routinely click on all the additional information available to them. This highlights the importance of careful design to ensure both prominence and adequate information are maintained.

“I wouldn’t click on all the extras” (D9)

.The most clicked on link was the 'download' button at the end of the Digital KFD, suggesting that people like the certainty of having the information and that 'durable medium' still has a role to play in a more digital future.

Despite the positive comments about the Digital KFD, the lack of familiarity did mean that people were nervous about whether it was hiding information.

“...it kind of feels like some of the information might be missing. I mean, it's ridiculous because I much prefer this as an interface and think it gives me more useful information...” (D3)

# Conclusion

The research concludes that improved language and layout of a Key Features Document is possible. However, participants expect to find out about much of the information in a KFD earlier in their journey through the website. This calls into question the purpose of lengthy disclosures like the KFD; and what the role of more general disclosure is in the decision making process.

A Digital KFD could be important for improving consumer engagement with products. However, readers did not read all of the layered information contained in the Digital KFD. This highlights the importance of being clear about what information should be prioritised on the main screens, relative to other information which while important, can be deprioritised.

Further, a Digital KFD did not, in this small sample, improve recall of the information relative to the Original or Simplified KFD. Research participants also exhibited different ways of reading the information in the Digital KFD in comparison to the other KFDs. Further research would be helpful to understand how digital journeys may impact reading approaches and any impact on recall of information and consumer comprehension.

Whilst readers liked the Digital KFD, it's unfamiliar and shorter format did give rise to concerns information might be missing. Further consideration should be given to how to ensure shorter information is perceived as (and indeed is) trustworthy.

# Background

TISA's research with Oxera in 2022 showed that the customer journey creates barriers to investing. Between 21% and 24% of research participants dropped out of the investing journey when they sought to find out information about S&S ISAs or assess them for their own benefit.

For people who have not already invested, finding information about S&S ISAs is considered time consuming. Over a quarter of participants found it difficult to select which funds to invest in or to work out the differences between different S&S ISAs.

Language also creates a barrier. 25% found it difficult or very difficult to understand the language used. This rises to 34% for women. Research participants were presented with a number of terms and asked for emotional responses. People who had not invested were significantly more likely to have negative emotional responses to terms like 'diversification', 'active and passive funds' and 'tax-free wrapper'.

The report infers that many consumers feel uncomfortable with common terminology used to describe S&S ISAs. This is particularly important given that these terms convey key benefits (e.g. 'tax-free'); and a correct understanding of 'diversification' could help shield them against risk, which is known to be a common barrier to investing.

This project takes a qualitative research approach to discover whether simplifying language and the design of disclosure helps improve people's perceptions, understanding and engagement. This is in keeping with the FCA's guidance that firms should 'test, monitor and adapt communications to support understanding and good outcomes for consumers.' [3]

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<sup>3</sup> FCA. FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. 2022



# Approach

The focus of the research is the Key Features Document (KFD). This provides a good example of language consumers are likely to be exposed to through the S&S ISA journey, particularly when researching and assessing S&S ISAs. It is also known for being a lengthy document which consumers become aware of towards the end of their decision making journey and often ignore.

The research aims to explore how language and design can improve reader experience. Three versions of the KFD were created and assessed using qualitative methods, based on a fictitious company called Molinia.

- An Original version (O). The Original KFD was designed based upon desktop research which took into account KFDs from leading providers in the market for a platform-based S&S ISA. It was developed and peer reviewed by TISA members who felt it represented a compliant and good standard of KFD pre-Consumer Duty.
- A Simplified (S) version. This was developed after the Consumer Duty had been implemented. It was based on the content from the (D) Digital version but reviewed and edited so it could be considered compliant. It focused on reducing and simplifying content.
- A reconfigured, Digital version (D). This was developed based on the key information TISA members believe consumers need to make a decision. It is not fully compliant.

Compliance was achieved in the Simplified KFD by following the headings required of CONC 13.3.2; adding in the Keyfacts logo; incorporating standardised text used by the industry and providing additional context, e.g. in relation to risk, highlighting that past performance is not an indicator of future performance.

The three versions are related and there is similar information in each. However, there are considerable differences in format, content and language used.

# Methodology

The research involved three methods of data collection and analysis:

- An assessment of intelligibility using Amplifi software to validate the suggested simplification of information
- Survey data captured relating to the familiarity and complexity of words and phrases common in investing scenarios
- Qualitative semi-structured interviews with individuals reading the KFD information, supplemented with eye-tracking data. This forms the main bulk of the report.

## Intelligibility assessment using Amplifi

Amplifi is software that assesses the intelligibility of written information. Amplifi uses AI and machine learning, trained using legal and regulated documents. The platform shows specific areas to simplify, provides an audit trail for internal or external reporting, and operational data. 'Intelligibility' is a higher standard than 'readability'. Readability is a limited metric that is a poor indicator of whether information is likely to be understood. Classic readability frameworks are primarily based only on sentence length and word length.

Intelligibility requires firms to ensure their information is readable, written in plain language and (crucially) is able to be understood, and used by the reader. To be intelligible in legal and regulatory terms, information must leave the reader in a position to evaluate the risks and benefits and understand the financial implications of their decision. This tallies closely with the requirements of the FCA's Consumer Duty: firms' communications should enable consumers to understand their products and services, their features and risks, and the implications of any decisions they must take. Testing intelligibility provides unique insights into how understandable and actionable the communications are likely to be, and the factors that are driving complexity for the reader. The analysis takes into account both the readability of information, the complexity of concepts and a series of other linguistic metrics.

## Survey Data

This work has been undertaken in tandem with a Randomised Control Trial looking at the articulation of risk and how risk can be managed. Additional survey questions asked about how people rated key language and terms typically used in relation to S&S ISAs. The survey was completed in two phases. The combined sample size across both phases is 6,381 responses.

## Qualitative semi-structured interviews and eye-tracking

Twenty participants were recruited for each treatment: Original (O), Simplified (S) and Digital (D). The participants were drawn from a group representing the target audience for this information.

- Even split between male (n = 30) and female (n = 30)
- From the Midlands (n = 41) and the North (n = 19)
- Average age mid to late thirties, range from early twenties (23) to mid-seventies (74)
- Majority educated to degree level (n = 42)
- Have sufficient income and savings to consider savings and investments products
- Most have a cash ISA (n = 46), only a few have other types of investment products (n = 3)

Research participants read the information on a computer screen whilst eye movement was monitored using a Gazepoint 3000 eye-tracker. Participants were given 5 minutes to read the document and primed that they would be asked questions about it afterwards. The 5 minutes aimed to reflect the approximate time that consumers might be willing to spend on a document of this type.

After reading the information, the participant undertook a one-to-one, semi-structured interview. Investigation focused on deliberating two hypotheses:

- 1 The Simplified version of the KFD would be easier to read; help readers recall information more accurately; help readers feel more positive about the business and give rise to greater trust.
- 2 The Digital version would be easier to read than the Original or Simplified KFDs; help readers recall information more accurately than the Original or Simplified; help readers feel more positive about the business and give rise to greater trust than either the Original or Simplified KFD.

## The semi-structured interviews focused on eliciting:

- Key areas of recall: commitment, benefits and risks, costs and charges, how to check performance of investments, the difference between advice and guidance
- Customer experience of the information presented and missing information
- Trust and emotional responses.

The questions were drawn from linguistics, law and the literature in human-computer interaction examining user experience (UX). The questions on the feelings about the KFDs are primarily drawn from user experience literature. Questions were also informed by TISA members. For instance, to understand whether readers understood under what circumstances they should access their money from a S&S ISA earlier than five years.

Descriptive statistics were constructed from the answers to the scale questions presented in relation to trust. The semi-structured interview responses and comments made during reading were analysed using thematic analysis. More information about the methodology and the questions asked can be found in the appendices.

The research findings are presented in four parts. Part 1 of the report highlights the findings from Amplifi's analysis to validate the simplification process. Part 2 summarises comparative findings from the eye-tracking and survey. Part 3 explores readers' recall of information and thematic analysis of participant interviews. Part 4 focuses on the approach to designing the Digital KFD and the specific findings from this version.

Tested versions of the Original and Simplified KFDs are found in the Appendix. The Digital KFD can be found on TISA's website.

Research participants who read the Original KFD are identified as 'O' plus a number (e.g. O18); research participants who read the Simplified KFD are identified as 'S' plus a number; and readers of the Digital KFD are identified as 'D' plus a number.

## PART 1

### Validating efforts to simplify KFDs

Amplifi's Intelligibility Assessment shows that the Simplified and Digital KFDs are simpler than the Original KFD across a variety of metrics. The Simplified KFD demonstrates that it is possible to create shorter and more intelligible information which is also compliant with regulation. The variety of metrics shows that condensing information increased some complexity, but overall shortening the document, reducing sentence length and simplifying how concepts were described improved readability and overall intelligibility.

### Amplifi's scoring shows that the Simplified and Digital versions of the KFD are simpler than the Original version across a variety of metrics

#### Intelligibility Score

The Amplifi Intelligibility Score is a unique measure of intelligibility. It uses a range of metrics, which include:

- how readable the document is
- how complex the words and concepts are
- how connected or disconnected the concepts are
- other factors that affect whether the document will be understood.

The Intelligibility Score is out of 100. The higher the score the more intelligible the document is assessed to be. The scores are aligned to 5 Intelligibility Levels. These help to communicate reach, and the likely level of education or experience that may be needed for an adult to understand the information.

**Table 1: Intelligibility Levels and Score**

The levels range from Level 1 (most intelligible) to Level 5 (least intelligible).

Test Document	Amplifi Intelligibility level	Amplifi Intelligibility score	What does this mean?
Original KFD	Level 3	65.8	Likely to be understood by a reader who has a GCSE (5 grade A*-C) education or equivalent. Around 72% of the UK adult population.
Simplified KFD	Level 2	74.5	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (full text)	Level 2	73.7	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (main screen only)	Level 1	85.0	Likely to be understood by a reader who has a pre-GCSE (Secondary) level of education. Over 90% of the UK adult population.

It should be noted that even at the higher scores, some individuals will not be able to understand the document in full. At the lower end, even though the document should cater for the majority, still around a quarter of adults are likely to struggle to understand at least some of the document's information.

## Document length

Length of document can have a significant effect on how intelligible a document will be in practice [4]. This is due to the volume of information being communicated, and factors such as the potential for information to be less clearly structured in a longer document. Engagement may also be reduced the longer the document or reading time is perceived to be by the reader.

**Table 2: Document Length**

Test Document	Document length (words)	Reading duration (average adult)
Original KFD	4149	21 minutes
Simplified KFD	2131	11 minutes
Digital copy (full text)	1289	6 minutes
Digital copy (main screen only)	592	3 minutes

All of the simplified KFDs were substantially shorter. The Simplified KFD was just over half the length of the Original. The two Digital copies are shorter again. This should have a positive effect on intelligibility, and the likelihood of the communications being read in full by consumers.

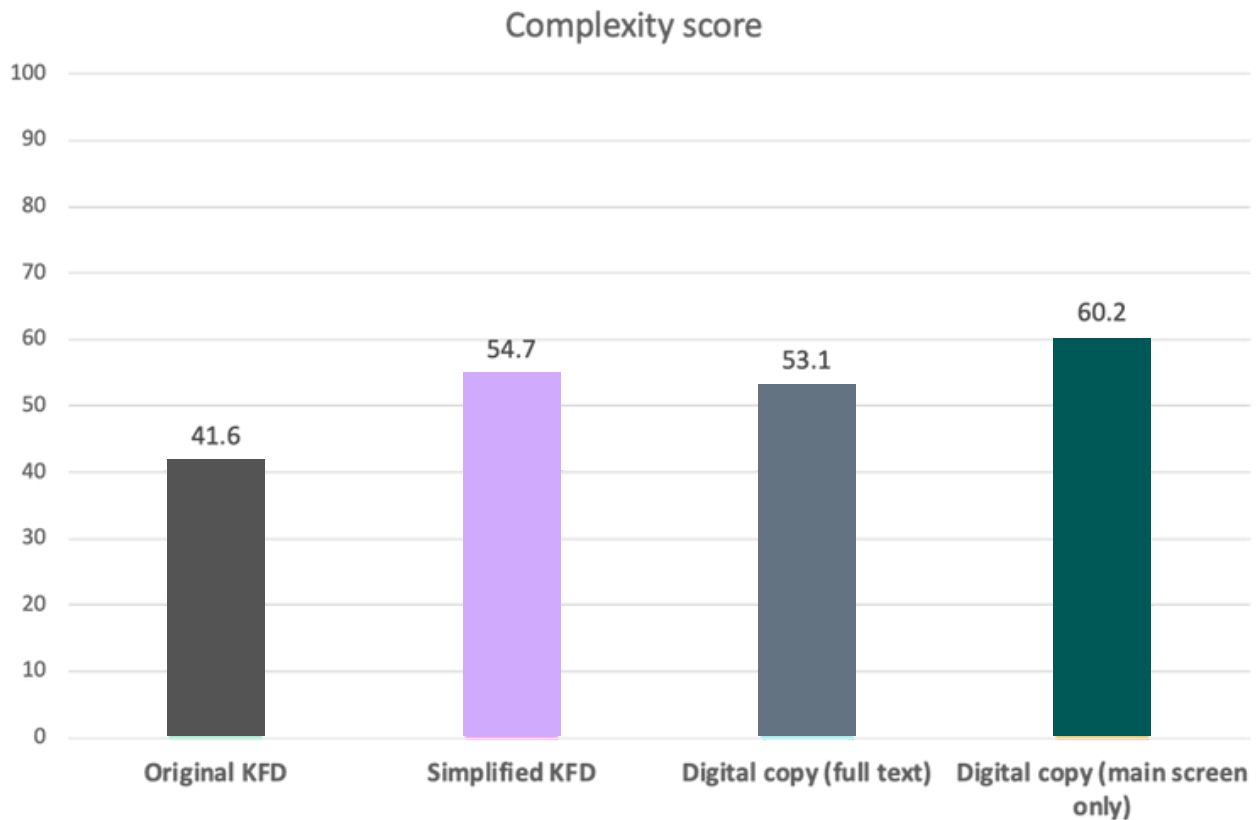
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<sup>4</sup> Joasia Luzak et al, 'ABC of Online Consumer Disclosure Duties: Improving Transparency and Legal Certainty in Europe' (2023) 46 Journal of Consumer Policy 307-333, 315.

## Complexity Score

This is calculated at an individual word-level, and whether there are other difficult concepts in a sentence. The overall Complexity Score is scored out of 100, the higher the score the less complex the document is conceptually.

**Figure 1: Complexity Score**



For each score the Amplifi platform gives an indication of where the score sits across three indicative ranges (good/average/bad). These are based on existing science and Amplifi's own research. Conceptually, the Original KFD document is the most complex. The score of 41.6 is at the lower end of the 'average' range for this statistic (40-60). This is fairly typical of a regulated document, particularly in financial services, that tends to include complicated factors and prescribed terms which are themselves complex and/or unusual words.

