

National Bereavement Alliance

Response to consultation: HM Treasury – Pre-paid funeral plans

Introduction

1. The National Bereavement Alliance brings together over 35 national, regional and local organisations supporting bereaved people and those caring for them. For an up to date list of our members, please visit <http://nationalbereavementalliance.org.uk/core-members/>.
2. Our vision is that all people have awareness of and access to support and services throughout their bereavement experience. All members of the Alliance contribute to this vision through their own aims and objectives, in various ways and at various times. While we are highly diverse in the primary focus of our work, we share a common interest in support for bereaved people. Recognising one another's contribution to our vision, Alliance members collaborate strategically to provide a collective voice representing the needs of bereaved people and those supporting them.
3. In our 2014 report [*Life After Death*](#), we called for a national review of the impact of financial, administrative and economic changes on those who have been bereaved. We welcome the Treasury's consultation on pre-paid funeral plans as an important contribution to this work, and are glad of the opportunity to respond.
4. We are reciprocal members of the Funeral Poverty Alliance which until recently has been campaigning on a number of measures related to funeral poverty.

Overall comments

5. Funeral costs are rising faster than inflation, and the average funeral now costs £3,784. One in six people organising a funeral say they struggled to pay for it. These struggles are getting tougher: the rise in funeral costs have been accompanied by a rise in personal debt among customers who found it difficult to pay. On average, they took on a debt of £1,680 in 2017. Since 2014, this average debt has increased by £380 from £1,300, an increase of 29% in three years (Royal London 2017).
6. The campaign against funeral poverty has examined many factors and solutions including greater transparency from funeral directors about the costs of funerals, and reform of the Social Fund Funeral Payment to help those on a low income.

7. Alongside recommendations for the industry and government, this campaigning has sought to raise awareness among the public of the difficulties that people can face when paying for a funeral. The intention is to encourage consumers to take more responsibility where possible, planning ahead for their own funeral as well as shopping around when organising a funeral for a loved one.
8. There has been a significant increase in the number of pre-paid funerals taken out each year (Fairer Finance 2017) and this is likely to be due in part to the success of public-facing campaigning about the risks of funeral poverty. In turn, this expansion makes it all the more urgent that the sector is appropriately regulated, with purchasers being given transparent information about products, and those organising funerals having clear avenues for quick redress when things go wrong.
9. We believe that appropriate regulation is particularly important in this sector because
 - a. the person purchasing the funeral plan is by definition not around to see the plan paid out, and so cannot make a judgement about its performance against their expectations
 - b. those claiming on the plan are vulnerable because of their bereavement, and should be afforded extra protection
 - c. if funeral plan doesn't meet the costs of a funeral as expected, in itself this can affect people's experience of grief. The pain of feeling that your loved one was misinformed, misled or made a poor choice can compound feelings of sadness, anger and guilt, making the bereavement even harder to bear.

10. The Financial Services Authority (2015) states

Much consumer protection legislation is underpinned by the notion of the average or typical consumer, and what that typical consumer might expect, understand or how they might behave. However, consumers in vulnerable circumstances may be significantly less able to represent their own interests, and more likely to suffer harm than the average consumer. Regulators and firms need to ensure these consumers are adequately protected.

Most people are in the early throes of grief when they are organising a funeral, which makes decision making very difficult. Research looking at the financial impact of the death of a child and the death of a partner found that

in the period of extreme distress, emotional turmoil and intensity of feeling, there is impaired capacity for decision making and rational forward planning. Indeed, withdrawal from decision making is common. (SPRU 2011)

Responses to the government's consultation on the reform of bereavement benefit in 2011 (TSO 2012) highlighted other barriers to effective financial decision-making, including a lack of financial management skills, particularly when the bereaved person had little experience of handling money.

As well as affecting capacity to make sound financial decisions, the exhaustion and turmoil of grief is likely also to affect people's capacity to raise concerns, query institutions or make complaints.

At the same time as organising the funeral, the family may be facing significant other financial pressures including

- uncertainty about what the future equivalised household income and spending will be (once welfare benefits are updated, working patterns (re)established and ongoing financial commitments such as rent payments settled)
- the revelation of debts owed by the person who died
- delays to probate
- atypical spending (SPRU 2011) driven by emotion, such as large charitable donations
- pressures and demands within families
- exposure to the risk of manipulation and fraud (Quillam 2008)
- anxieties about taking time off work to organise and attend the funeral, given the lack of a statutory paid leave entitlement to do this.

11. Given these pressures, we would argue that people claiming on funeral plans are likely to be vulnerable consumers, and so should be afforded a higher level of protection.

12. We welcome proposals to strengthen regulation of the funeral plan sector. We believe this regulation should cover both existing plans and those purchased after regulation is introduced. Systems of protection and for redress should be easily available both to those who have purchased plans themselves, and those who claim on the plan after the purchaser has died.

13. Regulation of the funeral plan sector should be seen as an important component of the wider attempt to reduce funeral poverty and to protect bereaved people from the additional burden and distress of struggling to pay for a dignified, appropriate send-off.

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