**HM Treasury**
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**Pre-paid funeral plans: call for evidence**

Please find, below, the NAFD's responses to HM Treasury's call for evidence in relation to the regulation of pre-paid funeral plans. We would be delighted to expand upon these points in more detail, in order that you may build a comprehensive picture of the profession's view of the funeral plan market, as possible.

Nothing contained in this response should be considered confidential and it may be published as submitted, if appropriate. Where the document refers to other, more sensitive material, the NAFD would be pleased to discuss or provide this to HM Treasury separately.

**Introductory comments**

The National Association of Funeral Directors is the largest and most inclusive trade association for the UK funeral profession. It represents the interests of the entire spectrum of funeral directing businesses – including independent and family owned firms, co-operatives and major funeral groups – and has more than 4,000 UK funeral homes in membership. Between them, NAFD member firms conduct the vast majority of UK funerals each year.

Our 'Category A' (funeral director) members currently interact with the funeral plan market in a variety of ways. The majority are simply funeral directing firms and cannot in any way be described as funeral plan providers. These firms may sell funeral plans, but they do so on behalf of a separate funeral plan provider or providers. Some of these members can be described as being partnered with a particular plan provider. For example, it is not uncommon for a funeral directing firm to enter into an exclusivity agreement with a particular funeral plan provider.

A smaller group of our Category A members, while members of the NAFD by virtue of their status as funeral directing firms, also have a secondary role as funeral plan providers. However, the NAFD's primary role is not to represent these members in this regard but to represent the interests and views of the funeral directing profession as a whole.

The NAFD also has over 160 'category B' supplier members, some of which are funeral plan providers. It is important to make clear at the outset that the role of the NAFD is not to represent the views or interests of these category B members.

The subject of this call for evidence is something that funeral directors find themselves right at the heart of. 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 we are delighted that it is now something that the Government is actively considering. Our membership is 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. We are also united in a belief that a statutory solution is required.

It is the NAFD'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.

**Response to call for evidence questions**

**Question 1: Are there any other common ways to structure funeral plans, not outlined in this call for evidence?**

The NAFD is not aware of any common ways to structure a funeral plan which are not outlined in the call for evidence.

**Question 2: Are funeral plan providers always the policyholder of underlying insurance policies? Are you aware of any examples of insurance intermediation within the funeral plan sector?**

This question falls outside of the NAFD's field of expertise.

**Question 3: Where providers engage with third parties (e.g. funeral directors, charities, external companies), in what capacity do these third parties act and what is their relationship to the funeral plan provider? How are market participants remunerated and do any conflicts of interest arise?**

Article 59 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 appears to define a "funeral plan provider" as any person to whom a customer makes one or more payments in return for an undertaking to provide, or secure that another person provides, a funeral.

Where a funeral director sells a funeral plan but does not fall within this definition, it is the NAFD's understanding is that they act as an agent of the funeral plan provider. This commercial relationship would usually be set out in a seller agreement or other contractual document.

The main incentive for a funeral director to sell a funeral plan tends to be the promise of future business resulting from the plan sale. Funeral directors also sometimes receive administration/commission fees following the sale of a funeral plan, although many do not. For example, 60% of funeral directors who sell Ecclesiastical Planning Service funeral plans charge a management fee of approximately £55. The remaining 40% charge nothing at all. The NAFD believes fees at this level are both reasonable and proportionate as the sale of a funeral plan often requires considerable work on the part of the funeral director.

It stands to reason that the relationship between funeral plan providers and other third-party vendors, such as call centre staff and cold-callers, is contractually similar. However, unlike funeral directors, these third-party agents do not add value to the transaction by providing professional advice and guidance on funeral services. They also have no interest in gaining future business from customers and are therefore solely incentivised by commission fees, some of which can equate to a significant proportion of the total price of the plan.

The NAFD has deep concerns about the large amount of customer money that is currently being spent on third party commission fees, often without the customer's knowledge. Our members report that families are often shocked when they learn how little of the money spent on a plan is actually paid to the funeral director for the purposes of arranging the funeral.

This is why we have called for complete transparency to the customer regarding the value of any fees and sales commissions attached to all funeral plans.

The NAFD is also concerned that excessively high value third-party vendor commissions could be encouraging unethical sales practices. Commission fees are often calculated as a percentage of the total plan value and, unlike funeral directors, third party vendors get paid regardless of whether the customer is able to afford all future payments. It is therefore often in the interests of vendors to sell the most expensive plan possible, even if they have concerns about the customer's ability to pay.