The next most complex was the Digital KFD (Full Text), again similar to the Simplified KFD, scoring 53.1 and 54.7 respectively – at the upper end of the average range. The Digital KFD (Main Screen Only) was least complex, at 60.2, just into the good range. A number of individual metrics form the complexity score – some of these are shown below.



**Table 3: Document Length**

Test Document	Complex Sentences (#)	Complex Sentences	Complex Words (#)	Complex Words
Original KFD	8	2.9%	126	3.0%
Simplified KFD	9	4.9%	40	1.9%
Digital copy (full text)	13	8.1%	52	4.0%
Digital copy (main screen only)	6	7.2%	31	5.2%

While the Simplified KFD reduced the percentage of complex words compared to the Original, the percentage of complex sentences has increased. Making the text more focused may have reduced some unnecessary (relatively simple) sentences and shortened the document.

### Readability score

The Readability Score concerns aspects such as how long the sentences are, and how many syllables words contained, or how long they are. It considers the structure of a document and grammar, which can also have an effect on readability.

These factors (sentence length and syllables per word) have the benefit of being objective and are widely used. They form the basis for Flesch-Kincaid, Gunning Fog, and a number of other readability frameworks.

However, readability is one intelligibility factor but insufficient on its own to assess whether a communication is likely to be fully comprehended. Intelligibility and the wider requirements of the Consumer Duty and Consumer Rights Act require that consumers can understand the information, can apply it to their situation and then act on it [5]. The intelligibility score can be found above in Table 1.

The two factors that most impact traditional readability scores are the average sentence length, and the average number of syllables per word.

<sup>5</sup> See Kathy Conklin, Richard Hyde and Fabio Parente, 'Assessing plain and intelligible language in the Consumer Rights Act: a role for reading scores?' (2019) 39(3) Legal Studies 378-397.

Established guidelines point to sentence length of less than 25 being important to ensure reading ease, with less than 20 words per sentence being ideal. The Original KFD already had a relatively short average sentence length at 15 words per sentence – this was improved in the simplified versions, particularly so in the digital copies.

**Table 4: Readability Metrics**

Test Document	Sentence length	Average syllables per word	Readability score
Original KFD	15	1.50	60.1
Simplified KFD	11	1.38	72.3
Digital copy (full text)	8	1.44	76.0
Digital copy (main screen only)	7	1.46	75.5

The average number of syllables was also relatively positive across all four versions. The 1.5 syllables per word on average for the baseline KFD is similar to conversational English, and is a reasonable score, at the boundary between the average and good ranges.

This was improved further in the simplified versions. The Simplified KFD featured the best score, with a more limited reduction in the two digital versions.

This may reflect the aim of shortening sentences by cutting out more of the connecting words in favour of brevity, while retaining the (generally longer) prescribed terms required by regulation.

## PART 2

### Making information more accessible

The language used in Key Features Documents and their length can be a barrier to consumer comprehension. Shorter information is more likely to be read in full, in time-constrained scenarios. Simplified language eases reading and makes it easier for people to understand.

Consideration should be given to shortening documents, removing difficult to understand vocabulary and concepts and ensuring that language used is not a barrier to consumer understanding. Implementation of these measures can contribute to an improved reading experience for consumers.

### Shorter information is more likely to be read in time-constrained scenarios and may be an indicator that for disclosure, 'less is more'.

The length of disclosure is understood to be a key barrier to engaging consumers [6]. In our research, participants were asked to read the information presented to them in five minutes. The aim was to replicate time-constrained scenarios consumers experience in everyday life. During the reading task, participants' reading behaviour was captured using eye-tracking.

Participants read the information in the Digital KFD more quickly than they were able to read the Original and Simplified KFDs. All participants managed to finish reading the Digital KFD in the allotted five minutes.

No participant reading the Original or Simplified versions managed to complete reading within the allotted time. Readers of the Original KFD reached, on average, page 9 of the document (reading 66% of the document) and readers of the Simplified KFD, on average, reached page 7 (reading 87.5% of the document).

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<sup>6</sup> Joasia Luzak et al, 'ABC of Online Consumer Disclosure Duties: Improving Transparency and Legal Certainty in Europe' (2023) 46 Journal of Consumer Policy 307-333, 315.

**Table 5: Reading Behaviour**

Test Document	Document length (words)	Reading behaviour
Original KFD	4149	On average reached page 9 (66% of the document)
Simplified KFD	2131	On average reached page 7 (87.5% of the document)
Digital copy (full text)	1289	On average participants clicked on 2.5 optional pages
Digital copy (main screen only)	592	All participants reached the end

Readers of the Digital KFD read all the main screens but did not click on all the available information. Overall, readers spent the most time reading the 'how much does it cost' page and the least time reading the 'thank you' page.

**Table 6: Digital KFD Page Reading Times**

Page	Mean time (s)	Median time (s)
Get Started	14.25	12
What commitment am I making?	11.25	11
What's the risk?	20.55	20
How much do I need to invest?	15.5	12
How do I invest?	23.7	23
How much does it cost?	24.6	19.5
Where do I go for more help?	21.8	20
Thank You	11.05	10

No reader of the Digital KFD accessed all of the optional information. No optional page was accessed by more than 9 participants. The most popular optional information was the option to download a copy of the information. This was followed by the calculator and information about ready-made ISAs.

Participants were asked to recall information they had read immediately after the 5-minute reading task. Readers of the Original were not able to answer some of the questions because they simply had not managed to reach that information. Two participants, O5 and O8 only read to page 5 in the five minute reading task. This meant they were not able to read information on pricing, which appeared at pages 7 and 8. O19 felt that the document was designed for someone “who is able to sit down and read something longer”.

### Disclosure requirements may need to take more account of the time that people are willing to engage in documents. In the post-reading interview;

- 17 readers said that they would be likely to read the Digital KFD in full;
- 18 readers said that they would be likely to read the Simplified KFD in full.
- 13 readers said that they would be likely to read the Original KFD in full.

This shows that for the longest document, people are less willing to read it in full. We note, however, people are over-optimistic about their propensity to read and less people read these documents in full in real life [7]. Empirical studies of online shoppers have shown that only one or two per thousand shoppers access terms and conditions, and of this tiny fraction only a small portion spend sufficient time to read more than a limited amount of the information [8].

Readers of the Digital KFD were pleasantly surprised at the length and how quickly they were able to read it. D6 said that the Digital KFD was “brief and to the point.” D18 noted that the shortness of the Digital KFD subverted their expectations of a financial services document. They said “when you told me that I was reading something about a stocks and shares ISA I thought it would be really long, but this wasn’t.” (D18)

D3 identified that the brevity of the document made it simpler to understand, stating that in their experience “when you get a lot of information it can be quite hard to digest.”

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<sup>7</sup> Ian Ayres and Alan Schwartz, ‘The no-reading problem in consumer contract law’ (2014) 66 *Stanford Law Review* 545-609; Yannis Bakos et al., ‘Does Anyone Read the Fine Print? Consumer Attention to Standard-Form Contracts’ (2014) 43 *Journal of Legal Studies* 1, 3-5.

<sup>8</sup> Yannis Bakos et al., ‘Does Anyone Read the Fine Print? Consumer Attention to Standard-Form Contracts’ (2014) 43 *Journal of Legal Studies* 1,

In contrast, the length of the Original KFD was identified as one of its defining features.

However, the shorter length of the Digital KFD also concerned readers. The lack of familiarity made them query whether information was being hidden.

D3 expressed discomfort because “I still feel like there's not as much information as I was expecting there to be and because of that, it kind of feels like some of the information might be missing.”

### **Simplifying information eases reading and makes it easier for people to understand**

People who read the Original and Simplified versions of the document displayed a different reading approach to those who read the Digital version. Readers of the Digital version were more likely to read methodically with their eyes resting on every word. However, people reading the PDF documents on screen were more likely to skim backwards and forwards.

As an example, O6 read and then reread the sentence “By learning more about topics like risk and diversification, you can give yourself a better chance of success over the long term” (which appears on page 6 of the Original KFD), before revisiting information higher up page 6, seemingly searching for more information about risk and diversification.

Some participants displayed a willingness to skip over information, with O3 moving quickly through the “Could the stocks and shares ISA be right for me” section. This may suggest that the information was viewed as unimportant or was information the reader felt they already knew. Given these different modes of reading, consideration should be given to the way people read based on the channel.

In a number of cases participants had to go backwards in the document that they were reading to understand the information that was being presented to them. This was particularly the case where information necessary to understand particular words or concepts was separated in the document, or where the information presented did not seem to follow from the previous passage read.

An example of the former can be seen with the promise to explain the advice/guidance distinction “later” in the Simplified KFD. This highlights the importance of explaining terms ‘in situ’.

## Common vocabulary used in investing scenarios can create obstacles to people’s understanding

Readers found the Original KFD harder to read than the Simplified or Digital versions. However, participants encountered difficult words and phrases whilst reading all versions of the KFD. As set out in appendix 1, eye-tracking can demonstrate difficult words and phrases by identifying fixations. This is where eyes rest on a word or phrase longer than the average. The longer the eyes rest on the word or phrase the longer the reader is thinking about the word, and therefore the more difficult it is presumed to be.

The table below shows the top ten words that participants fixated upon above the average for the Original, Simplified and Digital information. It shows that people fixated on terms more often with the Original version as opposed to the Simplified or Digital KFD. The total number of fixations on the Digital version is much lower than for the two other versions.

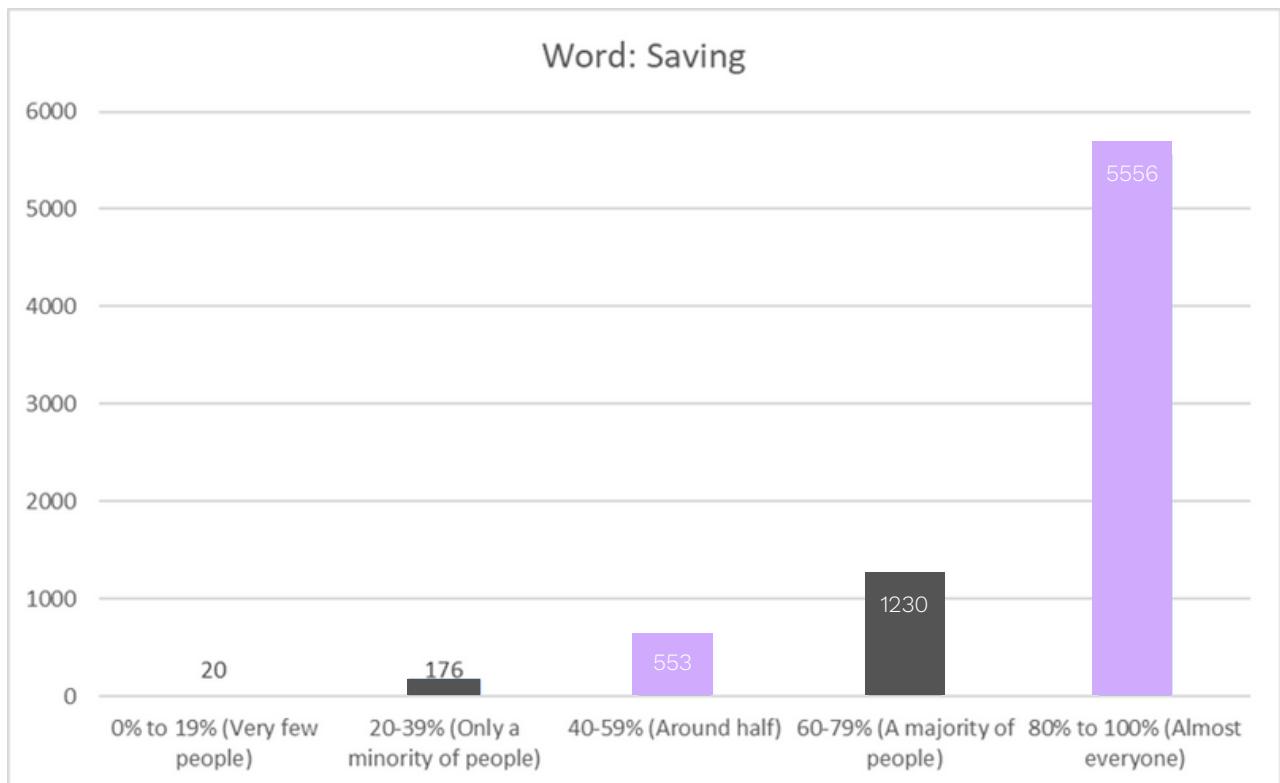
**Table 7: Fixated words during eye-tracking**

n	Eye-Tracking Original		Eye-Tracking Simplified		Eye-Tracking Digital	
	Word	Count	Word	Count	Word	Count
1	isa	31	isa	42	charges	14
2	investments	30	charges	36	risk	12
3	tax	28	s&s	26	investments	8
4	investment	23	investments	13	exchange	7
5	charge	20	cash	12	foreign	7
6	information	14	risk	12	funds	6
7	advisor	12	tax	11	returns	5
8	financial	12	fund	10	medium	5
9	key	12	invest	9	payments	5
10	efficient	10	efficient	6	irregular	4

The survey data collected by the University of Nottingham asked people about a series of terms that commonly appear in KFDs and how well they thought the general population understood these terms [9]. The figures in this section show how complex jargon is likely to limit reader understanding.

Public opinion [10] suggests that the terms “savings” and “investing” are generally understood by most people.

