

Chapter 3

The qualifying conditions

3.3 Continuity of funeral plan contracts

Ability to secure continuity of funeral plan contracts

3.3.1

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The FSCS may make arrangements to secure continuity of a *funeral plan contract* for an *eligible claimant* who has a *funeral plan contract* if:

- (1) the contract is with a *relevant person* (or, where applicable, a *successor*) that is *in default*;
- (2) it is reasonably practicable to do so;
- (3) in the opinion of the FSCS at the time it proposes to make the arrangements, it would be beneficial to the generality of *eligible claimants* covered by the proposed arrangements; and
- (4) in situations where the cost of securing continuity of *funeral plan contracts* might exceed the cost of paying compensation, any additional cost is likely to be justified by the benefits.

3.3.2

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When assessing the cost of paying compensation, the FSCS may have regard to the likely total cost of paying compensation arising out of the *default*, net of recoveries, not just the compensation amounts likely to be payable to particular *eligible claimants* covered by the proposed arrangements for continuity.

Quality of funeral under new arrangements

3.3.3

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In securing continuity of a *funeral plan contract*:

- (1) the FSCS must seek to secure the provision of a funeral for the *eligible claimant* under the new or continuing *funeral plan contract* on terms corresponding in all material respects (so far as it appears to the FSCS to be reasonable in the circumstances) to those which have applied under the *funeral plan contract*;
- (2) if the FSCS secures continuity of a *funeral plan contract* other than as in (1), then the FSCS must:
 - (a) give the *eligible claimant* the option of receiving compensation instead; and
 - (b) (if the claimant does not elect to receive compensation) ensure that any future premiums that the claimant is committed to paying under the contract will be reduced by an amount (if any) that the FSCS considers reasonable to reflect the change in terms.

Measures to be taken

- 3.3.4 **R** In order to secure continuity of *funeral plan contracts*, the *FSCS* may take such measures as it considers appropriate to:
 - (1) secure or facilitate the transfer of the business of the *relevant person* or *successor* that is *in default* and which consists of carrying out *funeral plan contracts* or any part of that business to another *firm*; and/or
 - (2) secure the issue of *funeral plan contracts* by another *firm* to *eligible claimants* in substitution for their existing contracts.

- 3.3.5 **R** In making arrangements to secure continuity of *funeral plan contracts*, the *FSCS* must use its reasonable endeavours to seek the most cost-effective arrangements available.

- 3.3.6 **G** For *trust arrangements* and *contracts of insurance* relating to *funeral plan contracts*, **COMP 7.7** gives the *FSCS* powers to vary existing rights or obligations, and create new rights in favour of, or obligations to, the *FSCS*. These powers may be exercised to assist in securing continuity of *funeral plan contracts*.

Provision of funerals while seeking continuity

- 3.3.7 **R**
 - (1) While the *FSCS* is seeking to secure continuity of *funeral plan contracts*, it may secure the provision of a funeral, which is due to be provided under any protected *funeral plan contract* of the *relevant person* (or, where applicable, a *successor*), on terms corresponding in all material respects (so far as it appears to the *FSCS* to be reasonable in the circumstances) to that contract.
 - (2) The provision of a funeral is required regardless of whether the cost of securing its provision is more or less than the cost of paying compensation.
 - (3) To secure the provision of a funeral, the *FSCS* may:
 - (a) make a payment to or on behalf of the estate of an *eligible claimant*, or to any other person in connection with the provision of a funeral, on such terms (including any terms requiring repayment in whole or in part) and on such conditions as it thinks fit; or
 - (b) secure that a payment is made to or on behalf of the estate of the *eligible claimant*, or to any other person in connection with the provision of a funeral, by the liquidator, administrator or provisional liquidator of the *relevant person* (or, where applicable, a *successor*), or by the trustees of any *trust arrangement* or *insurer* of any *contract of insurance* relating to the *funeral plan contract*, by giving them an indemnity covering any such payment or any class or description of such payments.