**Question 4: Are there any additional issues you think the government should be aware of in relation to the way in which funeral plan products are structured or sold?**

When a funeral director sells a funeral plan, a relationship is formed between the funeral director and the customer. This may not be a direct contractual relationship but it is important to remember that, from the customer's perspective, it is not a financial product, but a funeral, that they are purchasing.

Arranging a funeral can be a daunting, unfamiliar and emotional task, of which consumers tend to have limited experience. The face-to-face, professional advice that a funeral director is able to provide is therefore vitally important to ensure the customer is able to make an informed choice about what funeral, and therefore funeral plan, is right for them.

Third party vendors, such as those who set up in shopping malls, are unable to give the same level of advice. They tend to sell standard packages to customers, regardless of whether they represent best, or the most cost effective, option for that customer. This is particularly true in relation to plans sold without the knowledge of the funeral director named on the plan. A plan sold in this way is more akin to a financial product than a plan sold by a funeral director because there can be no certainty about what the customer's investment will return.

Our members often 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. As mentioned in our introductory remarks, in practice, funeral directors rarely do the latter because it goes against our commitment to care for families in their time of loss. However, this does illustrate the stark difference between a plan that is sold by a funeral director and one that is not.

A common scenario that causes our members particular frustration is where a plan provider makes contact with a funeral director directly, to notify them that they have been named as the nominated funeral director on a pre-paid funeral plan, despite the fact that they had no prior knowledge of the arrangement or the terms. As the identity of the customer is never revealed to the funeral director unless they agree to service such a plan, those who choose not to do so are left wondering how the message of their refusal will be communicated to the customer, who may not realise that the firm had no prior notice of the arrangement, or that the sum offered to the funeral director will have been far lower than that which they paid. To the customer, it may just appear that their local funeral director of choice has let them down, which is not the case.

When a funeral director makes a promise to a customer, they can do so on their own terms and in the knowledge that they will be able to deliver. This is why the NAFD is calling for a requirement for funeral directors to be informed by plan providers when a plan is being sold with their name against it as the nominated funeral director. It is important that the funeral director always has an opportunity to agree the terms and their decision be confirmed to the family before the standard 'cooling off' period ends.

**Question 5: How, and through what channels, do funeral plan providers communicate with consumers for the purposes of distributing information, promoting and selling funeral plans?**

The NAFD is aware that the following communication channels are being used by funeral plan providers for the purposes of promoting and selling funeral plans:

- Via a funeral director
- Telesales
- Online comparison websites
- Leaflet dropping
- Advertising in papers and magazines
- Coffee mornings in nursing homes
- Television and radio advertising
- Pop-up stalls in shopping centres
- IFAs/Solicitors end of life teams

**Question 6: What are your views on the scale and nature of consumer detriment at the point of sale? Please provide evidence where possible.**

Potential consumer detriment often only becomes apparent at the time a funeral plan is executed. However, on average, there are nine years between a funeral plan being taken out and the death of the person taking place. The significant passage of time, coupled with the fact that the person executing the plan was often not present when it was taken out, makes it very difficult to gauge the scale and nature of consumer detriment at the point of sale.

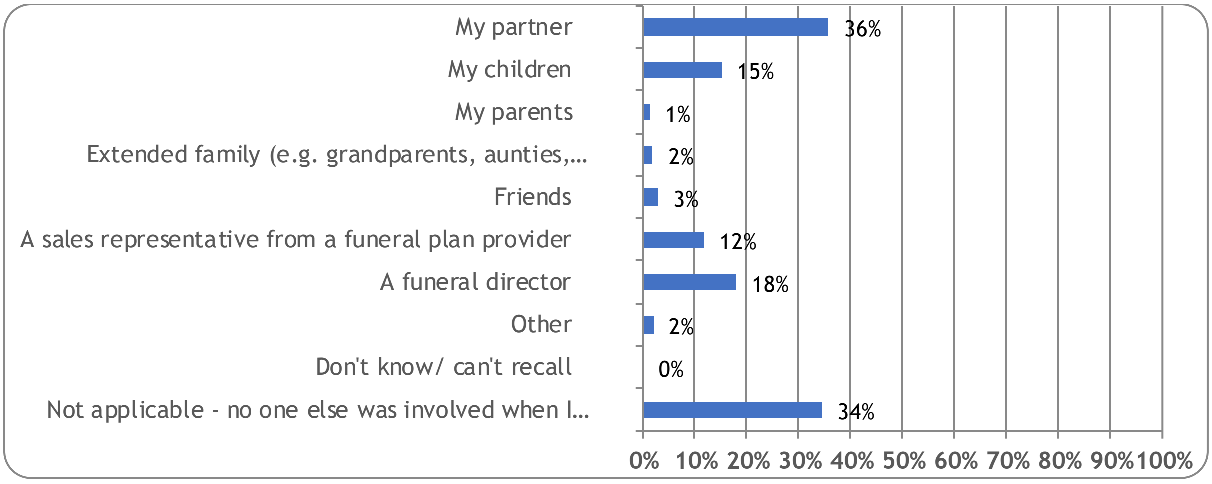
A survey carried out by YouGov for the NAFD in 2018[1], revealed that when the 7% of GB adults who confirmed they had a funeral plan were asked: "Who, if any, of the following were involved when you took out the funeral plan?", 34% said no one else was involved.