**Figure 2: presents insights into public awareness of the term ‘Saving’**

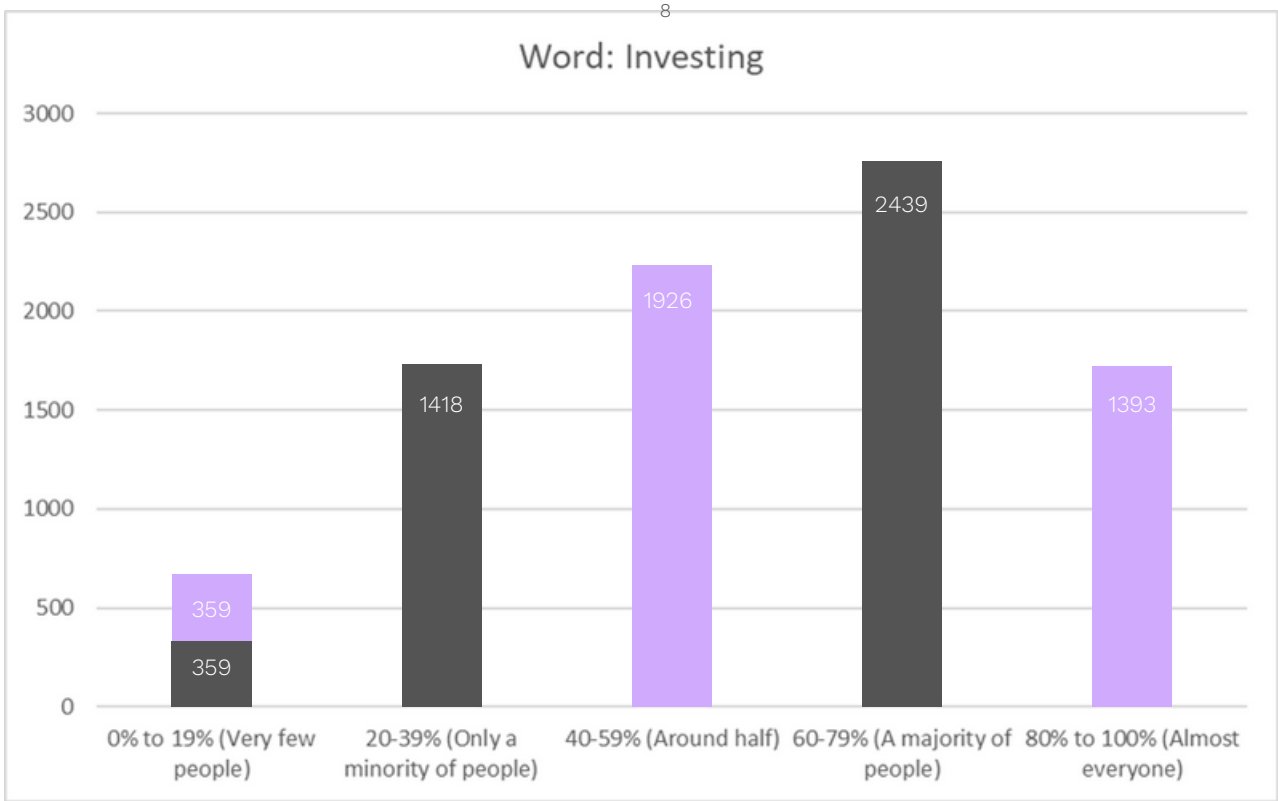


<sup>9</sup> People were asked, ‘Generally speaking, what percentage of the population of adults do you think would understand the following words?’

<sup>10</sup> Please see note on the survey data that was collected in the methodology section. The sample were generally lower income, younger and more female than male.



**Figure 3: presents insights into public awareness of the term 'investing'**



In contrast, as can be seen from figures 4-9 below, the survey demonstrates that people believe some terms are less likely to be understood by the majority of the public. These financial terms have a higher level of complexity or unfamiliarity among the general population compared to the more commonly grasped concepts of 'savings' and 'investing.'

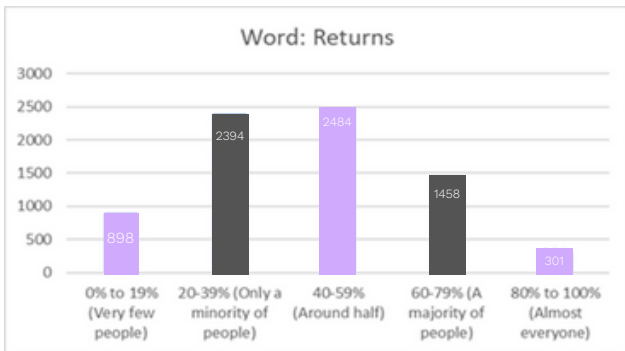


Figure 4: presents insights into public awareness of the word “returns”

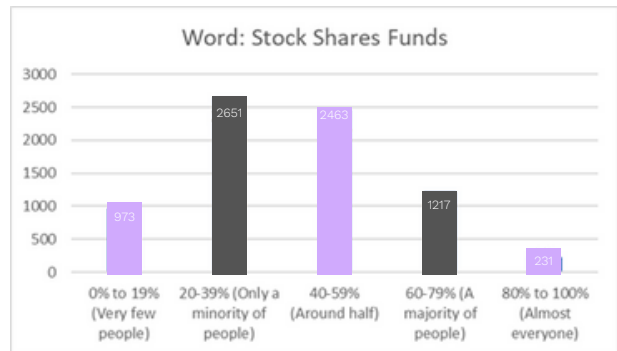


Figure 5: presents insights into public awareness of the words “stock, shares, fund”

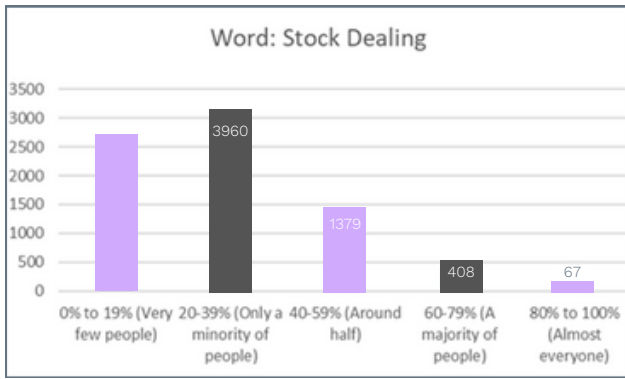


Figure 6: presents insights into public awareness of the words “stock dealing”

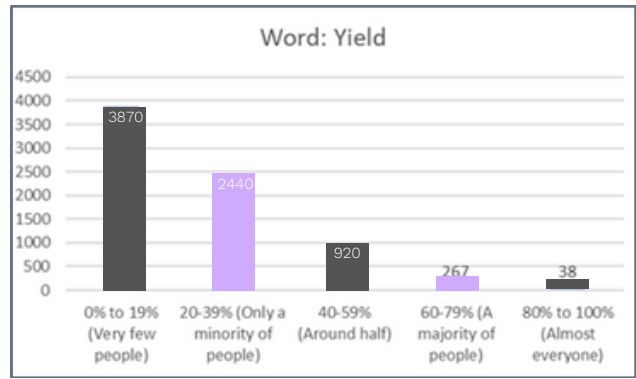


Figure 7: presents insights into public awareness of the word “yield”

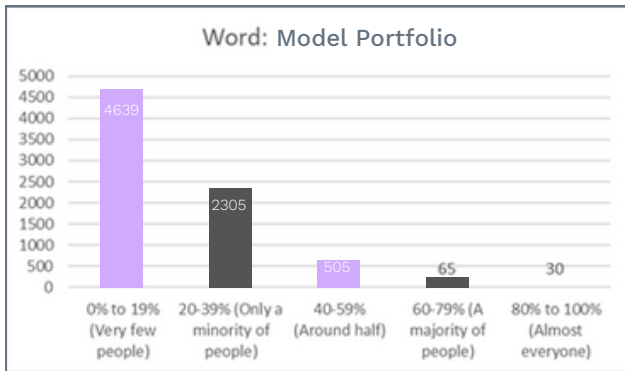


Figure 8: presents insights into public awareness of the words “model portfolio”

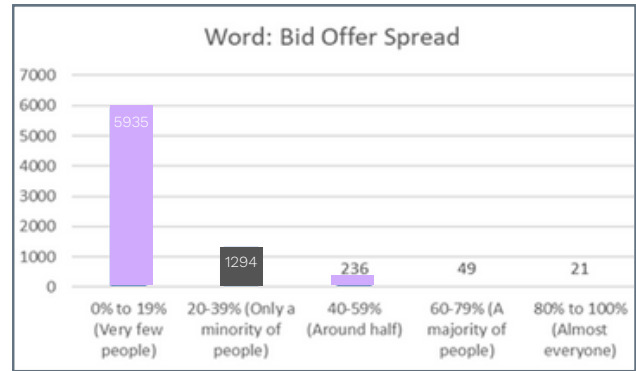


Figure 9: presents insights into public awareness of the words “bid, offer, spread”

Some of these terms also appeared in the Original, Simplified and Digital KFDs. The table below notes how people fixated on these terms. This demonstrates that the terms present problems in context within a document as well as in the survey.

**Table 8: Fixations on surveyed terms**

Word as it appeared in survey	Derivatives found in KFD versions	Fixation count
Saving	Saving	12
Investing	Invest, investing, investment	68
Returns	Returns	9
Stocks, shares, funds	Stocks	12
	Shares	8
	Fund, funds	26
Stock dealing	Dealing	4
Model portfolio	Model portfolio	5
Bid-offer spread	Bid-offer spread	5

The concepts in the table above are important in helping consumers understand the risks and benefits of the product they are purchasing. However, terms to describe those concepts may not be sufficiently well understood by people to help them. They may make sub-optimal decisions as a result. Alternatively, they may feel alienated by words and concepts they don't understand and drop out of the purchasing journey.

## Avoid unfamiliar terms, familiar terms used in unusual ways and separation of information

Previous research from Conklin, Hyde and Parente shows that there can be at least three bottlenecks in how the reader make sense of information [11].

- Unexpected words, phrases and co-locations. An example of this is explored below.
- Separation between terms and their definitions or explanations. An example of this is in the Simplified KFD where an explanation of the meaning of advice and guidance is promised, but appears much later in the document
- “Rug-pulling,” or changing the reader’s understanding of a sentence by adding clauses or caveats. An example of this would be a proviso, which says that the previous wording will only apply “provided that” something else is true. This often occurs in insurance contracts, where clauses define the scope of coverage. There was no evidence of these in the KFDs we tested.

In the following section, we highlight four key terms that held people up and why:

### Words with multiple, nuanced meanings

Investment(s) is a core term used in the KFD. It caused problems for readers. This seems to be because the term is being used to refer to different concepts. Customers first make a decision to invest in the ISA product. Then they make decisions about where the money that they have placed into the product is invested.

For example, compare "You should consider this investment as a medium to long-term investment" (Original page 2) which refers to the ISA; "You are responsible for your investment decisions" (Original page 3) which plausibly refers to both the decision to open the ISA and the decision about where to put funds; and "the investment performance of your chosen assets" (Original page 6) which refers to the selected stocks/funds. These different uses mean that consumers have to decide which meaning applies to the particular use of the term. Providing context around the word, providing alternatives, or being more specific could help.

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<sup>11</sup> Kathy Conklin, Richard Hyde and Fabio Parente, ‘Three bottlenecks in contractual understanding: Evidence from eye-tracking analysis’ (2024) forthcoming (copy on file with author).

## Familiar terms in unfamiliar contexts

Subscription is a common term, but its common usage relates to arrangements where payment is made in advance to receive something periodically. The use of subscriptions to mean the contribution of money to a fund is not as common. Therefore, readers take their time to understand the meaning of the word subscriptions. Using simpler, alternative expressions (e.g. regular payments) could reduce friction for the reader.

## Unfamiliar terms for regulatory purposes

Participants who encountered 'bid-offer spread' whilst reading the Simplified or Digital KFDs fixated upon it. In the survey data, bid-offer spread was the concept that the participants thought was least well understood by the public. This information is made available as a good practice to improve transparency and help consumers decide if the transaction costs are reasonable. However, these kinds of costs are not clearly well understood.

Transparency may help discipline the market through other means (e.g. accountability to the regulator) but it is not helping the consumer. One option is to consider what the purpose of disclosing this information is and whether that purpose can be better achieved through different means (for instance, disclosures for regulators; requiring firms to absorb certain transaction costs rather than pass on).

## Relevance of terms

The “civil partner” concept caused difficulty for a number of participants, reading the Original KFD. Civil partnership is a legal status that applies to anyone who enters into an arrangement under the Civil Partnership Act 2004. However, it is likely that the participants who struggled with this concept were unaware of its meaning and found it less relevant to their circumstances.

Information about the entitlements of civil partners to invest in ISAs is extremely important for readers who are in a civil partnership, and therefore this concept should remain in documentation. However, in future greater personalisation of information would tailor information so that relevant information is more prominent, and less relevant information is less prominent but still accessible.

## PART 3

### Helping people assess the information

Even where information is simpler, it can still be difficult for consumers to recall it in full. People understood the benefits and risks associated with the product. However, they struggled to recall clearly information about fees and charges; how to check their investments; and the distinction between advice and guidance.

Consumers expect to use other sources of information for shopping around (e.g. internet). This points to the need to deepen understanding of the purpose of disclosure at different stages of the consumer journey and adapt it accordingly. The layout of information can help people navigate through the information and people particularly liked the Digital KFD for the separation of information and bitesize chunks. The calculator in the Digital KFD was welcomed as a way to personalise information.

Trust is important and is a multifaceted concept. Consumer trust is built through the reputation of the sector and the brand as well as the information provided. Readers wanted more information about the investments they could select. The separation of information about the wrapper and the investments made within the wrapper may therefore adversely affect consumers' response to stocks and shares ISAs.

### Even where information is accessible, it can be difficult to recall

Immediately after the reading task, participants were asked six questions to find out what information they could recall and paraphrase. In general, participants were able to give more complete answers to questions they were asked first on information that appears earlier in the journey (investment time horizon, risks and benefits) than in comparison to information that appeared later in the journey.

### Investment time horizon

All readers received information that explained the product should be held for at least five years. The majority of participants across all versions were able to identify 'five years' as a time horizon for investing. This varied between 'at least five years', 'five years or more', 'over five years' and so on. All participants in the Simplified KFD identified five years as the minimum time period over which to invest. Two participants in the Digital KFD suggested a shorter time horizon than 5 years: D3 – at least six months; D7 – two years.

## Risks

Risk information varies between the KFD versions. The Original KFD focuses on comprehensive explanation of potential risks, including reference to checking Key Investor Information Documents. The Original and Simplified include reference to the warning past performance is not an indicator of the future performance. The Simplified and the Digital include more information about how to mitigate risks. The Digital includes graphs to illustrate how risk changes over time; and how risk can be mitigated by diversification and regular ('drip-feed') investing .

Again, most participants were able to identify the risks of the product. One reader of the Original KFD (O7) identified that for individuals who invest small amounts of money, they could be placed at a disadvantage as fees would eat into both returns and the capital invested. One participant (O4) identified that poor performance of investments was a risk, but did not explicitly link this to recovering a smaller amount than the initial amount invested (“you're not guaranteed to get a return from them”). One participant (O3) could not identify any risks.

After reading the Simplified KFD, all twenty participants identified the risk that their investment could fall. S16 linked the risk of capital depreciation to the failure to invest for a sufficiently long period of time, demonstrating reasoning using information on managing the risks of the product. After reading the Digital KFD, all of the participants identified that their investment could reduce in value. Five participants identified the risk by also identifying the benefit (for example, D4 noted that “Your investments may go down as well as up”) which can be explained by the prominent information about risks displayed: ‘Your investments can go down as well as up and you may not get back what you put in. But over longer periods of time (e.g. 5 years or more)...’

Six participants referred to the fall in value of investments being the cause of the risk, with other participants simply noting the consequences of such a fall in value. Only one participant referred to the initial investment as capital, with other participants referring to, for example, money. One participant (D5) linked the risk to the unavailability of protection under the FSCS for poor investment decisions.

## Benefits

The benefits of a S&S ISA were highlighted in all versions. The reading task for the Digital KFD did not include the first screen where the tax benefits were highlighted but benefits were identified in relation to risks.

Readers had similar responses to the benefits and primarily identified the tax benefits and the potential for greater growth.

