

# Beyond...

CMA Interim Report Response

04<sup>th</sup> January 2019

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**Do you consider that the CMA’s analysis is correct with respect to the suspected features of concern in the supply of services by funeral directors at the point of need (see paragraph 8.31)?**

Yes, with the following exceptions.

With respect to d), *“Lack of transparency: reluctance of firms to publish/disclose clear prices (including online), or to provide comprehensive information on quality and range”*

Beyond now has over 1,250 funeral directors listed who have all voluntarily published their prices online. This is a significant minority of the market and we believe it is important to recognise that these funeral directors have clearly demonstrated a willingness and appetite for transparency.

In respect to 4.25, we would note that our website provides transparency on ownership (by identifying independents, regional coops and chains for the user).

**Do you consider that the CMA’s analysis is correct with respect to the suspected features of concern in the supply of crematoria services (see paragraph 8.33)?**

Yes.

**Do you consider that the CMA’s analysis is correct with respect to the reference test being met in relation to the supply of services by funeral directors at the point of need (see paragraphs 8.12 to 8.37)?**

Yes.

**Do you consider that the CMA’s analysis is correct with respect to the reference test being met in relation to the supply of crematoria services (see paragraphs 8.12 to 8.37)?**

Yes.

**Do you agree with the CMA’s proposal to exercise its discretion to make a reference in relation to the supply of services by funeral directors at the point of need and the supply of crematoria services (see paragraphs 8.38 to 8.96)?**

Yes.

**Do you consider the proposed scope of the reference, as set out in the draft terms of the reference in Appendix F, would be sufficient to enable any adverse effect on competition (or any resulting or likely detrimental effects on consumers) caused by the features referred to in paragraphs 8.31 and 8.33 to be effectively and comprehensively remedied?**

Yes.

**Do you consider that the features which the CMA has identified that may prevent, restrict or distort competition are capable of being effectively and comprehensively remedied by UILs (undertakings in lieu of a MIR)?**

No.

## **Beyond's view on remedies proposed and others available**

In our view, it is key is to provide remedies which reduce customers vulnerability and allow them the opportunity to have a funeral on their terms. We believe that transparency remedies should be the preferred method as they would provide lasting and substantial improvements whilst having few drawbacks.

This is because transparency remedies work to rectify the funeral market's lack of customer engagement. As more customers begin to purchase "rationally", prices become fairer and service levels invariably improve. However, transparency remedies will take time to have an impact on customer behaviour which means it is essential to start them as soon as possible.

Importantly, transparency remedies will facilitate customers and providers to innovate around new models and services. The alternative remedies proposed by the CMA, centred around regulation and price regulation, have a key downside risk that they may unintentionally hamper innovation once implemented.

We believe that customer tastes and requirements around funerals will develop substantially over the coming years. The most relevant example is the evolution of wedding ceremonies over the past two decades. These have evolved substantially from largely religious events with limited personalisation to highly bespoke and meaningful ceremonies. In our view, it is essential that any remedies do not lessen the opportunity for the same to occur within funerals.

### **Concerning 8.70**

8.70 provides an example of a transparency remedy, namely that price lists can be made available in a standardised format. Within our original submission, we provided a view on this which is included here:

It is difficult to set a standard for funeral comparison, in the same way that it would be for wedding comparison, because:

- a. definitions such as 'simple funeral' fail to consider religious faith, burial vs cremation etc
- b. consumer tastes are rapidly evolving, making comparative standards quickly obsolete. Mandating such standards could then restrict such evolution, to the detriment of the consumer
- c. people will inevitably find ways to cheat the system i.e. Dignity requiring the customer choose a black coffin for a 'simple funeral'

However, price transparency and making information clearly accessible and understandable is clearly in the interest of the consumer. The current situation is, in our view, insufficient, with ~70% of funeral directors either not providing online pricing or providing pricing which is not easily comparable.

Beyond (and other PCWs which enter the market) help solve this problem, as pricing is entered by funeral directors at a granular level and we show the consumer a like for like comparison based on our internal definitions. The consumer can further customise their

choice using filters. As consumer tastes in funerals evolve, PCWs are incentivised to evolve those definitions and the products offered, thus ensuring comparative measures don't become obsolete.

In our view, conditions which need to exist for this PCW-based solution to effectively serve the consumer's interests, and which we adhere to, are:

- a. Supply side participants (e.g. FDs) are all shown on an identical basis. This means:
  - a. PCWs do not promote one funeral director above another based on commercial arrangements
  - b. PCWs provide their interpretation of what customers want and enforce standards across the PCW
- b. PCWs present a 'full' final price to the consumer i.e. including disbursements / 3<sup>rd</sup> party costs, medical fees etc

Following on from this, we would like to reiterate our overall view that remedies should avoid creating situations that hamper or stifle innovation, particularly around changing customer tastes.