Not only does this show that a significant number of plans are being executed by people who have no first-hand knowledge of the exchange that took place between the vendor and the customer at the time, but it also raises concerns about the opportunity for individuals to be exploited by unscrupulous vendors.

Where possible, we would always advise someone to bring along a trusted friend or family member when purchasing a funeral plan and this is advice that is available on the NAFD's website and YouTube channel. The presence of a second person can help boost confidence and ensure an individual doesn't agree to anything that they are not fully comfortable with and therefore acts as a safeguard against exploitative sales practices.

In the survey by YouGov, people who had purchased a funeral plan said they were accompanied as follows:

[1] All figures, unless otherwise stated, are from YouGov Plc. Fieldwork was undertaken between 27th - 28th June 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).




It is quite often the case that the partner pre-deceases the plan holder, leaving only children and possibly other friends or family members who have knowledge of the plan sale process.

Where no such person is available, or the customer simply prefers to make the arrangements privately, we would strongly advise that they seek the advice of a funeral director before purchasing a plan.

Funeral directors generally discourage customers who say they are in financial difficulties from overspending and do not apply pressure to choose particular options. This is supported by evidence from a separate 2018 YouGov survey[2] of people with experience of organising a funeral in the last five years, in which 94% of respondents said they did not feel any or much pressure to choose particular options that the funeral director discussed with them.

By way of contrast, our members frequently report being approached by funeral plan providers, offering them sums far below that which the customer paid, in return for servicing funeral plans that were purchased without the knowledge or input of any funeral director.

One particular well known plan provider currently offers funeral directors £1675.00 (plus a contribution towards disbursements) in return for servicing a funeral plan for which we know their customers are charged £4245.00. Even if a generous allowance is made for disbursement fees, it is difficult to see how this £2570.00 discrepancy can be explained by anything other than the deduction of significant commission and administration fees.

It is our view that any customer who pays significantly more for a funeral plan than the value of the funeral the plan will eventually provide, suffers unjustifiable detriment at the point of sale. This is particularly the case when the customer is not made aware of exactly how much of their money will be spent on management and commission fees.

**Question 7: To what extent is cold calling present within the funeral plan sector and does this present an additional or specific risk to consumers?**

The NAFD does not monitor the extent to which cold-calling is present within the funeral plan sector but understands that such activity is taking place. We have serious concerns about cold calling in this

[2] All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,014 adults who had organised a funeral in the last 5 years. Fieldwork was undertaken between 22-25 June 2018. The survey was carried out online.

context and would like to see stronger safeguards put in place to ensure vulnerable consumers cannot be taken advantage of.

**Question 8: How much on average do consumers pay for funeral plans and in what circumstances would consumers pay money directly to funeral providers?**

While our members often find that the price paid by the customer is considerably higher than that which is paid to them for the purposes of arranging the funeral, this is usually uncovered during informal conversations with the family and is not data that the NAFD is able to reliably collect.

The NAFD has long advised its members that they should not take money directly from funeral plan customers and has also offered this advice, via the media, to consumers. Whilst they can certainly help with the completion of documents and ensuring these reach the plan provider, we advise that payment should always be made directly to the provider.

However, in practice we are aware that some funeral directors do accept payment directly in certain circumstances. For example, it would be quite common for a customer to mistakenly make a cheque out in the name of the funeral director when in fact it should have been made out to the funeral plan provider. In these circumstances, the funeral director may be reluctant to ask the customer to re-write the cheque in the correct name and will instead cash it and make payment to the funeral plan provider as soon as practicable. The NAFD does not encourage such practices but understands why some funeral directors feel this is the right thing to do.

