

News release

Views wanted on pre-paid funeral plans work

04 May 2022

Solicitors involved in pre-paid funeral plan work – and the wider public - are being asked for their views to help shape our approach in dealing with new rules in this area.

The Financial Conduct Authority (FCA) will be introducing new rules concerning pre-paid funeral plans from July 29 2022. Activities relating to such plans will become regulated activities under the Financial Services and Markets Act 2000 (FSMA). We are exploring options for making sure that law firms that carry out this work by, for example, selling plans on behalf of a funeral plan provider, are able to meet the desired outcomes of the FCA's new rules in a proportionate way.

The new rules are in response to the significant growth in the funeral plans market, which now stands at 1.5 million undrawn plans. The FCA is concerned by problems including the use of high-pressure tactics to sell, poor governance within plan providers, and poor financial management meaning there might not be sufficient funds to cover funeral costs.

Potential options could include us allowing firms we regulate to carry out this work under our direct regulation, or alternatively require firms working in this area to be authorised by the FCA for that specific service.

We are seeking views on the best approach through a discussion paper [<https://www.sra.org.uk/sra/consultations/discussion-papers/pre-paid-funeral-plan-market/>]. We also aim to collect information to understand the scale of pre-paid funeral plan services provided by our firms.

Tracy Vegro, Executive Director Strategy and Innovation, said:

'Solicitors provide these services for clients often at stressful times. Pre-paid funeral plans can help reduce some of the stress on families following the death of a loved one through planning ahead and potentially easing costs.

'However there have been times when these plans have not delivered what consumers expected, causing additional upset to bereaved families. We welcome the FCA's plans to strengthen consumer protection.

'A sub-set of the firms we regulate are involved in this type of work, and we welcome views on the best way to implement the FCA's new regulations.'

The discussion paper [<https://www.sra.org.uk/sra/consultations/discussion-papers/pre-paid-funeral-plan-market/>] is open for comment until June 1. Our position will not be finalised until after July 29. We are discussing the potential for transitional arrangement with the FCA and will issue an update to firms on next steps well in advance of July 29.