

Chapter 12

Handling of payments by intermediaries

12.2 Obligations on intermediaries

12.2.1 **R** A firm engaged in funeral plan distribution must not accept payments which are payable to a funeral plan provider under a funeral plan contract unless:

- (1) the payment is:
 - (a) received as agent for the funeral plan provider;
 - (b) made in cash;
 - (c) made at the time the funeral plan contract is entered into by the firm as agent of the funeral plan provider; and
 - (d) deemed received by the funeral plan provider on receipt by the agent under the following contracts:
 - (i) the funeral plan contract;
 - (ii) the contract between the funeral plan provider and the agent; and
 - (iii) (where the firm is using an appointed representative) the contract between the firm and the representative; or
- (2) [deleted]
- (3) the payment is made by cheque payable to the funeral plan provider and:
 - (a) is paid into the bank account of the funeral plan provider promptly and, in any event, no later than three business days after receipt; or
 - (b) is forwarded to the funeral plan provider promptly and, in any event, no later than 3 business days after receipt.

12.2.3 **G** The effect of **FPCOB 12.2.1R** is that a firm engaging in funeral plan distribution can only accept payment for a funeral plan contract if the payment is made by cheque payable to the funeral plan provider or in cash and, if cash, the funeral plan provider will be bound by that contract from the moment that any cash payment is received by the firm.

12.2.4 **R** **FPCOB 12.2.1R** does not apply to:

- (1) a funeral plan provider when distributing its own funeral plan contracts directly to customers; or
- (2) a payment which is an FP distribution charge.