**Question: 9: What protections are currently in place for consumers (for example, complaints procedures) and how effective are these protections?**

If a category A NAFD member acts in a way that is in breach of the NAFD Code of Practice, a complaint can be made to the NAFD. This complaint would be investigated by our Committee for Professional Standards and, if upheld, would be referred to the Independent Chair of our Disciplinary Committee (currently a District Judge with no direct connection to the funeral industry) for a final decision. Possible outcomes include sanctions against the member firm and/or the member firm being ordered to pay financial compensation to the complainant. Similarly to the FPA, the NAFD is a voluntary membership body. Therefore, the most serious sanction we can impose, in addition to the financial compensation payable to the complainant, is permanent expulsion from the Association.

The call for evidence consultation document acknowledges the existence of the FPA dispute resolution service and the FPA Pledge. The NAFD is not aware of any other consumer protections that are not already outlined in the call for evidence consultation document.

**How can complaints and claims be brought against funeral plan providers after the death of the customer?**

The NAFD is not aware of any reason why the death of a plan beneficiary would prevent a complaint from being made by some other person.

**Question: 10: What protections are currently in place for consumers if a funeral plan provider were to have insufficient money to pay claims, and what is your view of their effectiveness?**

Customers of FPA registered plan providers are protected by the FPA Code of Practice Pledge:

“All Plan Providers shall co-operate in the delivery of the Authority’s “Pledge to Customers” by which, in the event of the insolvency of a Plan Provider, the other Plan Providers will examine ways in which the Authority might assist in arranging delivery of the funeral of the customers of the insolvent Plan Provider. The extent of this co-operation will be at the discretion of the individual Plan Providers. “

The NAFD’s view is that the FPA Pledge does not currently go far enough to protect consumers. We would like to see the pledge replaced by an absolute guarantee. This is not meant as a criticism of the

FPA, as we appreciate that plan providers are unlikely to agree to take on such liability voluntarily - particularly given the current lack of regulation in relation to fund management.

The NAFD would like to draw attention to the fact that at least one major plan provider's terms and conditions require participating funeral directors to provide the agreed funerals, regardless of whether there are sufficient, or indeed any, funds to pay them for this at the time. While this arrangement provides the immediate customer with a level of protection, we have concerns that it could encourage poor trust fund management and could potentially lead to a situation where a considerable number of funerals are provided by funeral directors at a loss. If this were to happen, funeral directors would likely be forced to increase the price of 'at need' funerals to counterbalance their losses, which would not be in consumers' best interests.

**Question 11: What is your experience of the scale and nature of consumer detriment (if any) that arises once a funeral plan has been entered into? Does this vary for different types of plans?**

The NAFD does not hold any data on the scale or nature of consumer detriment that arises after funeral plans have been entered into.

**Question 12: What are your views on the proposal to bring the sector within the scope of the FOS and/or the FSCS? What are most common types of complaints against funeral plan providers?**

<u>The Financial Ombudsman Service (FOS)</u>

We note that this question has been posed separately from the wider question of FCA regulation and have taken this to indicate that the government does not consider FCA regulation to be a prerequisite for bringing the market under the remit of the FOS. It is on this understanding that we have provided our answer to this question.

The NAFD would like to see the best protection possible for consumers. This means a fair, accessible and speedy complaint resolution process coupled with reliable protection for consumers in the event that a plan provider was to become insolvent.

The NAFD welcomes the proposal to appoint an independent body to help resolve disputes and problems within the funeral plan market. We agree that this body should be given decision-making powers and the power to award compensation. However, we do not feel that sufficient information has yet been provided to enable us to form a view on whether the FOS represents the most suitable solution.

In particular, we would like to know more about the practicalities of how the FOS would function in relation to complaints about funeral plan providers. We would also like to know what steps a complainant would need to take in order to have their complaint heard and decided, and what the projected timescales for resolution would be.

<u>The Financial Services Compensation Scheme (FSCS)</u>

As the funeral planning market is not a financial services market, we question whether the FSCS represents the most appropriate consumer safeguard solution. When a customer purchases a funeral plan, they are not buying a financial product but a defined service in advance. Once the plan provider has been paid, we believe it is important that the customer should feel confident that the agreed services will be provided, regardless of how well the plan provider invests its funds. From the limited information available, it seems unlikely that the FSCS would be able to deliver this.