Tax benefits were predominantly highlighted by those reading the Original and Simplified KFDs while growth was noted predominantly by those in the Digital cohort. However, people did draw on external knowledge as was evidenced by one participant (D1) referring to the tax benefits in the Digital cohort, despite not being presented with this information.

## Costs

Costs and charges were identified in the Original KFD slightly differently from the Simplified and Digital. Additional information was included in the Simplified and Digital versions relating to taxes, foreign exchange charges, performance fees and bid-offer spread.

Most participants could identify some costs but very few were able to correctly identify the platform and dealing fees. Fewer participants mentioned additional charges they may face (e.g. adviser charges). The following table summarises the key charges people identified.



**Table 9: Participants recall of charges**

Charges identified by readers	Original (O)	Simplified (S)	Digital (D)
Existence of platform fee	16	19	12
Amount of platform fee (0.2%)	8	7	4
Existence of dealing fee	13	19	18
Dealing fees for first 20 deals (£6)	3	3	12
Dealing fees for subsequent deals (£3)	2	3	10
Fund charges	8	6	6
Foreign exchange fees	0	0	1
Financial adviser fees	4	4	4

### How to check investments

Information about checking investments was included in all versions. The Original states that performance can be checked online and a statement will be sent every three months showing the value of the investments. The Simplified and Digital identify that investments should be checked every six months by way of the fund factsheets with a link to the factsheets.

Around half of all participants identified the need to check investments over a period of three or six months (depending on which KFD they received). Half of their readers did not identify any time period at all. Interestingly, people's background knowledge on how to check the performance did not extend to mentioning 'fund factsheets'. Even where this information was provided it was not routinely picked up.

After reading the Original KFD, eight participants identified a three-month time period as relevant to the monitoring of investment performance. This time period is actually related to how often a statement of the value of the investment will be sent. Twelve participants made no reference to time. Six participants did not identify a method for checking the performance of investments.

Seven participants stated that investment performance could be checked online which was correct. Seven identified that performance could be checked using a statement sent by Molinia - however, this is inferred as the statement only promises to provide the value of the investment.

Four identified that performance could be checked via an app and another that information would be sent by email. This information was inferred from reference that people could check 'online'.

After reading the Simplified KFD, ten participants identified that the performance of investments should be checked every six months which is correct. The other ten participants did not identify any timescale for checking investments. Six participants identified fund factsheets as the appropriate mechanism for checking the performance of investments which is again, correct.

Eleven participants suggested checking the performance of investments on the Molinia website, three suggested visiting an app and one participant suggested that investment performance could be monitored "online." Online is correct but 'app' is inferred from information which appears shortly before explaining that the account can be accessed via an app.

After reading the Digital KFD, less than half (9) of the readers of the Digital information said that they needed to check every six months. 1 reader said you had to check every three months which was incorrect (there was also no mention of a statement being sent every three months).

Other readers of the Digital KFD gave no information about the regularity of checks. Three participants identified fund factsheets as a method for checking the performance, and two participants identified benchmarks. No participants identified that benchmarked performance could be found in the fund factsheets.

Eight participants identified either an app or online as the mechanism for checking the performance of their investments. This is again inferred from information about how to access the account provided shortly before information about checking performance.

## Advice/guidance distinction

In the Original KFD, the difference between advice and guidance was not identified, but the availability of advice was highlighted. In the Simplified and Digital versions, the following text was used:

You can get financial advice OR financial guidance but they are different. Financial guidance helps you understand and identify your options but it's up to you to decide if it's right for you.

With financial advice, an adviser will recommend specific products to suit you personally. You pay for advice and there's access to compensation if the advice turns out not to be suitable for you.

Different aspects of advice and guidance were identifiable in people's explanations of financial advice and guidance

- Advice is provided by another person/professional but guidance is not (specialist vs consumer)
- Advice involves receiving specific recommendations about products and actions to take but guidance offers options only/does not make specific recommendations (specific vs generic)
- Advice is paid for but guidance is free (payment)
- The provision of advice affords compensation in the event the advice is incorrect but guidance does not (compensation)

As the table below shows, these were not consistent between participants who read the same treatment. This suggests that the information was not clear to participants; and they were either only taking in part of the information or were struggling to build a coherent conceptual understanding of the distinction from the information provided.

**Table 9: Participants recall of charges**

	Original (O)	Simplified (S)	Digital (D)
No Answer	8	1	2
Specialist vs Consumer	8	9	9
Specific vs Generic	1	9	9
Payment	2	1	3
Compensation	0	5	2

In addition, six readers of the Original KFD and three readers of the Simplified KFD identified that a financial advisor would be the normal source of financial advice. No readers of the Digital KFD mentioned a financial advisor.

### Conclusions on comprehension

All participants struggled to recall the information they had read, despite the very short time-period between reading and answering the recall questions. They could identify the risks and benefits. In some cases, people drew on existing knowledge of the product to answer questions. However, it was clear that from a time-limited reading people were not able to create a comprehensive picture of costs and charges. They struggled to recall fully how they should check their investments or what the distinction between advice and guidance was.

The findings suggest areas where the industry may wish to work together to raise general awareness among consumers. It is notable that clear information about how consumers can check performance isn't particularly prominent in general communications. This may explain part of the reason some people disengage with their choice of investments downstream.

## **A number of themes were identified in the analysis of the semi-structured interviews.**

### **Information is needed early in the consumer journey**

The KFD exists as part of a complex information ecosystem, with information about products available via a variety of channels and sources. Consumers typically become aware of the KFD late in their decision making journey.

Participants expressed a desire to be provided with information as early as possible to compare products and make choices. O19 identified the importance of the information contained in the KFD in “making the right choice”. S13 talks about the ranges of different S&S ISAs and the need for information to distinguish them.

Consumers acknowledged they would obtain information from a variety of sources: Molinia’s website, trusted third party websites and family and friends.

Most participants felt that they would use the information in the KFD to check their understanding of the product rather than to obtain new information. For example, D5 notes, “I don’t think it would be adding anything to what I already knew.” Some participants identified the importance of the information in giving them confidence to invest in S&S ISAs.

### **The layout can help people navigate through information**

Participants reported that the organisation of information is important to them and should help them find the information that they need. In particular, headings provide an important signpost to help them read the information provided by a document.

The Simplified and Digital documents were said to be better organised than the Original document. For example, D3 noted, “I also like that each segment highlighted one key part, which is really quite useful. The costs were separate. The difference between guidance and advice was separate and everything was quite separate. So I liked that.” In addition, D6 noted, “I thought it was simple. It was really straightforward.”

## Information can be made shorter without compromising communication

Participants recognised the information provided in the KFD was important and necessary for them to make a decision about purchasing a S&S ISA. Information about eligibility and costs was seen as particularly important. Participants thought that the Simplified and Digital documents were sufficiently detailed, suggesting that the reduction in length of the digital and simplified information did not lead consumers to feel that they were missing necessary information. (However, see note below on familiarity and expectations).

## Personalisation makes information easier to interpret

Participants expressed a desire for information tailored to their own circumstances. The ability to understand the information given in the consumer's own context is seen as an important feature of a good KFD. The availability of the calculator as part of the digital journey was particularly praised for this reason.

## Complex and uncertain charging structures create friction

All participants reported difficulty in determining the costs of the product. The charging structure was seen as complex, requiring thought about how it would apply to participants.

Participants who read the Original and Simplified document expressed a desire to undertake calculations to understand the costs more fully. S1 stated "I would have like the calculator to calculate what my investment is going to look like and what the costs are going to be."

## Customers need help understanding norms to estimate costs

A key difficulty for the accurate assessment of costs was identified as the difficulty of knowing the number of deals that a participant could expect to make. This difficulty was keenly felt where the participant had no experience of investment previously.

After reading the Original KFD, and acknowledging that they would have to undertake their own calculations, O13 said "I don't know how much I would be investing or how many deals I am meant to be doing, so I am not sure how much it would cost me." Similarly, S20 praised the worked example of the costs in the Simplified KFD, but said "I don't know how much that would apply to me." Even where a calculator is provided in the Digital KFD, the lack of knowledge about deals reduced its effectiveness: As D9 stated "I don't know how many deals I'm going to make, so I don't know how to use the calculator."

The lack of information about the costs of funds was a frustration shared by readers of all documents. S15 notes “It says that funds charge an ongoing management fee and gives a range for that fee, but I don’t know what is typical. Is it one fund that is 0.15% or is it most of them? How many different funds will I invest in?” Whilst this information would be available through, for example, the fund factsheets that consumers can access, participants felt that they were not receiving information that they would use to understand the product that they might purchase.

### **Trust is defined through a number of metrics, including sufficient information and familiarity**

Trust in the information provided had a number of different dimensions: trust in the sector, trust in the business, trust in the product and trust in the information or prototype. Each of these was important to consumers in their approach to trusting the company (the fictitious, Molinia Ltd).

Trust in the business was difficult to obtain with the use of a fictitious company. Additionally, a backdrop of mistrust in the industry meant that some participants were sceptical about the intentions of the business.

When asked what information was missing from the KFD, participants were quick to highlight information about, and the ability to choose, investments. For example, S17 commented “I don’t really know about the investments that I can make, so I’m not sure what to do and I wonder why that information isn’t there;” O4 “I’d want to know what kinds of stocks and shares you can invest in;” and D9 “I think it would be good to see what the investments that they are offering look like.” This lack of information undermined consumer’s trust: as noted by D17 “I don’t know where I can invest so I can’t work out the price. Are they going to spring that on me later? I’m not sure I trust them not to” and S7 “I’d trust them more if there was a bit more information about the investments that I can make.”

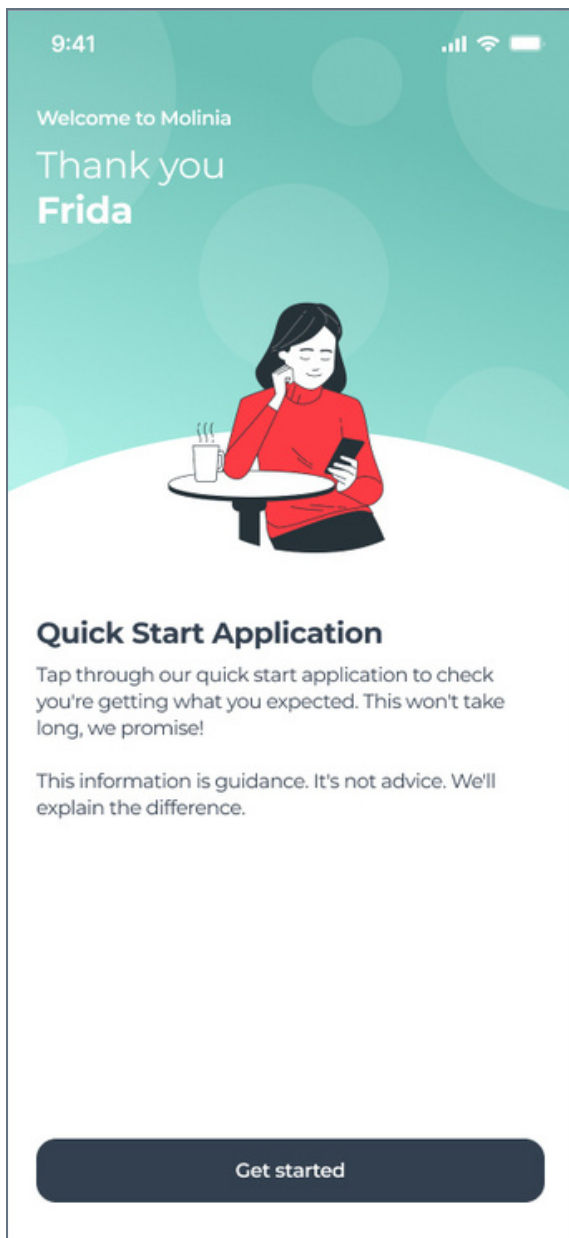
Lack of familiarity with shorter form information in the Digital Prototype concerned consumers. Even though they felt that the information was sufficient for them to make a decision about the product, they queried what information may be hidden.

D3 said “I still feel like there's not as much information as I was expecting there to be and because of that, it kind of feels like some of the information might be missing. I mean, it's a ridiculous thing because I much prefer this as an interface and think it gives me more useful information and I probably wouldn't read the long document. But in some ways there just seems to be not enough information.”

## PART 4

### Designing for the future

The Digital KFD was well received by readers. The shorter, slicker journey improved perceptions of the product and overall accessibility. Chunking and clearly signposting the information helped readers gather information quickly and conveniently. Digital journeys offer real benefits to consumers through interactive tools and the potential for personalisation. Nevertheless, there are some challenges in relation to what information should be prioritised and made prominent; and what information should be deprioritised. Understanding the purpose of disclosure across different points of the consumer journey should inform how firms think about consumer's information gathering and shopping around.



#### Design considerations for the Digital KFD Prototype

As well as considering the language that information is expressed in, it is important to consider the form and format of information. Disclosure has traditionally been made via a durable medium, either a paper copy or an electronic PDF. However, people are increasingly engaging online. Technology offers the opportunity to explore new ways of delivering information which is personalised and tailored to consumer preferences.

A particular focus for the KFD project was to try to design KFDs that were simpler, shorter and more engaging for the end-reader. The alternative Digital KFD reimagines information typically read in a PDF so that it is suitable for mobile consumption.

FCA guidance was taken into consideration, particularly in relation to the simplification of the Digital (D) KFD Prototype.



