

Funerals Market Study
Competitions and Markets Authority
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Funeral Market Study – Interim Report and Consultation on the Funeral Market

I would like to take this opportunity to thank you for meeting with Avalon Trustee Company Limited at your offices on 12th December 2018. We appreciate your time and hope we were able to persuade you that although you have elected to exclude the pre-paid funeral plan market from your study, this market does have a place in the wider funeral industry and does help to create better choice for consumers with Customers who purchase a funeral plan making a conscious and informed decision to plan for later life to avoid their loved ones having to make difficult decisions at a time when they are grieving, and to cap the costs. Funeral plans are a means of stemming the growing problem that is being referred to by Parliament as funeral poverty.

Avalon believes that consumer education is required in this area with more widely accessible information and costings. Information could be more widely displayed in public areas such as hospitals, care homes etc. to encourage people to think about their own death and plan effectively. Avalon believes that planning for end-of-life should begin as soon as possible, to avoid financial hardship at the time of need.

It was surprising how few responses you had received from funeral directors and as a result Avalon have urged the funeral directors who work with us to engage with your review. Avalon supports independent funeral directors, and we believe it is imperative that they have their say to ensure that smaller businesses are not adversely impacted by any unintentional regulatory or industry reforms that may result from the review of this industry.

As we discussed, the CMA has excluded pre-paid funeral plans from the scope of the funeral market study, however, we believe the CMA's investigation is relevant to pre-paid funeral plan providers and their close relationship with funeral directors. There is a significant overlap between the pre-paid funeral plan market and the 'at need' funeral market.

Funeral directors, from the large chains to small independent funeral directors sell funeral plans, whether these are their own in-house plans or pre-paid funeral plans provided by providers such as Avalon.

Providers such as Avalon play a valuable role in supporting independent funeral directors and thus ensuring competition in the funeral market. When an independent funeral director is allocated to an Avalon plan holder, to deliver their services at some point in the future, this guarantees that funeral director future market share. Avalon's plans also increase the reach of independent funeral directors, many of which lack the marketing resources of the larger companies.

You confirmed that you had not engaged with HM Treasury in their separate review of the Pre-Paid Funeral Plan Industry, nor were you intending to do so. We believe the two markets are intrinsically linked and not looking at the Industry as a whole could have unintended consequences. Funeral Plans sold by the funeral directors themselves are often sold following them conducting a funeral and the plans are sold to relatives and friends of the deceased. Therefore, whilst funeral plan providers are selling plans in advance as a future planning provision, some of the plans sold by funeral directors could be classed as being sold at time of need, albeit the time of need of another person.

The CMA interim report shows that only 14% of people organising a funeral compare more than one funeral director and states that it seems clear that the extreme vulnerability of customers has been a major factor in enabling suppliers to charge high prices in this sector. This also applies to the sale of funeral plans that are sold by the funeral director following a funeral. It is quite evident from discussions Avalon have had with HM Treasury and FCA that the sale of funeral plans will, in the not too distant future, be brought into the remit of FCA regulation. We urge the CMA to consider this as part of their review to prevent any unintended anti-competitive effects this may have. Should the CMA proceed with a Market Investigation that could impose regulation on the funeral industry, this needs to be carefully considered with FCA regulation so as not to impose a dual regulatory regime which the small to medium sized businesses would struggle to implement. This could further reduce competition in the market by closing down businesses or pushing more small businesses into the larger chains.

We discussed the quality of crematoria and the services provided by funeral directors and whether these were value for money. Avalon have a post funeral process where we speak to the family to gauge their views on the quality of services received. You expressed interest in this data and I can confirm that Avalon are happy to share the data to inform the Market Investigation.

I would be more than happy to engage further should you consider Avalon's input to your review is useful.

Yours sincerely,

Janet Morville-Smith
Head of Compliance & Risk