In contrast to the FPA Pledge, which aims to ensure the delivery of all expected funerals, the FSCS is currently limited to providing financial compensation in the event that a provider becomes insolvent. In our view, this limitation has the potential to unnecessarily complicate matters, particularly when the customer is no longer alive at the point of compensation payment.

For example, if the plan provider and the nominated funeral firm were to both became insolvent, it cannot be assumed that another suitable funeral director will always be willing to provide the required funeral for the same price. If the newly appointed funeral director charges a higher price, the family or estate would need to make up the shortfall.

From the information provided, it is also unclear exactly where the Government feels that compensation should be paid in the event that the customer is no longer alive, or whether there would be any restrictions placed on how it could be spent. Any solution that fails to ensure the late customer's wishes are not overridden would be far from ideal.

As stated above, the NAFD would like to see a mandatory and robust version of the current FPA pledge put in place. Such a solution would ensure customers receive the closest thing possible to the service they purchased in the event that the initial plan provider was to become insolvent.

**Question 13: What types of investment strategies are being adopted by trustees who are managing trusts on behalf of funeral plan providers and what is your view on the effectiveness of these strategies in securing the short and long-term interests of plan-holders? Are trust returns withdrawn by providers for revenue raising/profit purposes and, if so, what proportion of these returns are withdrawn in this way?**

This question falls outside of the NAFD's field of expertise.

**Question 14: What are your views on the government's proposal for FCA regulation of all funeral plan contracts and whether such a proposal will meet the government's stated objectives (as set out above)? Do you consider that an alternative proposal could better meet these objectives?**

The Government's stated objectives are to ensure that:

- all pre-paid funeral plan providers are subject to robust and enforceable conduct standards
- there is enhanced oversight of providers' prudential soundness
- consumers have access to appropriate dispute resolution mechanisms if things go wrong

The NAFD agrees with these stated objectives, but is concerned by the absence of any objective relating to the promotion of healthy market competition. Healthy competition encourages firms to strive to win custom on the basis of service, quality, and price, which generates better outcomes for consumers. However, the implementation of new rules and enforcement mechanisms will affect plan providers differently, which, unless handled very carefully, could lead to reduced competition in the market. The funeral plan market is tiny compared to other financial goods and services markets and the NAFD believes that a sudden reduction of competition in the funeral plan market would be a very negative development, contrary to the best interests of consumers and funeral directors.

In order to usefully comment on the extent to which we feel the Government's proposal is likely to meet the listed stated objectives, we would first need some basic information on what the envisaged FCA regulation might look like. The FCA and FPA are regulatory bodies, not models of regulation. The Government's proposal falls short of setting out how the FCA might operate and certainly falls short of drawing a comparison between this model and any other potential statutory models.

We do, however, note that an apparent inadequacy of the current market environment is that the FCA has neglected to take sufficient enforcement action against unregistered funeral plan providers that continue to trade despite failing to meet the exemption requirements of Article 60 of the Financial Services and Markets Act 200 (Regulated Activities) Order 2001 (RAO), as it is empowered to do.

It seems likely that this lack of FCA intervention can, at least in part, be explained by the fact that the FCA has a very wide remit and adopts a risk-based approach to regulation. The size of the funeral plan market, and therefore the scale of any problems within it, are tiny, relative to other FCA regulated markets. With limited resources available, it is understandable that the FCA should prioritise issues that are likely to impact on a greater number of people. However, this explanation will be of little comfort to customers whose non-compliant funeral plan providers become insolvent.

The funeral plan market may be small, but the challenges it presents are unusual and complex. The NAFD is concerned that, unless specific safeguards are put in place, the FCA's risk-based approach to regulation could result in the market being overlooked and its challenges not receiving the regulatory attention they so urgently require. If the government chooses to bring the market under the remit of the FCA, we would urge it to think carefully about how such a situation might be avoided.

**Question 15: How should the regulatory framework apply in relation to funeral plans that consumers have already entered into?**

The NAFD has strong views about the level and clarity of information that should be given to funeral plan customers before they enter into a plan. However, once a funeral plan has been entered into it is no longer possible to do much more than ensure customers have an opportunity for independent redress in relation to breaches of the law and other rules that were in place at the time the contract was entered into.