## FCA Guidance, Consumer Duty

The FCA highlights that information should ‘equip consumers to make effective, timely and properly informed decisions’ [12]. In particular it states:

- “Communications should be understandable by the intended recipients and enable them to evaluate their options by assessing the benefits, risks and costs associated with those options, and how those options relate to their needs and financial objectives. [8.11]
- [Firms should] consider how the way in which information is presented, including any navigation required, can help to improve or inhibit understanding. Firms should ensure that information is clear, visible and accessible - not hidden within a large volume of material or hard to find on a website. [8.12]
- [The FCA] expects firms to adopt good practices that generally enhance the clarity of communications [13]. [8.13]”

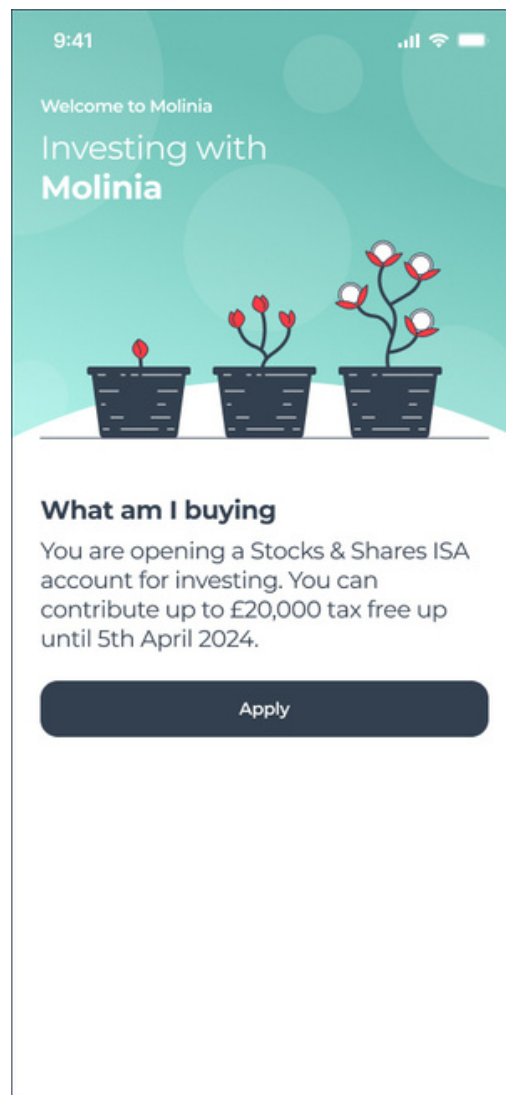
The FCA also highlights the importance of different techniques for enabling clearer communications including [ref 8.13]:

- Layering information with cross-references or links to further detail
- Making information engaging, by taking account of headings and layout, bullet points, display and font attributes of text; design devices such as tables, graphs, diagrams, graphics, audio-visuals and interactive media; using question and answer format; summarising key terms and illustrating them
- Relevance: keeping the level of detail appropriate to the complexity or risk of the product; avoiding unnecessary disclaimers and information overload; keeping information short and concise
- Simple: keeping information simple and intelligible; providing simple explanations
- Well-timed: communicating in a timely manner, giving people the opportunity to consider the information and assess their options.

<sup>12</sup> FCA. FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty. 2022

<sup>13</sup> Ibid, paras 8.11-8.13

Regarding channel, the FCA notes that firms should consider the volume of information that consumers can be realistically expected to engage with via different channels. Additionally, research shows that people engage differently with printed information in comparison to digital information [14]. Whilst the disclosure obligations were designed for a “durable medium,” such as paper or a PDF, technology has advanced to a place where providing information in the way envisaged by this paradigm may not be optimal.



<sup>14</sup> Joasia Luzak et al, ‘ABC of Online Consumer Disclosure Duties: Improving Transparency and Legal Certainty in Europe’ (2023) 46 *Journal of Consumer Policy* 307-333, 315; Erik Wästlund et al, ‘Effects of VDT and paper presentation on consumption and production of information: Psychological and physiological factors’ (2005) 21 *Comput. Hum. Behav.* 377–394; Motoyasu Honma et al, ‘Reading on a smartphone affects sigh generation, brain activity, and comprehension’ (2022) 12 *Scientific Reports* 1589.

## Creating the Digital prototype

An early draft identified groups of information that would help a consumer make an informed choice about whether to proceed to buy an ISA with the fictitious Molina platform. Further design work led to a series of screens being outlined in PowerPoint before these were produced, amended and finalised into the Digital KFD.

## Design choices

A series of design choices had to be made. Most of these were made in advance. However, design considerations were also iterative, taking into account feedback from TISA members. Design choices are outlined in the table below.

**Table 11: Design Choices**

Design choices	Rationale/explanation
The target audience should be someone who is new to investing. It should be particularly welcoming for female investors.	Oxera’s research with TISA found that between 21% and 24% of research participants dropped out of the investing journey when they sought to find out information about S&S ISAs (‘access’ stage) or assess them for their own benefit (‘assess’ stage). Women (34%) were more likely than men (18%) to find language in communications off-putting.
The prototype should be an app-based journey	The pandemic accelerated adoption of mobile and online services by all consumers [15]. Apps for investing have also seen significant growth among retail investors [16].
The operating system chosen was Apple	In the UK, Apple users represent around half of all mobile users [17].
The prototype should follow good practice with regards to accessibility and vulnerability	<p>The prototype was designed following Apple IOS Human Interface Best Practice Guidelines. This included consideration of colour schemes, using welcoming language, being approachable, using pictures to show a variety of women portraying a range of characteristics and activities (in keeping with the targeting). A clickable prototype does not allow for certain accessibility features to be tested (e.g. voiceover). However, a next stage would be a working prototype to allow for settings to be tested and adapted.</p> <p>An opportunity to ask questions of a real human is included within the app.</p>
The focus of information to be included was the KFD. Separate fund information was not included (although links should be).	The KFD was re-imagined in light of a platform-based S&S ISA. Given the resources available, the focus was placed on reconfiguring a KFD without reconfiguring Key Investor Information Documents in a similar vein or creating one single journey. (This is an area deserving further research.)
The fees and charging should include reference to underlying funds and allow consumers to get a view of the overall charges they might face.	This is in keeping with FCA guidance and TISA best practice. A consumer should be in a position to assess all the associated costs and charges related to the product before they make a decision so they can make an informed decision.

<sup>15</sup> <https://www.ukfinance.org.uk/news-and-insight/blogs/digital-banking-experience-trends-2022>

<sup>16</sup> “There were 8.5m downloads from September 2020 to September 2023, more than doubling the total combined downloads before September 2020.” <https://fintech.global/2023/10/10/retail-trading-apps-downloads-in-the-uk-more-than-double-in-past-three-years/>

<sup>17</sup> “As of June 2023, iOS had around 50.8 percent of the market share of mobile operating systems in the United Kingdom (UK), while Android followed closely with nearly 49 percent.” <https://www.statista.com/statistics/262179/market-share-held-by-mobile-operating-systems-in-the-united-kingdom/>

<p>Information should be layered to reflect FCA guidance.</p>	<p>The aim was to include only the most important information on the main screens. Further information could be found by clicking on relevant links.</p>
<p>The journey should be as frictionless as possible.</p>	<p>At the end of each page, the 'continue' button is the highlighted button, rather than the 'find out more' button. This was advocated for on the basis that the aim of such a journey is to get the consumer through it as conveniently as possible. Highlighting additional 'learn more' buttons rather than 'continue' buttons may also confuse a consumer, especially where there is more than one extra button.</p>
<p>The journey should be easily navigable</p>	<p>The journey allows users to navigate forwards and backwards through the journey. An alternative would be to allow navigation through a menu. However, this would have meant that users could navigate directly to the end without having passed screens (and read the content). Given the target audience was a person new to investing, it was felt appropriate to avoid the option to navigate directly to the end via a menu. (Although it is recognised that a reader can click through quickly without engaging).</p>
<p>The information should be made as engaging as possible, bearing in mind resource and design constraints.</p>	<ul style="list-style-type: none"> <li>• Bullet points and display were incorporated</li> <li>• Pictures and graphs were also included but tables and diagrams were not necessary.</li> <li>• Resources were not available to create specific audio-visuallys to support the prototype.</li> <li>• An interactive calculator was included to provide interactive and variable estimates for costs.</li> <li>• A question and answer format was used throughout to help frame the information the reader should be aware of.</li> <li>• Terms were generally explained in situ</li> </ul>
<p>Information should be kept relevant and concise to ensure the visual design and reader willingness to engage is managed.</p>	<p>Mobile screens limit the available space and keep explanations short and concise. Typically anything over three lines of text together creates too much 'bulk' on the page. This keeps dialogue short but also impacted language choices.</p>
<p>Language should be simple.</p>	<p>Language was made as concise as possible. Simplification was validated using Amplifi.</p>
<p>Information should be positioned within a journey, easily navigable and well-timed.</p>	<p>Information was re-imagined as a Quick-Start Application, allowing readers to check they are getting what they expect just before they make a purchase.</p> <p>The design shows the consumer how many screens there are so that they can identify how much more they have left to get through. It also allows them to navigate forwards and backwards to re-review information.</p>

The final Digital KFD was not designed to be fully compliant with current regulatory standards, but the design process demonstrated that a compliant design should be possible. The full text from the Digital KFD forms the main bulk of the compliant Simplified KFD. The Simplified KFD was made compliant by changing the headings to meet the requirements of CONC 13.3.2; adding in the Keyfacts logo; incorporating standardised text used by the industry and providing additional context, e.g. in relation to risk, highlighting that past performance is not an indicator of future performance.

The Digital KFD has 10 pages that a person applying for a KFD must access, and a number of optional pages which consumers may choose to access. At the end of the journey, consumers are given the option to download the information, ensuring that the option to retain a durable copy of the information is preserved [18].

The following section summarises key findings of the Digital KFD in comparison to the Original.

The screenshot shows a mobile application interface titled "Cost calculator". At the top, the time is 9:41 and there are icons for signal strength, Wi-Fi, and battery. A close button (X) is in the top left. The main content is divided into three sections:

- Annual account fee:** The fee is 0.20% of the total value invested on the platform. We take the charges from your account. Below this is a form field "How much do you want to invest?" with the value "00000". Below that is a form field "Total annual account fee" with the value "--". A note below says "Based on your investment plus 5% return."
- Dealing charges:** Every time you buy a stock (deal) it costs £6. We take the fees from your account. Below this is a form field "How many deals you want to do?" with the value "00000". Below that is a form field "Total dealing charges" with the value "--".
- Fund charges:** The charges range between 0.5% and 1.68%. The fees are taken from the fund. Below this is a form field "Select the percentage cost" with a dropdown menu showing "000". Below that is a form field "How much you want to invest at this price?" with the value "000".

At the bottom of the form is a plus sign (+) button and a large grey "Calculate" button.

<sup>18</sup> COBS 13.2.1.

# The Digital KFD offers advantages over more traditional KFDs

## The Digital KFD was well-liked and perceived as more accessible

The Digital KFD conveyed a message that S&S ISAs are a good product to invest in. D4 commented that the Digital KFD made them feel: “ISAs aren’t as complex and inaccessible as you may think”. D11 commented that the Digital KFD was “telling me that it is a good way to use my money.” D11 noted that the Digital KFD “cleared up some of the concerns that [they] might have about those products.”

The Digital KFD was found to be easy to read, with words like “straightforward,” “clear” and “user friendly” used. Eighteen of the twenty participants either agreed or strongly agreed with the statement “the company who wrote the KFD made it easy for me to understand.”

## The layout of the Digital KFD allowed speedy information gathering

The organisation of the information was praised. D3 particularly liked that the Digital KFD “highlighted one key area that I needed to be aware of,”. D8 praised the document as enabling rapid gathering of information, noting that “within a couple minutes [I] could get an idea of how much it's going to cost [me]” which had been a frustration for D8 when reading financial service documents in the past.

## It is easier to engage with than more traditional KFDs

The positive praise for the Digital KFD contrasts with the comments made about the Original KFD by other readers. This document was seen as “dull,” “bland” “tedious,” “dry” and “terse.” O7 found the document to be confusing, noting “I don't think it's trying to confuse the reader, but actually it can be a bit confusing.”

Layout of the Original KFD was difficult to navigate, with O8 commenting “you can't necessarily pinpoint information that you might be more particularly interested in” and noting that the document “doesn't lend itself to recall or clarification.”

When asked about the Digital KFD in comparison with other documents relating to financial services products, D11 commented that it was “a little less complicated than some financial documents that I've received” and D16 noted that it was “less daunting” than the documents that they had often not read in the past. D11 noted easy navigation, “The way that you can navigate through it made sense and certainly seemed to flow quite easily.”

## Interactive tools can reduce friction and improve engagement

As noted earlier, the calculator was particularly praised. The benefit of having a calculator built into the journey facilitated an exploration of charges which were more personalised. D5 said “I think what I appreciated at the end of the calculator was it kind of gave me, a rough annual cost. And that made me feel comfortable” and D18 said “When I buy things I usually try to work costs for myself so this could make it easier.” Compare this to the other KFDs that readers found harder work. For example, O11 said “...a bit better explanation around the cost would be good. There were some numbers, but I would find it easier to know how much it is actually going to cost, or at least some indication of what the costs look like.”

From a design perspective, relatively moderate changes to improve interaction - such as a calculator - can provide high levels of perceived benefits. However, as noted above, people, especially new investors, do need the right information to help them get the most out of those tools.

## Digital KFD was perceived as trustworthy as other KFDs

On a scale of 1-10, on average participants gave a score of 6.5 when asked how trustworthy they found Molinia based on the Digital KFD. This score is better than that given by participants who read the original (6.3) and simplified (6.37) versions.



# But digital design is not a panacea for all issues of engagement

## Making information concise requires layering and prioritisation of information

In the reading task, participants were given five minutes to read the information provided. All participants tasked with reading the Digital version reached the end of the journey in the allocated time. The mean reading time was 180 seconds and the median reading time was 189 seconds. You can find out more about reading times in Part 1 above.

Table 12 (also shown as Table 6) shows the mean and median times spent by participants on each of the core pages. Participants who read the digital version generally spent less than 30 seconds on each of the core pages.

This means that, where a business wishes to get information to the users of a digital journey it must be expressed concisely, as dwell time on each page is short.

**Table 12: Time spent on core pages**

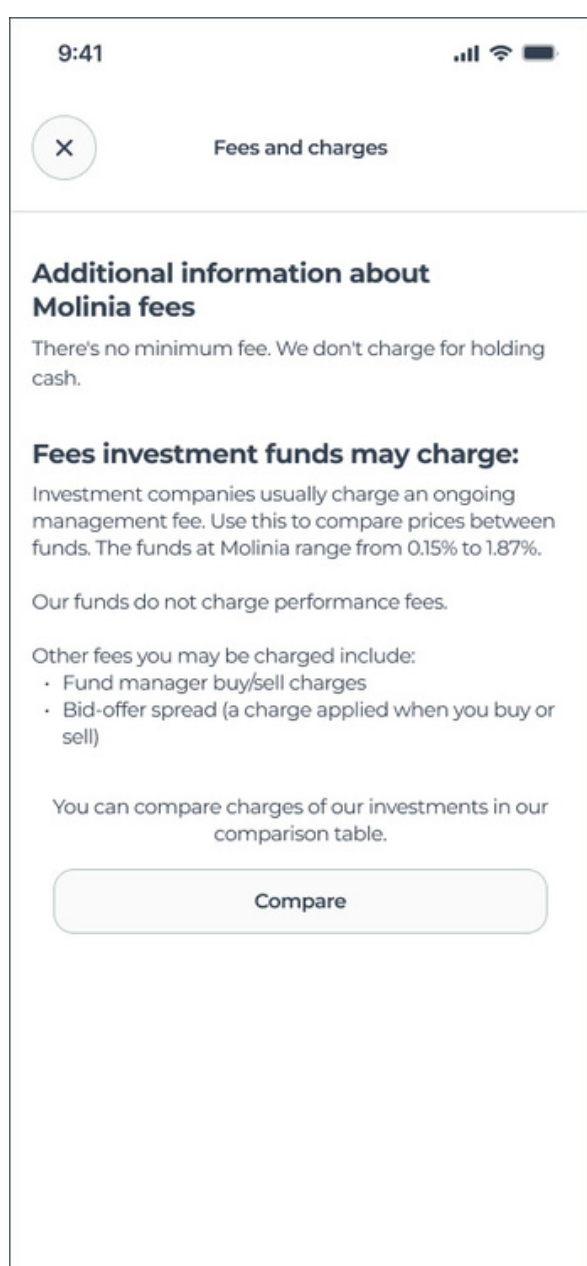
Page	Words on Page	Mean time (s)	Median time (s)
Get Started	39	14.25	12
What commitment am I making?	45	11.25	11
What's the risk?	60	20.55	20
How much do I need to invest?	56	15.5	12
How do I invest?	75	23.7	23
How much does it cost?	87	24.6	19.5
Where do I go for more help?	83	21.8	20
Thank You	53	11.05	10

To achieve concise messaging requires reducing text and condensing information. Putting additional information on further screens the reader can click through (layering) can help achieve this.

