

## How to pay for financial education

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Everyone but the government seems to agree that young people need a proper education in finance before leaving school, and there is a pot of money available to pay for it.

[https://www.youtube.com/watch?v=xT0L168BGzY&si=Ret3it\\_3HNPDjIMf](https://www.youtube.com/watch?v=xT0L168BGzY&si=Ret3it_3HNPDjIMf)

This is the audio version:

[https://www.podbean.com/player-v2/?i=x7htt-17ed2fd-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=x7htt-17ed2fd-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&btn-skin=c73a3a)

This is the transcript:

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Every young person in the UK needs financial education as part of their school curriculum. It is quite absurd that although there is now a legal requirement that young people have financial education before they leave school, there's actually nobody checking that they get it. And those schools that provide it do it, let's be honest, pretty perfunctorily. As a result, we have young people at the age of 18 who are coming out into the workplace who have almost no understanding of money.

I'm not talking here about money in a macroeconomic sense, I'm simply talking about money in a microeconomic sense, and how it impacts them.

They don't know sufficient about how to run a bank account.

They don't know what a credit card is.

Most of them can't work out how to save if they need to, and what the benefits of saving might be.

And they most certainly don't understand interest rates on savings, nor do they understand interest charges on borrowing.

They don't know the difference between a debit card and a credit card.

They don't know what tax is.

They don't know why they will be taxed.

They don't know why they will also be asked to sign up for a pension scheme and what the consequences might be.

They most certainly aren't prepared for things like credit deals, which, however, they might be asked to sign if they want to buy their first car or to take out a loan to do something else.

And they aren't prepared for things like renting a property or, in the longer term, buying a house and all the consequences of such arrangements.

Nor do they know how to avoid fraud. They're exposed to risk and are innocent in the face of it.

And all of this is a complete failure to provide a proper education for things that people really do need to know.

I will question whether it is worthwhile dropping some other parts of the curriculum to have these included. We might drop compulsory maths in the way that it is taught to a great many people so that we could include budgeting and taxation and accounting and we might want to talk about how we change some of the civics curriculum to cover other parts of this. But whatever is the case, is we need decent materials to do this.

Now, I am aware that Martin Lewis had a go at this a while ago, and he did produce a lot of copies of his book, and they appear to have disappeared into thin air.

I've also had a look at some of the videos he produced, and they've got tiny numbers of views, which is not encouraging.

In other words, there's clear indication that we are not getting the backing for education for young people in these areas because the resources that have been

produced so far are not being used.

This is something that has troubled me for some time. One of the things that I feel increasingly as I get older is that people are so underprepared for the world around them that they are literally being taken for a ride in almost everything that they do, and I hate that idea. I want people to be able to manage the real world in which they live, and money is an essential part of that.

Knowing this, a couple of years or so ago, I noticed that the Institute for Chartered Accountants in England and Wales, of which I was a member for over 40 years, had picked up well over £100 million in fines from its own members for their failure to undertake proper work on behalf of their audit clients.

More of those fines were paid by the very large audit firm KPMG than anyone else, but frankly, almost every single one of those fines was paid by one of the big four firms of accountants or the firms very slightly below them in the pecking order by size of UK firms of accountants. And every single one of them had failed in an audit task or some other form of assurance activity.

They'd let the public down, in other words, and they'd been fined for it. And the Institute of Chartered Accountants, instead of using that money, put it on its balance sheet, has earned a great deal of interest, given some discounts to its members against their membership fees, and has done nothing with the money for the public good.

I [wrote an article about it.](#)

I went to see the then chief executive of the Institute of Chartered Accountants, who I knew quite well at the time and sat down and said I wanted this money used for public purpose. "After all," I said, "you were not meant to be enriched because your members failed. You, too, failed if your members failed; you, too, should be making good for the failures for which you are responsible. And you should be doing that by undertaking education on finance for people in the communities in which they live, and most especially for young people."

And given that the fines at the time were nearly £150 million, I suggested that £100m of that should be put aside by the Institute of Chartered Accountants in England and Wales into a fund to pay for this education programme for young people in schools, to create the materials, to pay for the teachers who could go round and deliver these lessons on a peripatetic basis so that specialists were delivering it, not just ordinary class teachers who had themselves to prepare the materials the night before, meaning that they were not really on top of the subject.

I thought that that was the way in which accountancy could be made to look relevant to society, and accountants could plug themselves in the process, I thought.

I was told no one was interested.

And yet, time and again, I see that they are.

I recently [saw a petition](#) put up on the government petition website about this.



And this is it. You can sign it. Only three and a half thousand people or so have done at present. But you could indicate your concern. This was created by a member of the Youth Parliament. And I like the idea. An article about it was [printed in Investor's Chronicle](#). And the Financial Times has talked about the need for this type of education as well.

People know that we are missing a trick here. But all the time the point is made, there's no money for this. But there is. The Institute of Chartered Accountants has the money because it's sitting on the fines that it got as a result of the failure of its members.

Ethically, I believe it has a duty to act with that money for the public good. But it says legal impediments exist, and my answer is then change your rulebook because I know that is possible, because almost every year, they do make changes to that rulebook, and they are approved by the Privy Council, as is required.

So in other words, any objection that they put up that they can't legally do this is nonsense. They can, they could, they should. And young people in this country should have the entitlement to that education which they need and deserve to protect them from the abuse that they might otherwise suffer from the financial services sector in the

UK.

Why is it that the Institute of Childhood Accountants in England and Wales is not interested in protecting people from that abuse when they could? I wish I knew the answer to that question.