**Embargoed for 00.01 Thursday 25 February 2016**

**2.71 MILLION BRITISH CONSUMERS HAVE USED CREDIT CARDS, PAYDAY LOANS AND PERSONAL LOANS TO PAY FOR FUNERALS OF FAMILY AND FRIENDS**

* **A quarter (25%) who have dealt with a loved one’s affairs have had to resort to credit cards, personal loans and payday loans to pay for funeral costs, spending £1.6 billion3 on such financing collectively over the last 5 years**
* **1.2 million4 people (11%) have had to resort to payday loans to pay for a funeral over the last 5 years borrowing £576 million3 collectively**
* **Friends and families spent £4.8 billion2 on funerals for loved ones over the last five years**
* **Among 18-34 year olds 44% used or took out a credit card and 27% had to resort to a payday loan to pay for funeral costs**
* **Londoners are most likely to take out a credit card (40%) or payday loan (39%) to pay for a funeral**
* **Just over a quarter (27%) of those who have managed a loved one’s affairs have had to dip into their own pockets and savings to pay for funerals**
* **Average expected funeral cost5 is forecast to rise by 22% over the next decade, rising to £5,066**
* **Only 21% of UK adults have some form of life or funeral cover in place to cover the costs of their own death**

A new study from British Seniors Insurance Agency today reveals that British consumers have had to take drastic measures to pay for funerals and help manage the affairs of deceased friends and family. The research reveals that family and friends in the UK have spent collectively £4.8 billion on funerals for their loved ones over the last 5 years. And the research shows that to fund these funerals 2.7 million people have taken out some form of finance (credit cards, personal loans and payday loans) spending £1.6 billion.

**Funding the funeral of a loved one**

The research shows that people who are funding the cost of funerals for family and friends are mainly dipping into their own pockets (16%), spending £936 million collectively over the last 5 years. Personal savings are also taking a big hit as people have withdrawn £870 million from nest eggs because life cover, funeral cover or other provisions have not been put in place. In total, 27% are paying for funerals out of their own pocket or their savings.

The new research also reveals that of the 2.7 million people who have had to spend £1.6 billion on some form of finance in the last 5 years, 1.2 million people have taken out payday loans in order to pay for the funeral of a loved one, borrowing an average of £576 million, and £485 million has been spent on credit cards. When looking across the country at consumers who took some form of credit or finance to pay for a funeral, Londoners top the table with 39% of those in the Capital taking out a payday loan (borrowing £256 million) and 40% taking out a new credit card, spending £183 million on credit cards in total.

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| **Payment method** | **All who paid for a funeral** |
| Amount taken from own pocket | £936 million |
| Amount taken from savings | £870 million |
| Amount taken from pension | £779 million |
| Money borrowed from family or friends | £637 million |
| Payday loan | £576 million |
| Personal loan | £537 million |
| Credit Card | £485 million |
| **Total** | **£4.8 billion** |

***Source: British Seniors Insurance Agency & Opinium Research data January 2015 15th – 18th January 2016 3***

**Younger Generation hit hardest**

18-34 year olds are the most affected, having to take out finance to pay the cost of funerals for their family and loved ones, with almost half (44%) using or taking out a credit card and a quarter (27%) using payday loans. The 18-34 age group have borrowed £464 million from payday loan companies in the last five years and have spent £338 million on credit cards to cover the cost of funerals. They are also the generation who are most responsible for managing the affairs of a loved one with a quarter (25%) taking on the role of organising everything from possession, clearance and sale of the home, executing a will and administration tasks such as sorting post, closing bank and phone accounts as well as money.

**Ignorance isn’t bliss**

When asked to imagine that they were responsible for the funeral of a relative or loved one tomorrow, 40% of UK adults assume the cost of the funeral would come out of the estate or would be otherwise covered, while 23% think that they would have to pay out of their own pocket or savings. Only 2% anticipate they will have to pay by credit card or payday loan and 17% don’t know how the cost will be covered. The proportion who don’t know how these costs will be covered rises to 25% for the 18-35 year olds who are the most affected.

**Funeral Costs:**

In the research UK adults estimated on average that the cost of a funeral is £3,733, however those who have had to pay for a funeral had to pay significantly more with a total average spend of £4,136. Loved ones could be badly out of pocket if the worst were to happen, as only 21% of UK adults have life or funeral cover in place to cover the costs of their funeral. Londoners are more unprepared for the costs of their funeral to be covered, whilst those outside of the South are the most prepared, with those in the North East (27%) most likely to have life insurance in place followed by 26% of Scots.

**The Future of Funeral Costs:**

British Seniors Insurance Agency looked at the average funeral cost over the next ten years using calculations based on the forecast CPI. The costs of funerals are set to go up by 22% (to £5,066 from £4,136 this year) by 2026 as they rise in line with inflation.