## People do not routinely click to read the secondary, 'layered' information

The Digital KFD contained both optional pages and links to information that would appear elsewhere on a firm's website (although these links did not work in the prototype tested with participants). No participant accessed all of the optional information. No piece of optional information was accessed by more than 9 participants. The most popular optional information was to download a copy of the information. This was followed by the calculator and information about ready-made ISAs, as shown in the Table 13.

D7 explained that they did not access the option pages because "I didn't feel like I had to go further because I think the main detail was on each slide."



Layering information highlights the tension between making information available to the consumer and them actually reading and engaging with that information. It also points to a wider discourse about what information should be made 'prominent' and what is sufficient for 'adequate explanation', both of which are deemed necessary for transparency. Inadequate design could easily lead to important information appearing to be 'hidden' in layers. Identifying what should be primary, versus secondary messaging in communications could help.

It also raises the question about the purpose of disclosure. Consumers readily identified that they access information through the website and other channels when shopping around. KFDs typically include a wealth of information but are not generally used for comparative purposes. Much of the information in a KFD should be readily available and accessible online. This could inform what information can be safely 'layered' and made less prominent.

**Table 13: Access to optional information [19]**

Optional Page	Number of participants accessing	Mean time spent (s)
Find out more	7	33.4
Learn more about transferring	3	
Learn more about ready made ISAs	8	15.25
Learn more about fund factsheets	7	
Calculator	8	28.75
Fees and Charges	5	22
Compare	5	
FAQ	4	
Find and Advisor	4	
How am I protected	6	14.8
Download .pdf	9	

### Separate disclosures for platforms and investments frustrate readers

Most participants found the Digital KFD provided information they needed to make a decision about the product, with thirteen participants who read the digital KFD agreeing or strongly agreeing with the statement “the company who wrote this information gave me everything that I need to make a decision about this product.” On the other hand, more than one third did not agree with this statement, with information about the investments that investors can choose through their S&S ISA (both type of investments and number of investments) being the main type of information that participants felt they were missing. This was the same for readers of the Original and Simplified KFDs.

Where information that the consumer wants is not contained in the main pages, and is not clearly signposted, this can lead to consumer frustration and a belief that they have not been given pertinent information. D9 said “they've not said what the actual underlying investments are. I think that's the part that I don't think the information is totally there” and D12 said “I would have liked to see some information about what I could invest in. I think that's going to be something that I care about. I'd like to know where I'm going to put my money or what I can do with my money.”

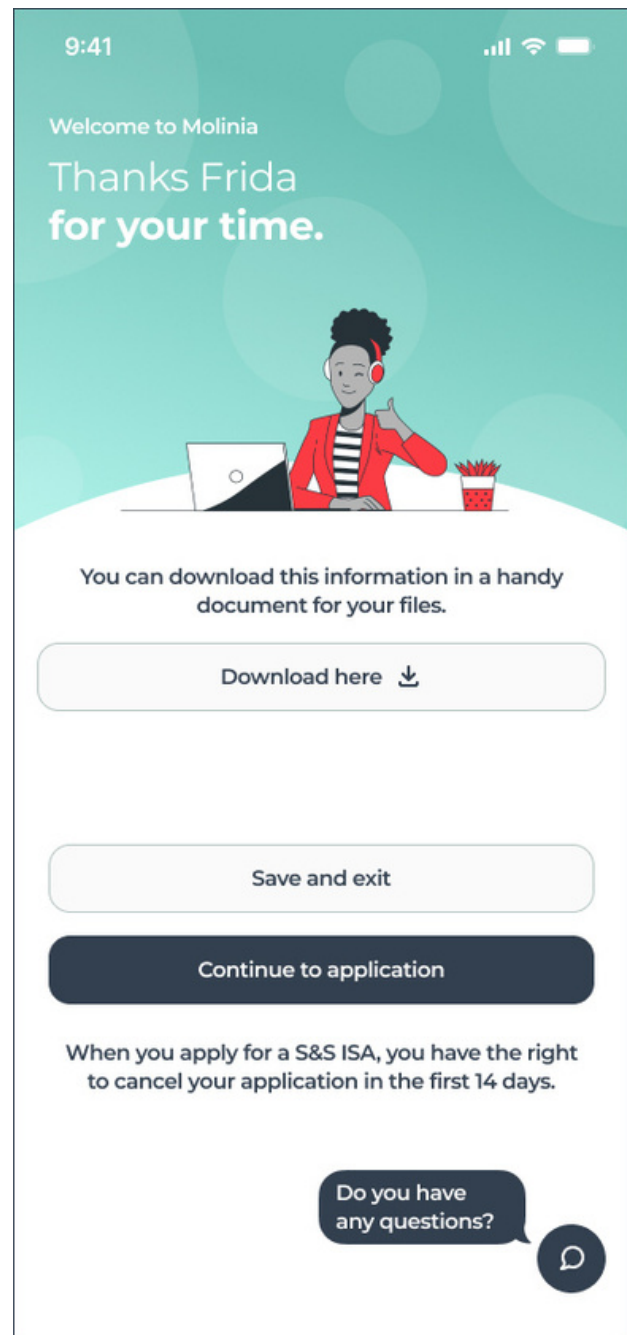
<sup>19</sup> Where no time is recorded, this is because it linked through to a blank page

# Rethinking disclosure in light of technology could improve future journeys

Information about investment choices would normally be provided online through a website or supplied in a separate document (either a Key Information Document or a Key Investor Information Document depending on the nature of the investment). A digital journey provides the opportunity to rethink how communications sit together. In the Digital KFD, an option to select investments as part of the journey could be made possible. Doing so would also facilitate more personalisation of costs and charges. As noted earlier, new investors especially would find this level of personalisation helpful in making sense of complex costs and charges.

But readers need help to acclimatise to new types of information delivery. Some participants did not trust the information that was being provided to them. D3 noted that “there's not as much information as I was expecting there to be and because of that, it kind of feels like some of the information might be missing” and “if you've gone from a... typed document that's really, really long and you only give me some key highlights I don't know whether you're trying to trick me or there's some information you're not giving me.”

The design of the Digital KFD did not fit with the reader's mental model of a document that they receive before purchasing a financial services



product. Designers of digital journeys need to be mindful of this. Thought should be given to how firms design and socialise more radical communication changes to ensure they are trusted and worthy of being trusted.

# Overall Conclusions

The research concludes that improved language and layout of a Key Features Document is possible. However, participants expect to find out about much of the information in a KFD earlier in their journey through the website or other channels. This calls into question the purpose of lengthy disclosures like the KFD; and what the role of more general disclosure is in the decision making process.

Further, a Digital KFD did not, in this small sample, improve recall of the information relative to the Original or Simplified KFD. Research participants also exhibited different ways of reading the information in the Digital KFD in comparison to the other KFDs. Further research would be helpful to understand how digital journeys may impact reading approaches and any impact on recall of information and consumer comprehension.

Whilst readers liked the Digital KFD, it's unfamiliar and shorter format did give rise to concerns that information might be missing. Further consideration should be given to how to ensure shorter information is perceived as (and indeed is) trustworthy.

# Appendix 1: Methodology

## Analysis of Reading Behaviour

### What did we want to test?

The KFD was tested to gain insight into 3 areas. First, how the treatments are read; second, how they are comprehended and third, how they make readers feel. The hypotheses are set out below

### Hypotheses

- 1 The Simplified version would be read more easily, be better comprehended and make readers feel more positive about the business and give rise to greater trust
- 2 The layered version will be read more easily than either the Original or Simplified KFD; give rise to higher comprehension than either the Original or Simplified KFD; make readers feel more positive about the business and give rise to greater trust than either the Original or Simplified KFD.

We looked at how the information is read using eye-tracking and asked questions about the participants' subjective reading experience. Comprehension questions were asked to test whether the information enabled the participants to understand the information that the drafters intended them to be able to access through the document.

The examinations of feelings particularly considered the emotions elicited by the document and whether it gave rise to trust. The role of emotions is acknowledged in the behavioural economics literature, and it is known that emotional reactions influence decision-making. Nevertheless, the ways that documents can be drafted to ensure they create positive emotional reactions is underexplored. Trust is an important concept, and the consumer literature notes that a consumer who trusts the seller is more likely to make a decision to purchase a product. In an online sales process trust is built, amongst other things, through the design of the sales process and the information provided.

Each of these areas was tested using the methodology set out in the section below.

## The testing of the KFD

Twenty participants were recruited for each treatment (O, S and D). The participants were drawn from a group representing the target audience for this information.

The participant read the information on a computer screen whilst eye movement was monitored using a Gazepoint 3000 eye-tracker. The participants were given 5 minutes to read the document. This reflects the limited amount of time that consumers spend on reading financial services documents. After reading the document or the Digital KFD the participant undertook a semi-structured interview. The research did not examine particularly vulnerable consumers.

Participants were randomly assigned to one of the three treatments of the KFD. An initial instruction screen was shown, followed by setup and calibration. Participants were told of the time budget of 5 minutes and asked to read as naturally as possible and at their own pace for comprehension, and to move on to the following one. The eye-tracker recorded the position of the reader's eyes, how the eyes moved and how long they were in a fixed position. Anything that the participants said during the reading stage was noted.

After completing the reading, the participants were interviewed. The semi-structured interview guide can be found below. Not all questions in the guide were asked to all participants. The semi-structured interviews focused on key topic areas, but the interviewer was able to probe within these areas to gather rich insights.

The question set explored participants' experiences of the PDF or Digital KFD in four areas. It explored feelings about the treatment, the reading of the document, the perceptions of the company and the comprehension of the document. The questions are drawn from linguistics, law and the literature in human-computer interaction examining user experience (UX). The questions on the feelings about the treatment are primarily drawn from user experience literature.

Further questions focused on issues raised in the working group, with the questions in the semi-structured interviewing following up on design decisions. For example, the participants randomly selected to the Digital KFD were probed on whether they liked the particular graphic choices.

The comprehension questions were designed so that readers could give the answer from the information available. These questions focused on the time horizon for investment, the risks and benefits of the S&S ISA, the cost of the S&S ISA, how the participant could check the performance of their ISA and the distinction between advice and guidance.

There were no trick questions that could not be answered [20]. The answers to the comprehension questions were placed into a spreadsheet and analysed both for correctness and for the ways that the question was answered.

The questions on trust, caring and sympathy were drawn from socio-legal studies on documents, and sought to understand how the documents make participants feel. The questions on emotions were drawn from the behavioural economics and user experience literature.

Descriptive statistics were constructed from the answers to the scale questions. The semi-structured interview responses and comments made during reading were analysed using thematic analysis. Thematic categories were reported only if they reached saturation. Saturation is reached when “no new information, codes or themes are yielded from data [21].”

**Survey of perceived linguistic difficulty**

The research also used a survey methodology to examine public perceptions of key terms that are used in relation to S&S ISAs. Participants were asked to state what proportion of the public they thought would be familiar with the terms. They were not asked whether they were familiar with the terms, in an attempt to reduce the incentive, often due to embarrassment, to give answers that express that the participants know the meaning of the terms even when they do not. The terms were selected by the TISA working group as common terms that consumers may encounter when either purchasing or seeking information about stocks and shares ISAs. The terms that were assessed are listed below.

Words
Savings
Investing
Returns
Stocks, shares and funds
Stock dealing
Model portfolio
Yield
Bid-offer spread

<sup>20</sup> Due to the way that the Digital KFD was presented to participants, they did not receive information about the tax benefits of ISA.

<sup>21</sup> Virginia Braun and Victoria Clarke, ‘To saturate or not to saturate? Questioning data saturation as a useful concept for thematic analysis and sample-size rationales’ (2021) 13(2) *Qualitative Research in Sport, Exercise and Health* 201-216, 202.



The survey was conducted using the Prolific platform and a Qualtrics interface and collected responses in two Phases. Phase 1 included 2,742 individuals. This group, with a minimum income of £20,000, had an average age of 39, 64% female, and 88% identifying as white. The income distribution indicated that 60% earned between £20,000 and £30,000, while 15% earned over £40,000. In terms of education, participants included 0.2% with no formal qualifications, 8.2% with secondary education, 1.2% with trade apprenticeships, 12.5% with a high school diploma/A-levels, 7.5% with technical/community college, 44.3% with undergraduate degrees, 21.5% with graduate degrees, and 4.5% with doctorate degrees. The regional distribution in the UK varies from 2.5% in Northern Ireland to 14.0% in the Southeast, with 0.3% unreported.

Phase 2 included 3,639 participants. In this group participants had an average age of 37, 72.2% female, and 89% identifying as white. The income distribution for this phase revealed 38% earning less than £10,000 and 35% earning between £10,000 and £19,999.

The education distribution spanned various qualifications, including 0.4% with no formal qualifications, 13.2% with secondary education, 1.3% with trade apprenticeships, 16.1% with a high school diploma/A-levels, 10.0% with technical/community college, 39.1% with undergraduate degrees, 17.5% with graduate degrees, and 2.4% with doctorate degrees. The regional distribution across the UK ranged from 8.9% in East Midlands to 11.3% in London. The combined sample size across both phases is 6,381 responses.

The sample of the survey was not representative of the UK population. There was no survey weighting applied, impacting the representativeness of the sample. The study primarily focuses on individuals earning between £10,000 and £39,000. 60% of the sample fall within the 18-38 age range. There is a disproportionate representation of females (64% in Phase 1 and 72.2% in Phase 2), which could skew results in gender-related analyses.

Hence, this was not included. Participants predominantly identified as white (88% in Phase 1 and 89% in Phase 2), limiting the ability to draw conclusions about differences across diverse demographic groups. However, there is no evidence that this population is any more or less likely to understand the terms surveyed than the general population of inexperienced investors. When combined with data from the intelligibility assessment and the qualitative reading trial, the data allows broad conclusions to be drawn about the use of words in information for consumers.

# Appendix 2: Interview Guide

## Semi-Structured Interview Guide

### Comprehension

- 1 How long should you expect to stay invested in a Stocks & Shares (S&S) ISA?
- 2 What are the risks of putting money in a S&S ISA?
- 3 What are the benefits of putting money in a S&S ISA?
- 4 What are types of charges for a S&S ISA?
- 5 How does the information suggest how you can check performance of your investment?
- 6 What's the difference between advice and guidance?

