

Chapter 7

Prohibition on entering into long-term instalment payment funeral plans



7.1 Application and Purpose

Application

7.1.1 R This chapter applies to a funeral plan provider.

Purpose

7.1.2 G The rule in this chapter ensures that, subject to an initial maximum 24-month moratorium period, a customer who chooses to pay for a funeral plan contract in instalments receives the funeral under that contract even if the covered individual dies before the end of the instalment period.



7.2 Prohibition

Prohibition

7.2.1

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- (1) A funeral plan provider must not enter into an *instalment payment funeral plan* under which the *customer* agrees to make payments over a period longer than the *moratorium period*.
- (2) Paragraph (1) does not apply in respect of an *instalment payment funeral plan* under the terms of which (c) and either (a) or (b) below are met:
 - (a) There is no *moratorium period*;
 - (b) There is a *moratorium period* but:
 - (i) a funeral will be unconditionally provided upon the *covered individual's* death where:
 - (A) this occurs after the *moratorium period*;
 - (B) this occurs before the end of the *moratorium period* but the death is accidental;
 - (c) After any *moratorium period* has ended, no further payment is required following the *covered individual's* death in order for the funeral specified by the *funeral plan contract* to be provided.
- (3) The *moratorium period* must be no longer than 24 months from the date on which the relevant parties entered into the *funeral plan contract*.

Guidance

7.2.2

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This section is relevant to any *instalment payment funeral plan* which requires payments to be made over a period of more than 24 months. This may include a *funeral plan contract* under which the *customer* is required to make payments until the *covered individual* reaches a certain age or on a regular basis until the time of the *covered individual's* death.

7.2.3

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This section does not affect the position where a *funeral plan contract* has been cancelled either by the *customer* or by the *funeral plan provider* in compliance with the rules in FPCOB 13.

7.2.4

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The effect of FPCOB 13.2.2R is that the death of the *covered individual* (other than by reason of an accident) within the *moratorium period* is treated as a cancellation of the *funeral plan contract* (unless the *customer* and *firm* have agreed for sums outstanding to be paid under

■ FPCOB 13.2.3R). In this case, any instalments paid by the *customer* must be returned without deduction to the *customer* or (where the customer is also the *covered individual*) to their estate.

7.2.5

G A funeral plan provider may agree a *moratorium period* with a *customer* of less than 24 *months* provided that it remains compliant with ■ FPCOB 3.1.6R.