

## Chapter 8

# Identifying client needs and advising



8.1 Application

8.1.1

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This chapter applies to:

- (1) a funeral plan intermediary; and
- (2) a funeral plan provider in relation to the distribution of its own funeral plan contracts.



8.2 Demands and needs

- 8.2.1 R The sale of a *funeral plan contract* must always be accompanied by a demands and needs test.
- 8.2.2 R

**Demands and needs test**

(1) Prior to the conclusion of a *funeral plan contract*, a *firm* must identify, on the basis of information obtained from the *customer* and other sources where relevant, the demands and the needs of that *customer*.

(2) When proposing a *funeral plan contract*, a *firm* must ensure it is consistent with the *customer's* demands and needs.

(3) A statement of the demands and needs must be communicated to the *customer* prior to the *customer* entering into a *funeral plan contract*.
- 8.2.3 G A *firm* may obtain information from the *customer* in a number of ways including, for example, by asking the *customer* questions in person or by way of a questionnaire prior to any *funeral plan contract* being proposed.
- 8.2.4 G ■ FPCOB 8.2.2R(2) applies whether or not advice is given and in the same way regardless of whether that contract is sold on its own, or in connection with other goods or services.
- 8.2.5 R In determining whether a *funeral plan contract* is consistent with the *customer's* demands and needs, a *firm* must consider, amongst other things:

(1) whether any *person* has already made provision for the *covered individual's* funeral; and

(2) the length of the *moratorium period* during which the contracted funeral will not be provided.



8.3 Ensuring customers can make an informed decision

8.3.1

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Disclosing the limits of the service provided

- (1) In a sale that does not involve a *personal recommendation*, a *firm* must take reasonable steps to ensure a *customer* ('C') understands that C is responsible for deciding whether a *funeral plan* meets C's demands and needs.
- (2) If a *firm* anticipates providing, or provides, information on any main characteristic of a *funeral plan* orally during a non-advised sale, taking reasonable steps includes explaining the *customer's* responsibility orally.
- (3) A *funeral plan's* main characteristics include its significant benefits, its significant exclusions and limitations, its duration and price information.

8.3.2

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Means of communication to customers

The information to be provided to customers in ■ FPCOB 8.1 (Demands and needs) must be given in accordance with ■ FPCOB 6.2 (Means of communication to customers).



8.4 Advised sales

Application

8.4.1 **R** This section applies to a *firm* that provides *advice on investments* where that advice relates to a *funeral plan contract*.

Suitability of advice

8.4.2 **R** A *firm* must take reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely upon its judgement.

Suitability guidance

- 8.4.3 **G**
- (1) In taking reasonable care to ensure the suitability of advice on a *funeral plan contract*, a *firm* should:
    - (a) establish the *customer's* demands and needs by using information readily available to the *firm* and by obtaining further relevant information from the *customer*, including details of existing alternative arrangements by which the *customer* may reasonably fund the cost of the funeral in question. For example, this could include insurance products, investments, or cash savings, or where the *customer* has already made provision for the *customer* or *covered individual's* funeral;
    - (b) take reasonable care to ensure that a *funeral plan* is suitable for the *customer's* demands and needs, taking into account its level of cover and cost, the duration of instalment payments, and relevant exclusions, limitations and conditions; and
    - (c) inform the *customer* of any demands and needs that are not met.

Personal recommendations

- 8.4.4 **R**
- (1) This *rule* applies to a *firm* that provides a *customer* with a *personal recommendation* in relation to a *funeral plan contract*.
  - (2) The *personal recommendation* must be provided:
    - (a) on the basis of a fair and personal analysis;
    - (b) in accordance with professional criteria, regarding which *funeral plan contract* would be adequate to meet the *customer's* needs; and
    - (c) unless (3) applies, on the basis of an analysis of a sufficiently large number of *funeral plans* available on the market.

(3) If the *firm's personal recommendation* will not be provided in compliance with ■ FPCOB 8.4.4R(2)(c), the *firm* must disclose this fact and the scope of the analysis that will form the basis of its *personal recommendation* to the *customer* in good time before the provision of the *personal recommendation*.

Personalised explanation

8.4.5 R Where a *firm* provides a *personal recommendation*, the *firm* must, in addition to the statement of demands and needs, provide the *customer* with a personalised explanation of why a particular *funeral plan contract* would best meet the *customer's* demands and needs.

Means of communication

8.4.6 R A *firm* must provide the information in this section in accordance with ■ FPCOB 6.2 (Means of communication to customers).