### Subjective Responses/Feelings

- 7 What is your first reaction to this? What words would you use to describe this?
- 8 How did the information/document make you feel?
- 9 How does this compare to your expectations? How does this compare to your previous experiences with financial documents?
- 10 Was there anything surprising or unexpected? Was there anything missing that you would have expected?
- 11 What, if anything do you like or dislike about the document?
- 12 What do you think of the following features
  - Pictures
  - Graphs
  - Calculator (layered KFD only)
  - Branding
  - Colours
  - Navigation
- 13 Is this document helpful?

## Informative content

- 14 Can you summarise what you think this document is about? What do you think the main message to you as the reader is?
- 15 What do you think the writer of this information wants you to know? Why do you think that?
- 16 What did you feel was the most important part of the document? What information did you think was unimportant? Are there bits of the information that, in your opinion, do not need to be included?
- 17 What parts of the document did you find simple to understand? What parts did you find difficult to understand? Were there any parts that you couldn't understand? What was the hardest part to understand?
- 18 Did you find the order of the document to be appropriate?
- 19 Why did you focus your attention on this part of the document? Why did you decide not to read this part of the document? Why did you open this tray/why didn't you open this tray?
- 20 Does this feel like it was designed for you?
- 21 Where and when would you like to be given this information when deciding whether to take out a S&S ISA?
- 22 If you had a magic wand, what would you change?

## Additional design questions for KFDs. Square brackets Digital version only. \*\* is for written documents only

- 23 What does the keyfacts symbol mean to you?
- 24 What do you feel about the level of formality of this information?
- 25 We have designed this to appear once you start the application process but before you complete it. The aim of this is to make sure the reader can make an informed decision before they complete the application. In real life, how do you think you'd feel about seeing this in your journey?]
- 26 Please take a look here [show screen on access to monies]. When can you access your money? What might be the impacts of accessing your money?
- 27 How do you feel about the level of risk involved with the product?
- 28 [Point to a graph related to time in risks section. Can you explain what this means?]

- 29 How do you think time (e.g. how long you invest for) affects the risk?
- 30 In relation to costs, how clear is the pricing in the information? [Would the calculator be something you would use? What would make you use it?] Do you find the overall pricing structure helpful/off-putting?
- 31 Based on your usual approach and what you've read today do you think you'd choose investments yourself, get more guidance or seek financial advice? Why is that?
- 32 [How am I protected? Bearing in mind you are at the beginning of the journey and this information should help you make an informed decision, how do you feel about the placement of this information? Is this information you would look for at this point in the journey? What would you usually do with this kind of information?]
- 33 [Download here] What are your thoughts on taking what is usually a written pdf and making it into a digital journey? What would you do at this point – assuming you'd made it this f
- 34 Is there any other information you would need to make an informed decision about whether to open a S&S ISA account? What would make you feel more confident?

### Perceptions of the Company Questions

- 35 How strongly do you agree with the following statements (strongly agree, slightly agree, neither agree nor disagree, slightly disagree, strongly disagree)
- The company who wrote the Key Features Document made it easy for me to understand
  - I think the company who wrote this information gave me everything that I need to make a decision about this product
  - I know more about the risks of this product than the benefits
  - In future I would read the whole of a document like this
- 36 How trustworthy do you think the company that wrote this information is, where 0 is not at all trustworthy and 10 is completely trustworthy?
- 37 How much do you think this company cares about you and you making a decision that's in your best interests , where 0 is couldn't care less and 10 is completely cares?

# Appendix 3: Original and Simplified KFDs

**Molinia Investments**



**Key features of the  
Molinia Individual  
Savings Account Stocks  
and Shares**



## **Key Features of the Individual Savings Account Stocks and Shares**

The Financial Conduct Authority is the independent financial services regulator. The FCA requires us to give you this important information to help you decide whether our Stocks & Shares Individual Savings Account (ISA) is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

### **This is an important document, please read it carefully**

The purpose of this Key Features Document is to give you a clear and balanced summary of the key features, benefits, and risks of our Stocks & Shares ISA. This is the information you need to help you decide about whether the ISA is right for you. Please read this document **before** you decide to invest and keep it for future reference.

We do not provide investment advice. If you are unsure whether this product, its features, investment options and charges are right for you then you should take appropriate financial advice. Molinia is not authorised to give you financial or investment advice.

## **Molinia Investments**

### **Aims**

The Molinia Stocks & Shares ISA is a tax-efficient way to invest your money. It allows you the opportunity for capital growth and income over the medium to long term. You won't pay tax on the gains or income you make from your investments if you keep the money in your ISA account. You do not have to declare gains or income on your tax return.

You can use your ISA allowance each tax year to invest in a broad range of investments in shares, investment trusts, unit trusts, gilts, bonds and OEICs through the Stocks & Shares ISA. You will have the flexibility to select and manage how and where your money is invested.

You can withdraw cash from your ISA at any time without losing the tax benefit on your investment returns.

### **Your commitment**

To be eligible to open an ISA you must be 18 or over. You must also be a UK resident for tax purposes or a Crown servant (for example diplomatic or overseas civil service) or their spouse or civil partner if you do not live in the UK.

You cannot hold an ISA with or on behalf of someone else.

You must ensure that you understand the features, benefits and risks of the ISA so that you can be sure it will meet your needs and expectations.

You should consider this investment as a medium to long-term investment (at least 5 years), even though you have access to your money.

You can make one-off or regular payments into the ISA, but you must ensure that you do not exceed the current ISA annual investment allowance of up to £20,000 per year.

You must provide us with any information we require when setting up the ISA and agree to be bound by our Terms and Conditions and pay the charges as set out in the Charges Information document.

You must regularly review your investments and ensure that the Stocks & Shares ISA remains appropriate for you.

## Choosing your investments

You need to decide how you would like to invest your money. You can choose your own investments, or you can get help from a financial adviser. We can provide information about investments to help you and your adviser make investment decisions, but we do not provide investment advice and will not make any recommendations to you.

We do offer a selection of model portfolios for you to invest in. This may be right for you if you do not want to pay for a financial adviser and are worried about picking your own investments. Model portfolios are ready-made selections of ISA investments. There are different options depending on your risk appetite and if you are looking for income or growth. For more information [click here](#). Although our fund managers will take care of the day-to-day investment decisions in the model portfolios, you will still need to keep an eye on your investment to make sure it continues to meet your needs.

## Risks

The value of investments held in your Stocks & Shares ISA can fall as well as rise. You may get back less than the amount invested.

Past performance is not an indicator of future performance, and some investments need to be held long term to make a return.

Some investments are higher risk than others. Although these investments may achieve higher returns, there is a higher risk that you could lose some or all of your money. All investments have their own risks and so you should consider these carefully before you invest in them. It may be a good idea to think about risk diversification – finding a balance between higher risk and lower risk investments.

You are responsible for your investment decisions. You should read all relevant documents for your investments, including key information documents that outline the specific risks applicable to your chosen investments, for example Key Investor Information Documents (KIID) or Key Information Documents (KID). You should monitor the performance of your investments regularly to make sure they continue to meet your needs. You may need to make changes to the investments you make. A financial adviser will be able to help you on this.

Tax rules can change and their impact on you may depend on your individual circumstances. Changes in tax rules in the future may affect the tax benefits you currently receive on gains and income from investments held within your Stocks & Shares ISA.



## **Molinia Investments**

Charges will affect the value of your Stocks & Shares ISA and may increase in the future.

If, after considering these risks, you have any doubts about the suitability of the ISA you should seek financial advice from a qualified financial adviser.

## **QUESTIONS AND ANSWERS**

### **What is a Stocks & Shares ISA?**

An ISA is an Individual Savings Account that you can put a range of investments into. It is a tax efficient way of investing. You do not pay tax on any money you make from your investments - for example, through dividends, interest, income, or growth. You do not need to declare your ISA on your tax return.

ISAs can only be held in one name, and you can only open one Stocks & Shares ISA in each tax year, which starts on 6 April.

### **Why invest in a Stocks & Shares ISA?**

1

#### **Tax efficient**

Invest up to £20,000 this tax year  
Pay no tax on income or capital gains from your investments

2

#### **Grow your money**

Give your money the potential to grow over the medium to long term (at least 5 years)

3

#### **Accessibility**

Keep the flexibility to access your money if you need it  
You can take out your money and then put it back in during the same tax year without reducing your current year's ISA allowance

## Molinia Investments

4

**Lump sum or regular payments – choose the amount that suits you**

You don't need a large lump sum to invest in an ISA. You can invest as little as £20

You can invest a one-off sum or make regular payments into your account during the tax year

5

**Flexibility**

You can transfer your Individual Savings Account (ISA) from one provider to another at any time.

You can transfer your savings to a different type of ISA or to the same type of ISA.

Before you do, you should make sure it is right for your circumstances

## Could the Stocks & Shares ISA be right for me?

The Stocks & Shares ISA could be right for you if you:

- Have savings that you would like to invest
- Are looking to invest in a tax-efficient way
- Are happy to invest for the medium to long term (at least 5 years) – this allows enough time to ride out any downturns in the market that might see you make a loss on your money
- Are looking for potentially higher returns than typical bank or building society savings accounts
- Understand that growth is not guaranteed and that every investment carries some degree of risk

## **Molinia Investments**

- Want the flexibility to access your money if you need to – you understand that you may need to sell your investments to obtain your cash.

The value of your investment can go down as well as up and you may not get back the original amount invested. The amount you get back will depend on:

- How much you have invested
- How long your money has been invested
- The investment performance of your chosen assets
- How much money you have previously withdrawn from your ISA
- Deductions from your account, which will include our charges and any fees you have asked us to pay your financial adviser on your behalf if you appoint one.

A Cash ISA may be better if you are looking to save for a shorter term and do not want to risk losing any money. Cash ISAs are different to stocks and shares ISAs. They are a type of savings account that you do not pay tax on. You will lose any capital guarantee if you transfer from a Cash ISA into a Stocks & Shares ISA.

## **How do I open a Stocks & Shares ISA?**

You can make your application online by completing [the form](#).

To open a Stocks and Shares ISA with us, you can:

- Select your own investments, or
- Get investment advice from a financial adviser.

You can select your own investments and build your own investment portfolio. If you do this, you should do your own research before deciding what to invest in. Alternatively, you can choose from one of our model portfolios, a ready-made selection of ISA investments, based on your investment objectives and appetite for risk. If you want more support or have any doubts about the suitability of the investments in your ISA, you should seek financial advice from a qualified financial adviser.

By learning more about topics like risk and diversification, you can give yourself a better chance of success over the long term.

You can make a one-off lump sum investment in your ISA, or you can make regular

## **Molinia Investments**

monthly contributions, or a combination of these. Regular payments can be changed at any time. You can also stop your regular payments at any time if you would like to take a break, leaving the rest of your money invested. Your payments must not exceed your annual ISA allowance of £20,000.

If you would like to make a start on this year's ISA, you don't need to choose your investments straight away. You can add cash now, then decide where to invest when you're ready.

## **How will I know how my ISA investments are performing?**

It is important that you keep your investments under regular review to make sure that they remain appropriate for you and have the potential to meet your financial goals. If you have a financial adviser, they can help you find the right investments to meet your needs.

You can check online at any time to see how your ISA investments are doing. We will also send you statements every 3 months showing the value of your investments.

## **What are the charges?**

Before you invest, you should make sure you understand all the fees and charges and how these can affect the total value of your investments.

Full details of our ISA charges are explained in the Charges Information Document. The document explains the charges and costs involved, how they are calculated and who receives them. Broadly charges will include:

1. **Management fees**
2. **Dealing charges**
3. **Investment charges**
4. **Financial adviser charges**

**Management Fee for the Stocks & Shares ISA:** We charge an annual management fee for administering and maintaining your ISA of 0.20% of the total value of your investments. The Management Fee is calculated daily and charged at the end of each month on the value of the investments held in your ISA. Our fees are charged from the point that you first add or transfer investments to your ISA. We do not make any charges for holding cash in your ISA account.

## Molinia Investments

### Dealing charges

We charge a fee each time you buy or sell an investment in funds or shares. We charge £6 per deal.

Where the number of deals you do each year exceeds 20, we will charge you £3 per deal.

Deals per year	Charge per deal
1-20	£6
More than 20	£3

**Investment charges:** The investments you choose may have their own charges, such as charges from a particular fund manager. These are in addition to our management fees. You can find these in each investment's Key Investor Information Document. These charges are calculated daily and are either taken directly from the investment or taken into account in the fund's unit price calculation, so you won't see it as a separate charge.

**Financial adviser charges:** These will apply if you take advice from a financial adviser and they charge you a fee for their service. If you want, this fee can be paid from your ISA account.

## How do I pay the charges?

You don't have to worry about remembering to pay charges. We will collect these from your account automatically each month.

We will take charges from any cash in your ISA. How much cash you will need depends on the value and nature of your investments. We will suggest an amount for you based on your investments. When you log into your account, you will see a suggested minimum cash balance in your account dashboard.

If there's not enough cash in your ISA to pay the charges each month, we will sell some of your investments to cover the charges. There is no additional charge for this.

You can set up an alert and we will notify you if there's not enough cash available.

## How much will I need to invest?

The minimum contribution you can invest in your ISA is £20.

## **Molinia Investments**

The maximum annual limit for all ISA subscriptions is £20,000 in the tax year 2022/2023. If you have subscribed to another type of permitted ISA other than a Stocks & Shares ISA, the combined subscriptions must not exceed the annual subscription limit of £20,000.

If you have already subscribed to a different Stocks & Shares ISA in the current tax year, then you are not permitted to subscribe to our ISA for the remainder of the tax year unless you are transferring that ISA to the Molinia ISA.

## **How can I make subscriptions?**

There are three ways in which you can subscribe:

1. Monthly payment by direct debit
2. One-off payment by cheque or electronically, by debit card, BACS or CHAPS, or
3. Transfer from an existing ISA.

## **How do I transfer my existing ISA investments to Molinia?**

You can transfer your existing ISA, into an ISA with us. You can transfer ISAs set up in previous tax years and the current tax year. We will not charge you for the transfer.

We will provide you with a transfer application form for you to complete and return to us. When we receive it we will organise the transfer with your existing provider. If you want to do this, please contact us to request a form.

Please note that if you intend to transfer a Lifetime ISA to the Molinia ISA, you will lose the benefits specific to that ISA and you may need to pay a withdrawal fee. Your current provider should be able to help explain this to you.

You can transfer some or all of your existing ISAs from previous tax years to the Molinia ISA without affecting your current annual ISA allowance. There is no limit on how many ISAs you can transfer into your Molinia ISA.

If you are transferring your ISA for the current tax year, you must transfer 100% of the subscriptions to your ISA. These subscriptions will count towards your current annual ISA allowance.