We think there is a good chance that encouraging the use of standardised price lists will simply force an already slow moving industry to ossify further.

## **Concerning 8.71**

8.71 reads: "hospitals, hospices, care homes and registrars might be required to make information about local funeral directors (including price lists in a standard format)"

We think it would be insufficient, potentially even undesirable, to limit interventions lie this to local funeral director information. The issues we see with this are:

- Disaggregated, complex information source
  - There are tens, potentially hundreds, of funeral directors in a hospital area
  - New businesses open all the time, old ones shut down and others change hands
  - Price lists for the individual businesses change
  - To us, this sounds like a pretty substantial administrative capability to add to often overstretched teams with a high risk that the data collected is either incomplete or out of date
- Price sheets alone do not provide good indicators of quality
- Systems like this are ripe for gaming by funeral directors, showing low initial prices then upsold in branch
- We believe that lists of pricing, even if standardised, will be hard for many people to understand (particularly in terms of how the offers differ and which services they need to include)

We believe that a more practical and long term solution is to educate staff on the availability of PCWs to aid information gathering and to provide customers with guidance on how to look for funeral information online.

As an additional point, Beyond is a “managed” PCW. What this means is that our site brings benefits over and above the recommendation of individual businesses. Our managed PCW solves:

- We bear responsibility that prices are accurate through our price guarantee
  - This resolves out of date pricing
  - This resolves upselling
- Our reviews and business profiles provide indicators of quality
- Our website is easy to use and provides the cost in an easy to understand format

### **Concerning 8.72, 8.74 & 8.75**

We believe that regulation could play an important part in creating a competitive funeral market and would be happy to work with any regulator on the design and implementation of the regulation. However, there are two key areas that cause us significant concern regarding the prospect of regulation.

Firstly, how regulation will be designed and implemented so as not to overburden the vibrant and dedicated small businesses in the sector.

Secondly, how it will not restrict future innovation. Funerals have not changed much since the Victorian times. We would like to hope that the coming years will see customers and suppliers driving innovation, regulation should consider any negative impact here.

### **Concerning 8.77**

In our original submission, we provided evidence that crematoria with no local competition charged above the national average. As such, we think it is clear that monopoly power exists and that it is suitable to explore price regulation.

We would note that in our original submission we highlighted the possibility of opening up the sector to competition via new methods such as resomation or even increased awareness of natural burial. We still believe this would be sensible, however, we acknowledge that any changes may take time to have a positive impact.

### **Alternative Remedy: Encourage use of PCW/online marketplaces by customers**

In terms of long-term resolution of the problem, namely customers not purchasing rationally, we strongly believe that robust PCW offerings are essential.

PCWs have empowered customers and brought about a greater degree of rational purchasing across many markets over the past decade.

In its 2015 report on PCWs in the energy market, the CMA identified the following:

- 31% of customers used a PCW to switch gas/electricity in 2014, nearly double the 16% of 2011
- In 2014, 23% of customers were 'very confident' they could get the right deal for energy through a PCW, with a further 44% 'fairly confident'
- 60% of survey respondents had ever used a PCW to search for information in another market

It is clear, in our opinion, the people in the UK are now broadly accustomed to using PCWs to research products and services. We believe that the number will now be higher than 60% and that this comfort will only grow over time.

PCWs or, to broaden the term, online marketplaces, are used across industries and service types.

The first wave of PCWs focussed on commoditised products:

- Financial services (money supermarket, go compare etc)
- Flights (tripadvisor, sky scanner)
- Food (justeat)

Online marketplaces now cover far more complex and personal services:

- Travel, accomodation and experiences (airbnb, tripadvisor)
- Property (zoopla, rightmove)
- Construction/building services (checkatrade, mybuilder)
- Investment (funding circle, crowdcube)

We believe that customers increased use of PCWs and online marketplaces over the past decade has driven engagement, increased rational purchasing, fostered greater competition and also driven innovation.

We believe that customers will not trend over time to PCWs/marketplaces for funerals and receive the same benefits as in other markets.

Within our original submission, we provided a number of practical example remedies. They were:

- Provide an online link to PCWs from as many websites as possible (e.g. hospital bereavement pages, Government advice pages, local council pages, hospices, coroner's, Police forces etc)
- Mandate that NHS bereavement officers educate the recently bereaved on PCWs – for example they must give out a leaflet explaining the benefit of using PCWs. Currently, many hospitals do not know that PCWs exist and the benefits they can bring.
- Encourage the Citizens Advice Bureau to educate their customers about funeral PCWs in the same way that they already do for other markets such as gas or electricity

- Supply crucial touchpoints (e.g. hospital bereavement offices, registry offices) with tablets educating customers about PCW and enabling live access to the PCW or other price transparency tool. This would also help combat the issue that internet access tends to be lower amongst low income demographics. This could be done in partnership with a PCW.

