NAFD RESPONDS TO HM TREASURY'S CONSULTATION ON FUNERAL PLAN REGULATION

In August, the NAFD submitted an initial response to HM Treasury's call for evidence on the future regulation of the pre-paid funeral plans market.

Speaking on behalf of its 4,000+ 'Category A' (UK funeral directing) members, the Association set out how funeral directors interact with the funeral plan market and the impact that the current regulatory regime has on both members and the families they care for.

NAFD President Abi Pattenden said: "Although, as a profession, we believe that funeral plans can make a very important and positive contribution to helping people plan for, and off-set, the cost of their eventual funeral, we also see at first hand the impact on families of plans that have been poorly sold, using pressure selling techniques which prey on vulnerable people and which don't cover the funeral costs that they are expected to.

"Funeral directors often also find themselves named on funeral plans as the preferred funeral director, having had no advance warning of this arrangement. In these instances, our members face the choice between carrying out a funeral on terms they didn't sign up to (often leaving them out of pocket), asking the family to meet the additional costs, or turning the family away. In practice, funeral directors rarely do the latter because it goes against our commitment to care for families in their time of loss."

The NAFD has called for tighter regulation of funeral plan sales for several years and the Association is delighted that it is now something that the Government is actively considering. NAFD members are unanimous that consumers need to be better protected and that funeral directors should not be forced to carry out plans they had no idea had been taken out with their name against them.

In the response, the Association also confirmed that NAFD funeral directing members are united in a belief that a statutory solution is required and it is the Association's view that, for any statutory solution to be successful, it must have the following features:-

- a requirement for clearer communication with the consumer regarding where and how funeral plan funds are invested;
- a requirement for complete transparency regarding the value of any fees and sales commissions attached to the plan. This must include ensuring the consumer understands how much of their payment remains in the funeral plan after the deduction of commission and charges;
- a requirement for funeral directors to be informed by plan providers when a plan is being sold with their name against it as nominated funeral director. The funeral director must have an opportunity to agree the terms and their decision be confirmed to the family before the standard 'cooling off' period ends.

A week after the close of the consultation period, representatives from NAFD members and Policy & Legislation Manager Morgan Harris met with HM Treasury officials to discuss the Association's response and the differing needs of member firms from the new regulatory regime. You can read more about this on page 34.