



Competition and Markets Authority Funerals Market Study Response from the Fair Funerals Campaign

Fair Funerals is the UK's only campaign working to end funeral poverty. We are a part of Quaker Social Action, an East London anti-poverty organisation which has been running for 150 years. Our work is informed by our sister project, Down to Earth, which helps people find meaningful and affordable funerals, guiding them towards funding or less expensive options. In the last year alone, they've helped almost 800 clients who have found themselves in funeral poverty.

The funeral industry is opaque and seemingly untouchable, leading people to slide into unmanageable and unnecessary debt. We welcome this review by the Competition and Markets Authority, and hope our unique insight will play a part in lowering funeral poverty for people across the UK.

43 - 46.

When it comes to buying a funeral, grieving people are both reticent and daunted. A funeral is one of the most significant financial decisions many people make, yet it's difficult to shop around as prices aren't always available on websites and once people have chosen a funeral director, they're unlikely to go elsewhere as they've entered into an 'emotional contract' if not a legal one. At Fair Funerals, we know that grieving people do not make particularly savvy customers, so we aim to reduce the taboos around death and encourage people to plan their funeral in advance.

Regardless, our advice is to seek out at least 3 quotes from funeral directors where possible, and not go with the first just because you know them or have had a 'friendly chat'. Funeral business is done around these friendly chats and we need to become better as a society at separating the intimately personal from the financial, much like we have in other sectors.

The Fair Funerals campaign has been able to get over 43% of the entire industry to commit to its Fair Funerals pledge, which asks for price transparency for customers. Most of our pledge signatories now post their prices online, as has been demanded since we updated the pledge almost two years ago, and we've been very explicit that that means 3rd party fees (disbursements) too. These demands haven't proven too onerous for most funeral directors, who are frequently all too happy to provide clarity and transparency for their (potential) customers.

To help people make better-informed choices around buying funerals, we need to give them information that they can easily access when they're not grieving. We also need to encourage a cultural shift around death and funerals so that people plan funerals well in advance. Where it isn't feasible for people to have made any decisions before shopping for a funeral, the shift needs to be a simpler one, towards price comparison of funerals being quotidian. Several funeral director price comparison sites have popped up, but they frequently charge exorbitant fees. We need funeral directors to make customers aware of all available choices - including the cheapest funeral options -

with transparent pricing, and to be clear that everything ultimately rests at the customer's discretion.

47. In addition to general submissions on this theme, we would particularly welcome responses to the following questions:

a) Why have funeral prices generally increased?

There are many reasons why the cost of a funeral has more than doubled over the past decade, but one factor is price inflation by choice on funeral directors' parts. People often feel as though they have no choice when it comes to buying a funeral, going with the funeral director that they or a loved one has used in the past. This gives certain funeral directors the dubious honour of effectively functioning as a monopoly through lack of awareness of others, meaning they can raise their prices as much as the market will allow, frequently pushing people into credit card and familial debt. Another factor is the buy-up of whole slews of previously-independent funeral directors, traditionally with much lower prices, by the larger chains. Consumers aren't often aware that their local funeral director has been bought out by a bigger company and are often surprised at the cost. With competition drained, the corporations can take a faceless, nation-wide approach to pricing which doesn't chime with local needs or too often, with genuine affordability. We're now seeing a strained and saturated market, with funeral directors recognising that they simply cannot charge any more for their wares and services – it's bad for publicity but it's bad for debt, as so much more will be completely unrecoverable as people are forced into funeral poverty.

Our team at Down to Earth have encountered funeral directors who will make up a price on the spot, only for it to be raised or lowered depending on who calls them next. Whilst this might work well for the person getting the lower price, it works against those without the propensity of wherewithal to haggle, especially as funerals continue to be seen as something you simply pay out for without much thought about consumer rights or even cost. The sensitivity around the products being purchased, and the desire to do best by your loved one, means funerals costs often go above and beyond what is financially feasible for an individual, with great debt having to be introduced to an already stressful situation. Because of a taboo around talking about death and money in our society, bereaved consumers aren't clear on what is 'normal' to pay for a funeral and are often embarrassed to shop around. When they do shop around they may contact three different branches of the same large brand and believe that must be the only cost, not knowing that an independent funeral director could be less expensive.

b) What explains certain large funeral price differences between funeral directors in the same local area?

