SW MoneyHelper Financial Wellbeing Network
AI & financial decisions – what you need to know

Paul Fox | Regional Manager SW Money and Pensions Service

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Introduction

Research surveys suggest AI can boost confidence, but that confidence doesn't always translate into improved financial decision making or outcomes. A **study reported by Fortune** found that while many millennials and Gen Z users reported felling more confident after using AI for financial advice, over 50% of them also said it had led them to make at least one poor financial decision. Feeling more confident doesn't always mean the information is accurate.

Here's what you need to know before relying on AI for budgeting, saving or investing.

What AI can do

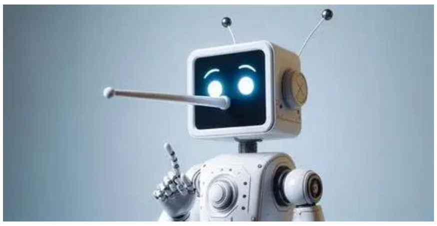
Ask an AI tool to explain a confusing financial term, and it'll do it in seconds. Want help drafting a letter to your energy provider? No problem. Need a simple budget? It can build one in minutes. AI tools may be able to:

- explain financial terms in simple language
- summarise long documents, like terms and conditions
- help you compare options based on the criteria you give it
- create budgets or savings plans tailored to your goals
- help you role-play tricky conversations, like negotiating a bill or asking for a refund.

Used carefully, AI can be a helpful starting point for exploring money questions you might have about money – but how useful it is will depend on the quality of the information you give input and the complexity of your personal circumstances. It's important to remember that AI tools can sound confident even when they're wrong, so they shouldn't be relied on without checking information against independent trusted sources.

When AI can go wrong

AI tools can "hallucinate" – in other words, give information that sounds pretty convincing but is simply wrong. Remember that AI doesn't "know" things; it predicts them.



That means it can give:

- advice that sounds right but isn't
- give outdated or UK-irrelevant guidance

- misinterpret FCA-regulated topics like pensions or investments
- offer steps that go against your provider's rules
- make assumptions that don't fit your personal situation
- generate scams or fraudulent content if prompted the wrong way.

Remember that AI cannot replace independent and impartial guidance from MoneyHelper or regulated, personalised financial advice. A recent **Which? Investigation** found that AI chatbots sometimes gave risky or incorrect investment guidance, even when asked to be cautious.

Data and privacy risks

The risks don't stop there. AI can also:

- store the information you type
- expose personal data if misused
- be manipulated by scammers to produce highly convincing frauds.

Top Tip - Keep anything sensitive to yourself. That means no account numbers, no National Insurance details, no full personal info etc, and do not upload bank or credit card statements. Cybercriminals are already using AI to create more realistic phishing emails and scam websites.

AI-driven scams are on the rise

Fraudsters now use AI to clone voices, create fake websites, mimic real brands and produce incredibly convincing messages. If you get an unexpected request for money or investment, think twice; especially if there's urgency or pressure.

Top Tip - If an offer seems too good to be true, or pressures you to act quickly, it's an absolute red flag. Visit the **FCA's protect yourself from scams** page to check warning signs and find out how to verify investment opportunities and always confirm contact details using official websites — not links in messages or emails.

How to use AI safely for money decisions

If you do decide to use AI for money decisions, remember to treat it as a starting point and always take steps to check the information before acting on it.

- fact-check important answers using trusted sources, such as GOV.UK or your bank or a regulated provider
- ask the AI tool to explain where its information comes from
- compare answers across different tools or sources, rather than relying on one response
- use AI to explore ideas or understand concepts, not to make final decisions
- check any financial opportunities on the **FCA Firm Checker** before taking action.

And if you're unsure, speak to your bank or another regulated provider before taking action.

The bottom line

AI can be a helpful starting point for making sense of money tasks, but it should not be a substitute for professional guidance from the likes of MoneyHelper or advice from a regulated financial adviser, nor should it be trusted blindly. Think of it as a tool, not a decision-maker.

If you want to learn more about staying safe online or spotting scams, visit our guides, **Am I being scammed? How to tell if you've been targeted**, and **Shopping and paying safely online**.

To check whether an investment or pension opportunity could be a scam, see the **FCA's protect yourself from scams** guidance for practical steps and warning signs.

www.moneyhelper.org.uk **0800 011 3797**

Please note that this one phone number now connects you to all our money and pensions guidance specialists