

News story: 'Shameful' tactics in funeral plan sales to be stamped out

- crack down on misleading sales tactics currently being used to pressure customers into buying plans
- disreputable conduct will be addressed through greater regulation, including fines and criminal charges for rule breakers
- action will promote better treatment of customers and greater access to redress

The use of high pressure and misleading tactics in the sale of funeral plans will be brought to an end, City minister John Glen announced.

New plans to regulate the pre-paid funeral sector for the first time will ensure the market is competitive and consumers, who are often old and vulnerable, understand what they are buying.

The regulation of the sector will now be overseen by the Financial Conduct Authority (FCA). It will design a new, robust framework to bring regulation in line with other financial products, such as insurance, and ensure that providers are clear and fair in their treatment of customers. This will also offer people access to the Financial Ombudsman Service, enhancing consumer protection.

The move comes after a recent call for evidence showed widespread concerns around the conduct of funeral plan providers, with some employing high pressure and misleading sales tactics in order to get customers to sign up to plans.

Under these new plans, anyone found breaching the regulations can have their authorisation revoked, face fines and even criminal charges.

City minister, John Glen, said:

Planning for your funeral can be a difficult experience, but one that many of us will need to go through at some point in our lives.

It's shameful that there are those out there who look to prey on people when they are in this often emotional and vulnerable state.

That's why I've taken the decision to regulate pre-paid funeral plans, so people can have more confidence in the products they're being offered and peace of mind that their affairs will be handled correctly.

Demand for funeral plans has grown by nearly 200 per cent between 2006 and 2018. Last year, 177,000 plans were sold and cost on average between £2,500 and £5,000. The legislation governing their oversight has not changed since

2001 and needs to be updated to address disreputable practices.

One example of this is when third-parties working on commission – like door-to-door salesman – pressure customers to buy plans in order to maximise their commission rather than to meet that person's specific needs.

Although a regulator already exists, it operates on a purely voluntary basis and firms can choose not to sign up to the rules.

Last summer the government launched a call for evidence on how to strengthen the regulation of the sector and it will now consult on today's proposals to:

- ensure all pre-paid funeral plan providers are subject to the same robust standards
- enhance the oversight of all the providers operating in this sector
- make sure consumers can adequately dispute claims when things go wrong

Further information

- the government launched a call for evidence on pre-funeral plans in June 2018: <https://www.gov.uk/government/consultations/pre-paid-funeral-plans>
- funeral plan is a contract under which a customer makes one or more payments to a provider, who subsequently arranges or pays for a funeral upon the death of the customer. Providers either invest these payments in a trust fund or take out a form of insurance against the life of the customer. This enables customers to pay for a funeral in advance and safeguard against inflation
- the majority of the funeral plan sector is currently voluntarily regulated by the Funeral Planning Authority (FPA), a self-regulatory body, though others choose to trade outside of this code of practice
- shopping around for a funeral following a bereavement can be difficult. By enabling consumers to plan ahead, a well-functioning funeral plan market can help to improve competition in the wider sector, where funeral prices have increased by an average of 6% p.a. for the last 14 years – twice the rate of inflation