If there are two funeral directors on the one street, the prices can vary wildly, partly through competition but partly because one could be an independent and another a branch of one of the bigger chains (centrally-managed, little wiggle room with regards pricing or post-funeral payment plans). There is no central benchmark for funeral costs, and due to a lack of consumer awareness, funeral directors are free to charge essentially what

they want.

c) In what settings and under what circumstances do consumers decide which funeral director to contact?

Funeral directors frequently have a monopoly over their local areas. The issue here is that the local independent that Joe Bloggs went to for his mother's funeral in 2000 has been bought over by a national conglomerate, with no name or branding change. Unbeknownst, there is an entirely new staff and the price for the same service has more than doubled, but a contract has already been signed as there's an emotional attachment to the local, longstanding funeral director, even if they don't really exist anymore.

Increasingly, people are searching for funeral directors with good, clear and accessible prices online before making an informed decision. However, there is a scant few funeral businesses owned or run by older people with no interest or knowledge of the internet, and so sites are not built or updated.

Sometimes registrars at the council, or hospital staff or care/nursing homes will 'recommend' a funeral director that they've used before and grieving people will make a quick decision to use them. There is no other option proffered. Where someone dies at home, many people want the deceased to be collected as soon as possible and it is not unusual for someone to do an internet search of local funeral directors. Bigger companies have the money to optimise search results, and hence gain business more effectively.

d) What factors are important to them in making that choice? How far (in terms of distance / time) are consumers prepared to travel to reach a funeral director? Do consumers have sufficient information on the alternative funeral directors available locally?

We know that consumers aren't prepared to travel particularly far for a funeral director, arranging a funeral being a highly time-sensitive thing. Tied in with the habit of going with the usual one, or one someone you know has used before, this translates over to a few streets away. Quaker Social Action's sister project to the Fair Funerals campaign, Down to Earth, helps people organise funerals and find funds for them. They put clients in touch with funeral directors often at the other end of the city, who happen to be much cheaper than their local one. This strips consumers of their agency, adds stress to an already awful time, and could ultimately add travel costs. People have no access to information about other local funeral directors available to them, or what their costs might be, without doing extensive research at a difficult time. There needs to be a national approach to funeral directors providing open, transparent and accessible pricing data so that consumers aren't victims of a postcode lottery, or of their most local funeral director's pricing opacity.

e) Is sufficient information (including low cost funeral options and itemised prices) made available by funeral directors, when is it provided and does it allow for meaningful comparisons of services between funeral directors?

There are many funeral directors championing good practice with price transparency, listing their broken-down prices online and in person. Thanks to the Fair Funerals campaign,

these make up around 40% of the industry, and organising bodies have decided to ensure all members have prices online in the coming years as a result. These locations are still patchy, and leave people playing a postcode lottery, where their local funeral director might be three times less expensive than the more well-known one a mile away with the easily-found website.

f) **How do consumers evaluate non-price factors, such as quality?**

How people are treated by their funeral director is very important to them, as they need to feel respected and listened to in their time of need. Consumers have the option of writing to the NAFD or SAIF, branch or regional managers, if they feel their service has been subpar, but for sensitivity's sake this rarely happens. Overwhelmingly, people have no complaints on quality or service when it comes to their funeral director. Fair Funerals and Down to Earth do receive several calls and emails about poorly-behaving funeral directors, but these are marked by their rarity. People's ongoing main gripe with funeral directors is the price of services rendered, and how they're often left in considerable and unmanageable debt because of it.

