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By email: [funeralplans@hmtreasury.gov.uk](mailto:funeralplans@hmtreasury.gov.uk)

Dear Sir / Madam,

**Financial Services Consumer Panel response HMT's consultation on Regulation of pre-paid funeral plans – the role of the Financial Services Compensation where a regulated funeral plan provider fails.**

The Financial Services Consumer Panel (the Panel) is an independent statutory body. We represent the interests of individual and small business consumers in the development of policy and regulation of financial services in the UK.

The Consumer Panel welcomes and supports the objectives of the HM Treasury "Regulation of pre-paid funeral plans – the role of the Financial Services Compensation Scheme where a regulated funeral plan provider fails" consultation.

This Financial Services Consumer Panel response builds on our response to the FCA's CP21/4- Funeral Plans: Proposed approach to regulation consultation.

The Consumer Panel agrees with resolution proposals and believes that in the event of firm failure, wherever possible an alternative regulated funeral plan provider should be appointed with the customer or their representatives receiving a service equivalent to that purchased or a level of reimbursement that enables them to secure this.

Due to the sensitive nature of, together with vulnerability that results from bereavement the Consumer Panel wish to additionally highlight.

- The need for urgency of redress, particularly to ensure that those that have passed away receive a Funeral without delay.
- The importance of the FSCS being clear about the options available to consumers, and that consumers are communicated empathetically and transparently throughout the process of receiving redress. The options available to consumers should depend on what would be most practical and cost-efficient, given the circumstances.
- FCA should review and consider the need to provide specific Funeral Plan Guidance to Insolvency Practitioners to ensure that customer vulnerability and support needs were recognised and managed empathetically.
- The Covid19 pandemic has underscored the need to plan for extreme events and as such the risk of widespread firm failure and the sustainability of FSCS redress funding should be considered.

Our responses to the questions posed in the consultation are included at Annex 1 below.

Yours sincerely,

Wanda Goldwag

Chair, Financial Services Consumer Panel

## **Annex 1**

### **Question 1**

**Do you agree that it is necessary for the government to legislate to secure appropriate FSCS protection for consumers and levy-payers in the event that a regulated funeral plan provider fails? Can you please explain your view?**

The Financial Services Consumer Panel agree that it is necessary for the Government to legislate to secure appropriate protection for consumers and their representatives in the event of regulated funeral plan provider failure. From a consumer perspective, on firm failure, it is vital that an alternative funeral provider can provide the service purchased, where this is not possible that appropriate funds are available to meet the contractual expectations of the insured consumer when required and that no top up (either expected or unexpected) is necessary at the time of the funeral.

### **Question 2**

**Do you agree with the government's proposed approach to ensure that the FSCS can provide continuity of cover to consumers? Can you please explain your view?**

Yes, same view as described in question 1.

### **Question 3**

**Do you agree with the government's proposed approach to ensure that the FSCS can seek recoveries from the trust assets and insurance monies, in case where a failed regulated funeral plan providers funeral plan contracts are backed by trust arrangement or insurance contract and where the claimant would not otherwise have any, or sufficient, rights to such monies? Can you please explain your view?**

Yes. The Financial Services Consumer Panel agree with the Government's proposed approach to ensure that the FSCS can seek recoveries from the trust assets and insurance monies, in cases where a failed regulated funeral plan provider's funeral plan contracts are backed by trust arrangements or insurance contracts and where the claimant would not otherwise have any, or sufficient, rights to such monies. From a consumer perspective, on firm failure, it is vital that an alternative funeral provider can provide the service purchased, where this is not possible that appropriate funds are available to meet the contractual expectations of the insured consumer when required and that no top up (either expected or unexpected) is necessary at the time of the funeral.

### **Question 4**

**Do you agree that the proposed amendments to section 165 and 166 of FSMA are appropriate for supporting the FCA in the exercise of its regulatory powers in the funeral plans market? Can you please explain your view?**

The Financial Services Consumer Panel agree that the proposed amendments to sections 165 and 166 of FSMA are appropriate for supporting the FCA in the exercise of its regulatory powers in the funeral plans market. From a consumer perspective, on firm failure, it is vital that an alternative funeral provider is able to provide the service purchased, where this is not possible that appropriate funds are available to meet the contractual expectations of the insured consumer when required and that no top up (either expected or unexpected) is necessary at the time of the funeral.

### **Question 5**

**Do you agree that the proposed amendment to article 72H of the RAO will support insolvency practitioners in assisting with the winding-up of a regulated funeral plan provider? Can you please explain your view?**

The Financial Services Consumer Panel welcomes and agrees that the proposed amendment to article 72H of the RAO will support insolvency practitioners in assisting with the winding-up of a regulated funeral plan provider and we additionally suggest that given the vulnerability of bereaved families, especially where they have experienced regulated funeral firm failure that appropriate vulnerable customer training is required of the appointed insolvency practitioners. From a consumer perspective, on firm failure, it is vital that an alternative funeral provider can provide the service purchased, where this is not possible that appropriate funds are available to meet the contractual expectations of the insured consumer when required and that no top up (either expected or unexpected) is necessary at the time of the funeral.

**Question 6**

**Do you have any further comments on the issues and government proposals set out in this paper?**

No further comments.