**Question 16: Should regulation extend beyond funeral plan providers, and apply to intermediaries engaged within the sector? Should such intermediaries become regulated entities, or should they be overseen by funeral plan providers as appointed representatives?**

In the event that the Government does decide to extend direct regulation to third party vendors, we would strongly suggest that funeral directors who sell plans with the intention of eventually servicing them, should be exempted from this. Meeting with a funeral director is by far the best way for a consumer to get the professional advice and local information they need to decide what funeral, and therefore what plan, is right for them. However, imposing direct regulation on these funeral directors would almost certainly force some smaller firms out of the funeral plan market. This would limit both consumer choice and the availability of quality face-to-face professional advice for individuals considering buying a funeral plan.

It is important to note that there are a number of important differences between funeral director vendors and all other intermediaries, which mean that funeral directors present a much lower risk to consumers. Firstly, funeral directors are primarily motivated by the promise of future work, rather than a commission fee paid at the point of sale. This means it is not in their interests to sell someone a plan that they cannot afford and will be far less likely to use aggressive sales techniques in order to get an early pay out. The same cannot be said of other third-party intermediaries, most of whom are paid their commissions long before the plan is redeemed.

Secondly, it is not in a funeral director's interests to overpromise or to mislead the consumer about what is included for the price. If a funeral director fails to clearly convey what level of service will be provided, it is their firm that has to deal with the inevitable problems when the plan is eventually redeemed.

Finally, as it is the funeral director who will be responsible for eventually servicing the plan, they are in the unique position of being able to accurately describe exactly what service can be expected for a particular price. This reduces the potential for misunderstandings and allows the customer to make a fully informed choice.

We absolutely accept that funeral directors' sales practices should be monitored and that staff members who sell plans should be properly trained. However, we believe this would be more appropriately and proportionately ensured through mandatory engagement with regulated funeral plan providers than through direct government regulation.

Effectively regulating the relatively small and easily identifiable number of funeral plan providers will also be far more practically achievable than attempting to directly regulate the diverse and numerous range of satellite parties that sell plans on their behalf. While the NAFD does have serious concerns about the conduct of certain third-party vendors operating at present, we believe properly regulated funeral plan providers would be well placed to be able to ensure their agents are sufficiently trained and abide by any new rules.

For example, the NAFD has called for a new requirement for the funeral plan provider to make clear the exact value of any fees and sales commissions attached to the plan. We believe that such a requirement would lead to a significant overnight reduction in the value of commission fees and associated aggressive sales tactics. Adherence to this rule could be easily monitored by the plan provider by inspecting all relevant paperwork or commissioning mystery shoppers.

**Question 17: What would be the overall impact on the market/your firm if all funeral plan contracts were subject to FCA regulation? Are there specific activities or businesses, such as SMEs, within the sector that would be particularly affected by strengthened regulation? What is your view of the potential costs and benefits of the government's proposal?**

The FCA is a regulatory body, not a model of regulation. There are currently many different models of FCA regulation in existence across numerous markets. The Government's proposal to bring funeral plan contracts within the scope of FCA regulation falls short of setting out which of these existing models, if any, would be adopted for use in the funeral plan market. It is therefore very difficult to assess how this unknown model of regulation would be likely to impact on individual businesses.

As set out in our answer to question 14 above, we do have general concerns that new rules and enforcement mechanisms, if not carefully tailored to the specific needs of the market, could disproportionately affect certain businesses. For example, a call centre, set up for the sole purpose of selling funeral plans, would likely find it much easier to adhere to the type of training requirements required by the FCA in other markets, than would a small independent funeral firm with a limited number of staff who are collectively responsible for performing a diverse range of funeral business roles.

If funeral plans were simply financial products, it would matter little to consumers that the imposition of such requirements would likely lead to a significant number of funeral firms exiting the funeral plan marketplace to make way for an increased number of call centres. However, the reality is that a funeral plan is not a financial product and a reduction in the number of funeral directors selling them would make it more difficult for consumers to access the professional funeral advice and guidance necessary to make an informed choice at the point of purchase. The NAFD has researched how the FCA regulates other markets and has not been able to identify an existing set of FCA rules that we believe could be applied to the funeral plan market without leading to such undesirable consequences. If the government does decide to bring the pre-paid funeral plan market under the FCA's regulatory remit, we would therefore strongly recommend that an entirely new set of regulatory rules is developed, taking into account the specific requirements of this unique marketplace.

**Question 18: How long would the sector need to adapt to any new regulatory framework the government may seek to put in place?**

The NAFD is unable to usefully answer this question without knowing further details of the Government's plans.

National Association of Funeral Directors
1 August 2018