

April 2004

Buying a funeral plan



This leaflet is for you if:

- you are thinking about buying a pre-paid funeral plan.

It explains:

- what funeral plans are; and
- what to look for when choosing one.



You may decide to buy a pre-paid funeral plan to spare your family the expense and additional worry of funeral arrangements when you die, and to give yourself peace of mind that your funeral costs have been paid.

What are pre-paid funeral plans?

A pre-paid funeral plan enables you to arrange and pay for a funeral in advance, at today's prices. The funeral need not be your own.

You can contact a local funeral director or a plan provider (see *Useful contacts* over the page).

You need to ask the plan provider whether it will be putting your money into either a trust fund with trustees or an insurance policy.

Your plan provider will be able to explain this further. The aim of both methods is to safeguard your money until it is needed, ensuring that it is used to provide the funeral you have paid for.

If your plan provider does not put your money into either a trust fund or an insurance policy, then it must show that it is authorised by the Financial Services Authority (FSA). Since January 2002 the law has said that plan providers must be authorised by the FSA unless they put their customers' money into a trust fund or an insurance policy.

As at 31 March 2004, plan providers use trusts or insurance policies, so no plan provider is currently authorised by the FSA. But you should always check.

You may also wish to check whether the plan provider is a member of the Funeral Planning Authority, the industry's professional body, which sets standards for its registered providers.

How do I choose a funeral plan?

Funeral plans are available from a range of different firms and providers.

You should start by deciding on the type of funeral you would like, how much you want to spend, and whether you want to pay in one lump sum or in monthly instalments.

Use this checklist to make sure you understand how the plan operates and what it covers:

Arrangements

- Can you choose the funeral director?
- What happens if the funeral director you have chosen is no longer in business?
- What happens if you die away from home, or abroad?
- Can the funeral director arrange a funeral of a different standard from the one you have chosen?

- Is it possible to buy a funeral plan for someone else?

Costs

- Does the funeral plan guarantee to cover the funeral director's expenses and other expenses with nothing more to pay, or are there any expenses that your next of kin will still have to meet?
- If you pay by instalments, how long do you do this for, and do you have to pay interest?
- What happens if there are outstanding instalments at death?
- Are there any charges for cancelling the funeral plan?
- What freedom do you have to change the details of your funeral plan?

Make sure you have a record of the arrangements you make and that you keep it safe. You should receive a plan confirmation. It's also a good idea to ensure that your next of kin know you have already paid for your funeral.

What protection do I have if things go wrong?

No plan provider is currently authorised by the FSA. This is because plan providers currently put payments into either trust arrangements or insurance policies.

The FSA's complaints and compensation arrangements do not apply to funeral plans that use trust arrangements or insurance policies for your payments.

If the plan provider is registered with the Funeral Planning Authority, it will be subject to the Funeral Planning Authority's arrangements for resolving disputes between its registered providers and their customers.

So, check that your funeral plan has a clear complaints procedure, and that you know where to complain if necessary.

Useful contacts

Funeral Planning Authority

For a list of its registered providers

Tel: 0845 6019619

Website: www.funeralplanningauthority.com

email –

enquiries@funeralplanningauthority.com

Useful FSA publications

Retiring soon – what you need to do

Income withdrawal – a retirement income for you?

Raising money from your home

Paying for long-term care

You can order free copies on our online order form or download copies at

www.fsa.gov.uk/consumer or you can ring our Consumer Helpline on 0845 606 1234.

The Financial Services Authority (FSA) is the independent watchdog set up by government to regulate financial services and protect your rights.

Our website, www.fsa.gov.uk/consumer, aims to help you understand financial services and get a fair deal.

Use the site to:

- **shop around with our comparative tables – including mortgages, pensions and ISAs;**
- **check whether a firm or person is authorised;**
- **order any of our wide range of consumer publications;**
- **report any misleading financial advertising;**
- **see explanations of financial products in plain English;**
- **read recent alerts that we have issued.**

If you have difficulty with this material in its current format or language, please call the Consumer Helpline on 0845 606 1234 (rates may vary).

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