Some customers aren't aware that lower cost options are available and can find it embarrassing to talk about money difficulties with a funeral director, who frequently won't offer low cost options as standard.

g) **What are the benefits or limitations of intermediaries, such as comparison websites, in helping people choose a funeral director?**

The benefits of comparison websites are obvious: letting people make informed choices, seeing what options are available to them and at what price, freeing themselves of onerous and often forceful conversations at a difficult time. However, the limitations include: intermediaries taking what sometimes amounts to a large cut of the funeral fee for their services and some older, independent funeral directors not having a website, so allowing themselves to be undersold.

With only a small section of the market being on the comparison sites, customers will only see a disproportionate segment who have paid to be on there. In addition, prices are rough and not always correct through wilful obfuscation or not keeping prices up to date as they inevitably rise.

h) **How effective are industry codes of practice in facilitating consumer choice e.g. through transparency obligations placed on funeral directors?**

The Fair Funerals Pledge has been highly effective in facilitating consumer choice, so we know that transparency obligations can be enormously helpful. We believe that the main crux has to come from a sea change in seeing funerals as a somewhat distant, taboo thing to talk about, to a simple financial transaction (notwithstanding but divorced from the important and valued emotional aspects), and that this is one way of enabling that.

i) **How do funeral directors compete to attract customers?**

Funeral directors seem to rarely feel the need to compete with each other in any traditional ways e.g. cutting costs for a certain service their competitor is offering. The independents can compete through being locally-owned, diverse and long-term businesses that have been on the high street for decades, whilst the larger branches can compete through virtue of being omnipresent with fancier marketing.

With reputation being of vital importance in the funeral industry, competition is often between word of mouth reviews. The Down to Earth project has observed funeral directors talking ill of their competitors – anything from the way they collect the deceased ('not dignified') to comparing different elements ('their limos only carry 4 passengers, not 6 like ours')

j) What, if any, barriers exist to funeral directors entering a new local area?

Increasingly, innovative funeral directors enter into a new local area with aplomb - be they eco funeral directors, or specialists in direct cremation, or faith-specific. Barriers exist where there is a saturated market with little variation of offer.

It's often difficult for new funeral directors to successfully pitch themselves where there exists a stronger culture of haggling. We see this in East London, where both Fair Funerals and Down to Earth are based: funeral directors seem more receptive to changing their prices as demand dictates.

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k) Could funeral directors providing enhanced online information enable effective comparisons, and if so, what information should they provide?

Funeral directors need to define what costs there are for the services they offer, broken down by funeral director fees and all other third party costs (doctors' fees, local crematorium fees depending on time, etc). It's this kind of transparency that enables customers to make informed decisions, and budget accordingly. If, for example, customers are given a fee without the third party costs, they may have stretched themselves to their financial limits (including on credit) for the funeral director's fees alone, but then find themselves in a situation later on where they have to find several thousand pounds in a rush.

A well-defined standardised package, with easily-comparable price points and fixtures, would make it easier for customers to effectively compare their funeral options, and make reasoned, manageable decisions without the risk of slipping into funeral debt.

Deposits are increasingly large outset costs for customers. How much a deposit is likely to be is essential information for consumers, particularly those applying to the Social Fund Funeral Expenses Payment, which will only ever be paid after the funeral has taken place. Knowing what a funeral director needs upfront within a fast timeframe and being given access to comparable costs from other funeral directors would be incredibly useful for consumers. Similarly, consumers need to know in advance if a funeral director will accept monthly repayments after a funeral - if not, they might find themselves being chased for a

debt they were under the impression would have been repayable but is suddenly looming.

l) Are there other ways to improve transparency of information that we should consider?

Even amongst the funeral directors who do provide online, transparent pricing information there are those who don't fully engage with all aspects of pricing. For example, some sites will include the cost of flowers or order sheets in a merged 'third party costs' segment without breaking down or detailing what the full gamut of costs could be, and how many of those are removable.

