

## Chapter 2

### General matters

## 2.3 Customers with a payment shortfall

### Application

- 2.3.1** **R** This section applies to a *funeral plan provider* dealing with a *customer* that has:
- (1) an *instalment payment funeral plan* entered into on or after 29 July 2022; and
  - (2) a *payment shortfall* in relation to that *instalment payment funeral plan*.

- 2.3.2** **G** In relation to a *subsisting funeral plan*, a *funeral plan provider* should deal with *customers* fairly and, as far as possible, in a manner that is compatible with the *customer's best interests rule*.

### Purpose

- 2.3.3** **G** This section amplifies *Principle 6* (*Customers' interests*) in respect of the information and service that *firms* should provide to *customers* who have payment difficulties or shortfalls.

### Dealing fairly with customers with a payment shortfall

- 2.3.4** **R** The *firm* must deal fairly with the *customer* in relation to the *payment shortfall*.
- 2.3.5** **R** Where the *customer* has a *payment shortfall* of 2 consecutive payments, the *firm* must, as soon as possible, and in any event within 5 *business days* of the second missed payment, provide the *customer* with a statement in a *durable medium* of:
- (1) the individual payments due;
  - (2) the total amount of the *payment shortfall*; and
  - (3) information on the consequences and potential consequences under the *funeral plan contract*, if the *payment shortfall* is not settled within 10 *business days* of the date of the *customer* communication.
- 2.3.6** **R** The *firm* must allow the *payment shortfall* to be settled within 10 *business days* of the date of the communication, without penalty.

- 2.3.7 **R** The *firm* must not impose a *fee* on the *customer* for incurring or correcting the *payment shortfall*.
- 2.3.8 **R** The *firm* must not cancel the *funeral plan contract* on the basis of a *payment shortfall* unless:
- (1) The *customer*:
    - (a) has a *payment shortfall* of at least 2 consecutive payments; and
    - (b) has failed to settle the *payment shortfall* in accordance with the terms of the statement provided by the *firm* for the purposes of ■ FPCOB 2.3.5R; or
  - (2) ■ FPCOB 13.2.3R applies.
- 2.3.9 **R** If the *firm* does not cancel the *funeral plan contract* on the basis of a *payment shortfall*, it must provide the *customer* with a further statement in accordance with the requirements of ■ FPCOB 2.3.5R following each further consecutive missed payment.
- 2.3.10 **R** A *firm's* obligation to maintain insurance arrangements in accordance with ■ FPCOB 3.1.8R continues despite any *payment shortfall*.