OPINION

FUNERAL PLANS – THE REGULATORY LANDSCAPE IS SET TO CHANGE

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"The recent consultation by HM Treasury has raised the stakes in the debate about the future regulation of funeral plans. It seems clear that we are heading towards statutory regulation and, whilst we see this as a positive step that is long overdue, it also represents a period of unprecedented change for the funeral planning sector.

We are entering a period of change for funeral directors as well as funeral plan providers. Although the anticipated introduction of statutory funeral plan regulation will raise standards of conduct and financial probity, we expect the change to have a significant impact on funeral plan providers. For example, we know from other markets that have become regulated that the increased costs of resourcing and monitoring higher standards of compliance can be challenging, particularly for small businesses.

When setting up Ecclesiastical's funeral plan business, we made a clear decision to hold the funeral pre-payment funds in guaranteed whole-of-life assurance policies which are regulated by the Financial Conduct Authority. Most other plan providers choose to operate trust funds that do not require regulatory reporting or oversight, and are open to far more discretion than we believe is desirable. We have thought for some time that this gap in the regulation needs closing and we expect this to be the case when funeral plans become the responsibility of a statutory regulator.

We also strongly believe that the time has come to cut out the excessive commissions that are often paid to sales people for selling plans, and introduce financial transparency so that it is clear for customers to see what fees are deducted from their payment, and how much is being held in the plan to pay for the funeral. It is more important than ever for independent funeral directing firms that offer funeral plans to their customers to be closely aligned with a funeral plan provider that understands what it means to operate in a regulated environment, and is equipped to support firms through the transition.

Ecclesiastical will continue to participate actively in the funeral plan regulatory debates and influence outcomes where we can. We expect our experience of operating in a regulated environment to stand us in good stead and create opportunities, both for us, the funeral directing firms that we support and the members of the public who buy the plans and expect to be treated fairly.

Although we aren't doubting that the path towards the statutory regulation of funeral plans will introduce challenges for us all, we are excited by the prospect of being part of a market in which consumers can feel fully confident."

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