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| **Year** | **Cumulative CPI Forecast (from 2016)** | **Forecast Cost** |
| 2016 |   n/a | £4,136 |
| 2021 | 10% | £4,544 |
| 2026 | 22% | £5,066 |

***Source: British Seniors Insurance Agency, Opinium Research and OBR Economic Forecasts (15th – 18th January 2016)***

**Dave Sutherland, Managing Director of Neilson Financial Services commented:** *“The emotional impact of losing a loved one is devastating and it is only exacerbated when a family member or friend has to deal with not only managing the affairs but also having to pay the funeral costs. Our research reveals that many, particularly the younger generation, have to resort to forms of credit resulting in their grief being made worse at what is already a difficult time.’’*

*“At British Seniors Insurance Agency, our focus is on our customers and doing the right thing by them. Our customers tell us the last thing they want when they die is for their loved ones to be left in debt paying off their funeral. That’s why at British Seniors Insurance Agency we offer great value and fully flexible Over 50s life cover – and with the new Lifetime Payback Guarantee we* ensure *customers get full value for their hard-earned cash as they will never get back less that they’ve paid in. We want to encourage people to make sure that they have some form of life insurance or cover in place so as to provide peace of mind that when the inevitable happens they’ve got it covered for their loved ones.’’*

**ENDS**

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**Notes to Editors**

Research carried out by Opinium Research between **15th to 18th January 2016.**

1. 107 respondents said they had taken out a payday loan, put money on a credit card or taken out a new one, or taken out a personal loan to help pay for the cost of a funeral. 107 / 2006 \* 50,909,000 = 2,715,485 or 2.7 million.
2. There have been a total of 2,869,499 deaths in the United Kingdom in the period of 2011 to 2015. The estimated average cost of a funeral by those who have managed an estate was £4,136. Hence the total assumed cost of funerals in the UK in this period was 2,869,499 \* £4,136 = £11,868,247,864. 59.4% of those who have managed an estate said they either have never paid for a funeral or the estate paid for it, leaving an assumed 40.6% (rounded) of deaths with funerals that were paid for wholly by friends and relatives. £11,868,247,864 \* 40.6% = £4,818,894,144 or £4.8 billion
3. Respondents were then asked how they spent on each method of funding a funeral over the last five years. The amount that all who paid for a funeral spent by each payment method was then calculated as a share of the total estimated spend of £4,818,894,144.
4. 49 respondents said they had taken out a payday loan to help pay for the funeral of a loved one. 49 / 2006 \* 50,909,000 = 1,243,540 or 1.2 million
5. Annual forecasts for the CPI up until 2021 are taken from the Office for Budget Responsibility's latest Economic Forecasts. The inflation rate for the following five years are extrapolated based on the OBR's trends. The annual inflation rate was applied to both figures to produce a forecast cost for 2026 in line with inflation.

**Product features:**

The key product features of British Seniors Life Insurance Over 50s Life Insurance with the Lifetime Payback Guarantee are:

* Loved ones will always receive the cover amount or the total premiums paid in – whichever is more
* Customers can get benefit amount from £2,000 to £20,000 and premiums start from as little as £6.47 a month (for a 50 year old and £2,000 benefit amount)
* British Seniors Insurance Agency offers three times the benefit amount from day one for accidental death
* British Seniors Insurance Agency offers full flexibility, allowing endorsements or changes to increase or decrease cover amounts without any additional fees or charges (If the benefit amount is reduced the Lifetime Payback Guarantee will be affected proportionately)
* Customers (50-79 years old and UK residents) are guaranteed to be accepted with no health or blood tests
* Should a non-accidental death occur in the first 2 years loved ones will receive all premiums paid in (after 2 years, cover is provided for death due to any cause)
* Premiums are fixed and do not increase

**About British Seniors Insurance Agency:**

British Seniors Insurance Agency® is a trading name of Neilson Financial Services Limited which is authorised and regulated by the Financial Conduct Authority and entered on the Financial Services register [www.fsa.gov.uk/register/](http://www.fsa.gov.uk/register/) under reference 594926. Neilson Financial Services Limited. Registered in England and Wales. Number 07986483. Registered Office: Landmark Place, Windsor Road, Slough, Berkshire SL1 1JL. All products are arranged by British Seniors Insurance Agency and issued, underwritten and administered by Scottish Friendly Assurance Society Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference 110002, with permission to effect and carry out contracts of insurance.

**About Neilson Financial Services**

Neilson Financial Services (NFS) is a UK Insurance Intermediary specialising in the provision of Life Insurance directly to consumers through two retail brands: [British Seniors Insurance Agency](http://www.britishseniors.co.uk/) and [Smart Insurance](http://www.sortedinsurance.co.uk/).

NFS started in the UK 3 years ago and work in partnership with Scottish Friendly an Insurance company with over 150 years of insurance heritage.

The NFS strategy is to distribute innovative products to the direct insurance market, such as the new Lifetime Payback Guarantee, and to ensure that customers consistently receive a high quality, fully integrated service.

Key to success is their specialist in-house Marketing team and UK based call centre providing exemplary customer service in sales, services and policy administration.