We note that the CMA proposed similar remedies in 8.71 but restricted to information regarding local funeral directors. We think that this would miss the opportunity of helping nascent funeral PCWs/online marketplaces grow and provide the customer benefits identified above.

We believe the PCWs/online marketplaces provide the best long-term chance of realigning funerals in favour of the customer and would suggest the CMA look to include suitable information regarding PCWs wherever it can.

### **Alternative Remedy: Provide standardised guidance on fair storage costs**

In the immediate event after a death, people will often instruct a funeral director to collect the deceased with very little time to make an assessed decision. This is confirmed by the CMA:

3.27: “The respondents told us that to change the funeral director at that stage would require moving the body again and (possibly) incurring further transport costs. It could also lead to delays in arranging the funeral, all of which was unwanted.”

And, furthermore:

3.28: “For these reasons, almost all respondents felt that it would be extremely unlikely for someone arranging a funeral to change the funeral director at this stage – even if any problems arose in the funeral director’s service.”

People clearly do not feel it is possible or permitted to change their funeral director. We believe this has substantially negative effects in terms of allowing poor standards to continue. If people do not feel able to change their mind then effectively poor businesses can gain an unfair advantage through, for example, buying local authority and hospital contracts, advertising low teaser prices to gain initial custom, and relying on an acquired family name.

We would propose that the CMA investigates the level of charges that businesses charge and what a fair level could be.

This would provide a ceiling level for funeral directors and would also help intermediaries, such as ourselves, help people where they wish to change a funeral director. People frequently use our website to gain a quote for a new funeral director, only to realise that the “break fees” charged by their current director are prohibitively high.



## **Alternative Remedy: Collaboration with DWP to reduce vulnerability of lower income customers**

Beyond recently met with Justin Tomlinson MP, and his team at the DWP. We discussed a number of ways through which Beyond and the DWP could work together, including:

- Reducing debt for families by encouraging use of PCW by applicants and departmental staff
- Reduce application time by generating funeral invoices through Beyond
- Using crowdfunding to widen the safety net
- Combining with the NHS to drive awareness of PCW

We believe there is scope for the CMA to collaborate with the DWP and Beyond to design interventions that specifically reduce vulnerability for those on benefits and lower incomes.

## **Alternative Remedy: Government provides mortuary facilities across the country**

As shown in the interim report, customers are often extremely vulnerable when they are purchasing a funeral. Contributing factors identified by the CMA include how quickly people have to choose a funeral director and that once a body is with a funeral director, people feel unable to change their mind.

Both of these factors lead to people not making a good choice of funeral director, hampering competition.

In Sweden, everyone pays what is known locally as a “burial tax”. This is paid throughout their life and covers a number of things including the provision of transportation and storage facilities up until the funeral. It also includes the grave cost but does not include the funeral service and other items.

What this effectively provides is a grace period whereby the family will interact principally with the local municipality which provides the mortuary facilities. This provides a greater period of time for a family to choose a funeral director, therefore reducing the drivers of vulnerability.

We would propose that a similar solution was explored within the UK. This would require reorganising and redirecting how the various government owned (or influenced) mortuary facilities in the UK are used, primarily those of hospitals and local councils/coroners. These facilities could be directed to guide people that they do not need to rush to choose a funeral director and instead the body would be okay to remain there until the funeral, or until requested to be collected by a director.

This would, of course, lead to a greater time in mortuary facilities for each death and would most likely require funding for new mortuary facilities in areas at capacity.

If enacted, this would provide a significant way to provide people with greater time to enable rational purchasing.

Even without any action on this, it is actually already possible for funeral directors to use publicly funded mortuary facilities in this way. We do not believe it is commonplace currently, but one of the companies taking advantage of this is Dignity PLC through their Simplicity Cremations brand.

This essentially provides a public subsidy of mortuary storage and refrigeration units for Dignity PLC. There is a risk that this will become more commonplace as other funeral directors copy the tactic to compete effectively.

The Simplicity Cremations website states:

**“Collection of the deceased from hospital or coroner’s:** This covers the transport from the place of rest to one of our high-quality mortuary facilities a few days before the cremation where the deceased will be prepared and dressed for cremation.”

Directly below this, they note:

“There will be a minimum of 14 days after payment before the cremation can take place.”

In effect, this indicates to us that Dignity are relying on publicly funded mortuaries providing storage and refrigeration space for a minimum of 10 days following a funeral.