Where you do transfer ISAs to Molinia, all of your ISA investments will appear on one consolidated statement.

## How do I transfer my Molinia ISA to another ISA provider?

You can transfer the value of your ISA to another provider at any time. In order to do this, you should contact the new ISA provider.

## What happens to the income generated on my ISA investments?

Income from an ISA is free from any income tax. You can decide what you would like to do with this income. You can:

- **Leave income as cash:** this can be used to pay charges or for requested withdrawals of cash
- **Reinvest income:** this can help your investments grow further over time
- **Withdraw income:** you can combine all your income distributions into a single payment that can be paid to your nominated bank account at the end of each month or on quarterly, half-yearly or annual basis.

## Can I withdraw money from my ISA?

Yes.

You can request one-off withdrawals or start and stop regular withdrawals or change the frequency at any time. We do not apply any penalties to money taken from the account.

Regular withdrawals can be made monthly, quarterly, half-yearly or annually. Similarly, cash can be taken out of the ISA at any time.

The Molinia Stocks & Shares ISA is a flexible ISA which allows you to pay any money you have withdrawn back into your ISA in the same tax year without it counting towards the annual subscription limit.

If you request a withdrawal from your ISA, you will need to make sure there is enough cash in the cash facility of your ISA for us to make the payment. If there isn't enough cash in the cash facility, we will sell down some of your investments.

## What happens if I die?

## **Molinia Investments**

If the account holder dies, please let us know. You can call us on 0123 456 789, or write to us at: Molinia Investments Limited, Merlin Court, Prometheus, PR1 2LJ.

Once we are advised of the death we need to take steps to designate the ISA as a "continuing account of a deceased investor".

Upon your death, ISA assets will remain invested within the ISA. Any income and gains will remain tax-free for three years following death, or until closure if earlier, or when the estate is wound up.

We will not accept any new subscriptions or Transfers in. However, active management of the investments already held within the account may continue. We will liaise with the person dealing with the estate and so it is important that they hold details of the ISA. Full details will be provided to your legal representatives when we are notified of your death.

Your spouse or registered civil partner may be eligible to a one-off additional ISA allowance equivalent to the value of your ISA at the time of death or the value of your ISA when it ends, whichever is higher, known as an "Additional Permitted Subscription". This can be used on top of their usual annual ISA allowance. It lasts until the later of 3 years after the date of your death and the day 180 days after the administration of your estate is complete. For more information please go to [this webpage](#) or speak to your financial adviser.

## **Can I change my mind?**

You have a legal right to cancel your ISA if you change your mind.

You have 30-days to cancel your ISA, starting from the date of your first payment or transfer being received into your ISA.

If you decide to cancel, we will give you your money back. Your ISA will be invested during the period prior to cancellation. If you choose to cancel your ISA during the cancellation period, any investments held will be sold and we will return any contributions or transfers. In the case of a transfer, you will not be able to reverse the transfer itself but you will be able to close your ISA or transfer it to the original provider, or another ISA provider, so long as they agree to accept it. It will be your responsibility to contact the other ISA provider to make arrangements to transfer your ISA.

The amount repaid may be less than the amount paid to us if the value of the investment has fallen at the time it is sold or where we have deducted any applicable charges, so you may not get back the full amount you paid in. If the value of your investments rise during this period, you will only receive back the amount you invested.



## **Molinia Investments**

Where we have on your instructions paid a one-off fee to your financial adviser at the time of your original investment, this will not be repaid to you. You will need to contact your financial adviser directly if you want a refund of their fee.

You may exercise your right to cancel by writing to us and providing your name and ISA account number at Molinia Investments Limited, Merlin Court, Prometheus, PR1 2LJ. Further information about cancellation can be found in the Terms and Conditions.

## **What other terms and conditions apply?**

This key information gives you the key features of the ISA. It doesn't include all the definitions, exclusions and terms and conditions. You can find full details in our [ISA Terms & Conditions document](#). We may from time to time update our Terms and Conditions. If we do, we will write to you and explain the changes.

## **Can I get compensation from the Financial Services Compensation Scheme?**

The Financial Services Compensation Scheme (FSCS) acts as a safety net for customers of financial services firms that are unable to meet their financial obligations or claims made against them. Individual investments are protected up to £85,000 per investment firm, per individual, so long as the investment itself is regulated by the FCA.

It is not an insurance policy against poor investment performance.

If the eligibility criteria are met, you may be able to seek compensation from the FSCS. Whether you qualify for compensation depends on the type of investments you hold. In some circumstances you might not receive any compensation under the FSCS. The availability of compensation depends on:

- The type and structure of the investments you choose within your ISA;
- Which party is unable to meet its claims; and
- Whether you were UK resident at the time you took out the ISA.

If Molinia Investments Limited itself is declared in default and you incur a loss, you can make a claim via the FSCS. Any cash held in your ISA account is held with a third party bank which is separately covered under the FSCS. Cash held is protected up to £85,000.

Further information about the compensation arrangements is available from the

## **Molinia Investments**

FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk)

## **How to complain**

Customer satisfaction is very important to us. If you have taken out a Stocks & Shares ISA with us and you are unhappy, you can contact us by:

Phone: call our helpdesk on 0123 456 789.

Post: you can write to us at Molinia Investments Limited, Merlin Court, Prometheus, PR1 2LJ.

Email: [complaints@molinia.co.uk](mailto:complaints@molinia.co.uk)

Calls and electronic communications may be recorded and/or monitored for regulatory and training purposes. Call charges will vary. Please note that email is not a secure method of communication you may want to use other contact methods to send any personal, financial or banking information.

We will investigate your complaint in accordance with our complaint handling procedures. We will provide a written response to you, informing you of the outcome of the investigation.

If you're not satisfied with our response to your complaint, you may be able to raise it with the Financial Ombudsman Service (FOS). This service is free to use. FOS normally can't consider a complaint until you have received a final response to your complaint from us. Making a complaint to Molinia Investments Limited or referring it to the FOS won't affect your legal rights.

FOS can be contacted via:

Post: The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square London E14 9SR.

Phone: 0800 023 4567.

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## **Molinia Investments**

### **IMPORTANT NOTES**

The information in this key features document is based on our understanding of current (as at the date of this document) UK law, practice, and taxation. Tax benefits, law and practice may of course change in the future.

Molinia Investments Limited is registered in England and Wales under number 123453678.

Registered Office at Molinia Investments Limited, Merlin Court, Prometheus, PR1 2LJ.

Molinia Investments Limited is authorised and regulated by the Financial Conduct Authority (FRN 12345678). VAT number 123 4567 89.

Full details of the legally binding contract between you and Molinia Investments Limited are included in the Molinia Investment “**Terms and Conditions**” which you can find [here](#).



## Key Features of the Molinia S&S ISA

The Financial Conduct Authority is a financial services regulator. It requires us, Molina, to give you this important information to help you to decide whether our Stocks and Shares ISA is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Read through our Key Features Document to check that you're getting what you expect. You can use this document to help you compare our S&S ISA to other investment options and decide which one is right for you. It won't take long, we promise!

The information we provide is guidance. It's not advice. We'll explain the difference.

### Our contact details

You can invest with us online, via the app or by post.

Email us on: [info@molinia.co.uk](mailto:info@molinia.co.uk)

Complain at: [complaints@molinia.co.uk](mailto:complaints@molinia.co.uk)

To request information by post, call us at **0123 456 789**.

You can also write to us to request any information or to complain at [Molinia Investments Limited, Merlin Court, Prometheus, PR1 2LJ](#).

## The Aims of the S&S ISA

You are opening a Molinia Stocks & Shares Individual Savings Account (S&S ISA) for investing.



The aim of the S&S ISA is to allow you to invest your money in a tax efficient way. You can choose from a wide a range of investments to put in your ISA, and you won't pay tax on the gains or income you make from your investments, as long as you keep the money in your ISA account.

Keep in mind that tax rules can change. Their impact on you may depend on your individual circumstances.

## Your commitment

### You need to be eligible

You need to be at least 18 years old.

You also need to be either:

- A UK resident for tax purposes; or
- A Crown servant (for example in the diplomatic or overseas civil service); or
- The spouse or civil partner of a Crown servant.

If you are not sure you meet these criteria, now or at any time in the future, please contact us.

### You must contribute to your S&S ISA within the 'ISA allowance'

You can contribute up to £20,000 tax free until 5<sup>th</sup> April 2024. This is known as your 'ISA allowance' and is the maximum amount that you can invest through your ISA in each tax year. There is no minimum amount that you can invest. The tax year runs from 6<sup>th</sup> April to 5<sup>th</sup> April the following year.

### You will choose and manage your investments

You can choose from a wide range of investments to put in your ISA. You can select and manage these to suit you. When you make money on your investment, you can choose to:

- leave it in cash
- take it out as income, or
- reinvest it.

You can take your money out if you need to. If you do, you can put it back in again during the same tax year without reducing your current year's ISA allowance.

Charges will affect the value of your Stocks & Shares ISA. See our Q&A below.

You should regularly review the investments in your S&S ISA and make sure they are still right for you.



### **You should aim to invest for at least 5 years**

Your S&S ISA is a medium to long term account.

- You should aim to hold it for at least 5 years or longer
- You can access your money at any time if you need to. But investing over a longer period can help smooth out any short term 'ups and downs' in the value of your investments and gives them a better chance to grow.

## **Risks**



### **The risks to you**

All investments carry risk.

- Investments can go down as well as up. But over longer periods of time (5 years or more) riskier investments, such as stocks, shares and funds usually deliver higher returns compared to cash savings.
- When choosing your investments, please remember that past performance is not an indicator of future performance and some investments need to be held long term to make a return.
- You can manage your risk by choosing investments that suit the level of risk that you are willing to take. See our Q&A below.

If you are worried about whether this investment is right for you, contact a financial adviser. You can find one at [www.unbiased.co.uk](http://www.unbiased.co.uk)

## Questions and Answers



### How much do I need to invest?

You can invest any amount up to the maximum ISA allowance every year. This may change in future tax years, but at the moment it is £20,000 a year. You can make a one-off payment, regular or irregular payments to suit you.

You can transfer your existing ISA into your Molinia S&S ISA.

There are no fees for closing your S&S ISA, or transferring your S&S ISA from Molinia to another provider.

To make a transfer you should contact the new provider.



### How do I invest?

You can invest with us online, via the app or by post.

You can:

- Choose your investments yourself.
- Choose a ready-made selection of ISA investments.
- Get a financial adviser to help you.

A ready-made ISA is a pre-selected group of ISA investments. The selection is designed to be spread across different investments so you don't put all your eggs in one basket. You can choose the one that's right for you and your risk preference. You can leave the day-to-day work to the experts.

Check your investments every six months to make sure they're meeting your expectations. You can check the performance of your investment in the fund factsheets. You can find these on our website at [www.molinia.co.uk/fundfactsheets](http://www.molinia.co.uk/fundfactsheets)

### How else can I manage my risk?

- You can manage your risks by investing over longer periods of time (ideally 5 years or more).

- You can reduce your risk by spreading your investments across multiple stocks, shares and funds. This means that if the price of one stock or share goes down, it will have less overall effect on the value of your investment or fund. This means you avoid putting all your eggs in one basket!
- By investing regularly, you can smooth out fluctuations in the price of the investments you make. As the value of your investments goes up and down, the price you pay will vary. If you invest gradually over time and keep any unvested money in cash, the amount you pay for the investments will average out.

#### How much does it cost to invest?



It's important to keep an eye on how much it costs to invest. How much you invest, the number of deals you do, and fund prices will affect how much you get back. As you invest more over time, the impact of costs and charges goes down.

- You'll pay an annual charge to us as your ISA manager, which is 0.20% of the total value of your investments.
- In addition, you'll pay £6 every time you buy or sell an investment for the first 20 deals each year.
- Then we charge £3 per deal.

We'll take these charges from the cash in your account. You can set up an alert and we'll notify you if there's not enough cash in the account.

Be sure to also check:

- Individual charges for funds
- Any additional taxes or foreign exchange charges
- Any charges from your financial adviser if you have one.

There's no minimum fee. We don't charge:

- For holding cash
- Performance fees

#### What fees might investment funds charge?

The fund manager usually charges an ongoing management fee. You won't pay this fee directly yourself, but it will reduce the return you get from your investment. The fees for our funds at Molinia range from 0.15% to 1.87% of the fund value.



Other costs may include:

- Fund sell charges
- The 'bid-offer spread' (this is the difference between the price at which you buy and sell your investment in the fund)

You can compare the charges of our investments in our comparison table. You can find it here [www.molinia.co.uk/funds/comparison](http://www.molinia.co.uk/funds/comparison) or call us to request a copy. Our contact details are at the top of this information.

Example of potential costs for an investment of £5000 with a return of 5% over one year:

What am I paying for?	How much is it?
Annual S&S ISA management fee	£10.22
Your dealing charges (for 5 deals) (i.e. buying or selling investments in your S&S ISA)	£30
Fund manager charges that reduce your return (for a fund at 0.5%)	£25.51
Estimated total costs (based on 5% return)	£65.73



#### Where can I go for more help?

You can get financial advice or financial guidance but they are different.

- Financial guidance helps you understand and identify your options but it's up to you to decide whether it's right for you.
- With financial advice, an adviser will recommend specific products suited to you personally. You pay for advice and there's access to compensation if the advice turns out not to be suitable for you.

You can get guidance here: [www.molinia.co.uk/guidance](http://www.molinia.co.uk/guidance) or call us to a request a copy. You can find our contact details at the top of this information. You can find a financial adviser at [www.unbiased.co.uk](http://www.unbiased.co.uk)



### **What happens if I change my mind?**

When you apply for a S&S ISA, you have the right to cancel your application within the first 30 days. The 30 days starts from the date of your first payment or transfer received into your ISA.

If you decide to cancel we will give you your money back:

- Any investments you hold will be sold
- We will return any money in your S&S ISA
- Your ISA allowance will not be affected so you can save the same amount again into another ISA.

If you are transferring an existing ISA to us and you change your mind, you can:

- close your S&S ISA; or
- ask us to transfer your S&S ISA to the original provider; or
- ask us to transfer another ISA provider.

If you ask us to transfer your S&S ISA to the original or another ISA provider, they will need to agree to accept it.

When you cancel, the money we repay might be less than you gave us because the value of the investment may have fallen. We may also have deducted any charges you owe us.

If the value of your investments goes up, we will give you the money it has earned.

If you would like to cancel your S&S ISA, please write to us using the contact details on page 1.

### **How can I complain?**

If you take out a S&S ISA with us and find you are unhappy with it, you can contact us at 0123 456 789, email us at [complaints@molinia.co.uk](mailto:complaints@molinia.co.uk) or write to us at the address above.

If you are unhappy with our response, you may be able to raise it with the Financial Ombudsman Service (FOS) on 0330 2345 678 or [complaints@fos.org.uk](mailto:complaints@fos.org.uk). This service is free to use.

### **How am I protected?**

Molinia is authorised and regulated by the FCA.