If consumers are to be able to compare like for like, it's important to know what the "funeral directors' costs" involve e.g. is viewing the deceased included, or dressing in a gown or the deceased's own clothes, does it include bearers or will a family have to provide their own? Some funeral directors include these in their costs, yet others add them as extras so it would be enormously helpful for the industry to have a standard format.

m) Are there measures that could help consumers evaluate non-price factors, such as quality, together with prices?

Funeral directors will often state that with an inexpensive choice, the funeral will happen 'at a time convenient to us'. An idea of times or dates excluded would be helpful, so that people can plan accordingly.

Pictures of crematoriums/cemeteries used would help.

We also need further clarity on how long an individual has to pay the bill after the funeral.

n) Are there technological or innovative solutions that could help consumers make more informed choices?

A central, online bank of videos of crematoria and cemeteries so people are able to gauge their options without having to physically visit one of these sites.

Video chat appointments (such as via Skype) with funeral directors to get a feel for their customer service without going into branch

52. In addition to general submissions on this theme, we would particularly welcome responses to the following questions:

o) Do crematoria compete to serve funeral directors and their customers and if so, how?

Crematoria don't really seem to compete as they're so sparsely located. Belfast, for example, has one, and there's no other crematorium choice in the rest of Northern Ireland. We have not seen much evidence of competition between crematoria: if this were happening it would be likely to show in lowering of prices or improvements in services and facilities. It is entirely possible that there are deals or inducements available to funeral directors that are invisible to

us or the general public. At privately-owned crematoriums it is very hard to get clear and direct information about prices and nothing is published on their website. Head Offices of these privately-run crematoria say they do not have a list of prices for all their branches as they differ depending on their location and the price is commercially sensitive information.

Some crematoria offer cheaper early morning slots for their services, which may be a form of competition in that they're making less money on each slot, but their competitors may not offer anything as cheap.

p) Do customers (or funeral directors on their behalf) actively consider alternative crematoria when arranging a funeral? What would encourage them to do so more?

Customers both consider alternatives and are driven by cost, availability of reduced prices at certain times, facilities available, transport links and general atmosphere and appearance. They would be encouraged to do this more if there were more points of difference between crematoria in services and facilities.

Funeral directors have told us about choosing certain crematoria over others based on their parking provision, or how congested entry into the grounds can become with small roads and large vehicles. This has bizarrely led to a situation where one crematorium having a decent car park may affect a customer's funeral bill by several hundred pounds.

q) What are the main barriers to entry for new crematoria?

There are a few potential barriers, including: land availability (and lack thereof), nimbyism, objections by owners of already established crematoria.

r) Why have cremation fees generally increased and why do they differ across the UK?

One reason is the increase in private crematoria, whose interests are solely to make as much money as possible and recoup costs from environmental safeguarding as quickly as possible, as opposed to local authority-owned crematoria whose interests traditionally lie in serving their residents. Budgets being slashed to local authorities means they have to make uncomfortable choices.

They differ across the UK for the same reasons as many other postcode lotteries – private vs public, maximum prices possible to charge in certain areas. With lack of any obvious competition, and the need for disposal of bodies only increasing year on year, it's easier for crematoria to increase prices without much of any recourse. Burials are much more expensive, prohibitively so for many people, and green cremations aren't yet legal, so people's lower-cost options are very limited, leading them down a narrow path to a crematorium whose prices continue to rise unabated.

Some crematoria run by local authorities seem to have raised prices to recoup the money they have had to spend on filtering out mercury from those who need the crematorium services rather than ratepayers across the board. This appears likeliest to be happening in local authorities which have traditionally tried to keep rates very low and are now feeling the squeeze.

It would be interesting to compare the prices of cremations between those local authorities

who have started municipal funeral schemes and those who have not. If, as we suspect, they are lower in areas with municipal schemes this might indicate local authorities' awareness of funeral poverty as a major issue for residents as a factor in price variation.