

# Statement of Scope

Competition and Markets Authority: Funerals market study

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Ref:

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## **About Age UK**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances.

In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

## **About this statement of scope**

The Competition and Markets Authority (CMA) has heard a number of concerns about the way the funeral market is functioning, including high price increases, consumer protection issues and difficulties consumers face in making good decisions. These affect those involved in providing funerals and funeral plans and as a result the CMA has decided to investigate the concerns. This builds on work done by the CMA's predecessor organisation, the Office of Fair Trading. It is also worth noting ongoing work in Scotland on similar topics and a parallel Call for Evidence by the UK Government to aid the design of a more appropriate regulatory framework for pre-paid funeral plans.

## **Key points**

- We are pleased that the CMA has decided to investigate the funerals market and overall think that the scope addresses concerns that we share regarding the market
- While price transparency is important, we encourage the CMA to look more holistically at price and funeral cost considering total funeral inflation, the impact of sales practices and awareness of options other than traditional funeral providers
- We agree that price comparison tools should be considered, however given the limitations price comparison tools exhibit in less sensitive markets suggest that they can, at this time, only be expected to be a modest part of the solution
- We urge the CMA to consider the re-introduction of a dedicated ombudsman for this unique and sensitive market

## **Age UK comments on the Statement of Scope**

Age UK is pleased that the CMA has decided to investigate the funerals market. Almost by definition, people purchasing funerals are likely to be in a potentially vulnerable situation and likely to find it harder to shop around or make choices. Further, we would expect that they may also be less likely to complain and that it could even be challenging for some consumers to think about whether they would have preferred a different kind of funeral. This could make investigating the market more difficult than other consumer

markets. We largely agree with the proposed scope and look forward to supporting the investigation.

The statement of scope talks a lot about price transparency, which we agree is important. Considering the vulnerable circumstances of many consumers and the nature of the product we hope that the following will also be investigated:

- a. Sales practices – is our understanding of behavioural economics being used to help consumers make better decisions or just to encourage them to buy or spend more?
- b. Awareness of options – do consumers know about other options e.g. simple funerals, funerals not involving funeral directors? This market requires competition not just between funeral directors but also between different types of service available.
- c. Funeral inflation – how have funerals changed in the last decades – are cost increases coming just from price increases for individual elements or are we also buying more ‘add-ons’ or experiencing changing expectations of what is required for a ‘decent’ funeral?

As regards proposals to consider the potential and emerging role of price comparison websites many of the points in the preceding paragraph will again be relevant. In addition, we note that older people are much less likely than other age groups to be researching purchases online. Further, we know that lower internet use is also more common among those living on a lower income and so likely to be most in need of support in finding the best available price. In addition, we would expect challenges with price comparison where consumers are likely to be searching within a smaller geographic area.

We draw attention to the absence of a dedicated ombudsman for this market and hope that the CMA will examine how well the current provision functions and considers whether a dedicated ombudsman is required to help drive up standards and protect consumers.