(<https://www.simplicity.co.uk/arrange-a-funeral/unattended-funeral#whats-included>, 02 January 2019)

## **APPENDIX – RELEVANT NON-CONFIDENTIAL CONTENT FROM BEYOND’S ORIGINAL REMEDY SUGGESTIONS FROM JUNE 2018**

### **Beyond Additional Information and Proposed Remedies**

As we understand it, The Competition and Markets Authority (CMA) market study will examine whether the information provided by funeral directors on prices and services is clear enough for people to be able to choose the best option for them.

The CMA will also look at potential remedies to any issues that it may find.

We have provided our thoughts on various potential remedies, along with any additional information, on a number of areas below.

Some of these are directly related to the requested information whilst others are in deeper areas of the funeral world (e.g. the tie up of consumer choice through local council removal contracts). We would, of course, be happy to talk about any of these or provide more information where we can.

### **Creating standards for funerals is difficult, PCWs can help**

It is difficult to set a standard for funeral comparison, in the same way that it would be for wedding comparison, because:

- a. definitions such as ‘simple funeral’ fail to consider religious faith, burial vs cremation etc
- b. consumer tastes are rapidly evolving, making comparative standards quickly obsolete. Mandating such standards could then restrict such evolution, to the detriment of the consumer
- c. people will inevitably find ways to cheat the system i.e. Dignity requiring the customer choose a black coffin for a ‘simple funeral’

However, price transparency and making information clearly accessible and understandable is clearly in the interest of the consumer. The current situation is, in our view, insufficient, with ~70% of funeral directors either not providing online pricing or providing pricing which is not easily comparable.

Beyond (and other PCWs which enter the market) help solve this problem, as pricing is entered by funeral directors at a granular level and we show the consumer a like for like comparison based on our internal definitions. The consumer can further customise their choice using filters. As consumer tastes in funerals evolve, PCWs are incentivised to evolve those definitions and the products offered, thus ensuring comparative measures don’t become obsolete.

In our view, conditions which need to exist for this PCW-based solution to effectively serve the consumer’s interests, and which we adhere to, are:

- a. Supply side participants (e.g. FDs) are all shown on an identical basis. This means:

- a. PCWs do not promote one funeral director above another based on commercial arrangements
- b. PCWs provide their interpretation of what customers want and enforce standards across the PCW
- b. PCWs present a 'full' final price to the consumer i.e. including disbursements / 3<sup>rd</sup> party costs, medical fees etc

### **Stimulate competition between crematoria by encouraging the development of an open booking calendar**

Currently, we believe competition is being hindered within the cremation industry by a lack of accurate, accessible and timely information of cremation fees and availability.

Cremation fees can vary dramatically between different providers as we have shown elsewhere in this report.

However, fees can also vary widely at individual crematoria - typically for funerals at differing times of day, for differing levels of attendance or for differing venues.

We believe that customers would benefit if there was an easy way for them (either on their own, or via intermediaries such as PCWs or funeral directors) to access the whole range of cremation fee information from their local (or further afield) providers.

We have actually thought about building a solution for this previously but have dismissed it for the moment, owing to:

1. Diverse range of providers (private, local councils) with differing needs
2. We would assume a low level of enthusiasm amongst providers, particularly councils, as this is not core to their operations
3. It is questionable whether the majority of providers want competition to be increased

We would propose that it is in the consumers' interest for the CMA to push for the development of an open booking calendar for crematoria.

We believe this would:

1. Increase competition between crematoria
2. Increase consumer choice and ability to pick their preferred option
3. Increase productivity both of crematoria, funeral directors and intermediaries

### **Letting consumers know PCWs exist**

In our opinion, one of the main obstructions to the effective operation of the funeral market is the lack of awareness of PCWs in the sector.

We do not think this is because there is an inherent aversion to PCWs for this service, more because there is very little engagement with the sector by the public and, that by the time the consumer needs a funeral, it is too late to become savvy with how the funeral industry works. We believe that even the most sophisticated "shoppers" will often not purchase "rationally" when it comes to a funeral.

We would anticipate that a survey of consumer opinion and behaviour, similar to the one conducted by the CMA for the energy market, would reveal similar results.

All of this contributes to the fact there is very little awareness of PCWs or even the ability to just shop around. Advertising to at-need consumers is very difficult because:

- a. Only 1,500 people die each day in the UK so any ATL advertising would need to be memorable for many years, to have an impact. That kind of sustained, blanket advertising can only be done by large incumbents who can invest in long-term branding and uncertain payback since new entrants are likely to be small, cash-flow restricted and require quick and more certain payback periods.
- b. An at-need consumer is only actively in need of, but as yet unengaged, with a funeral director for a couple of days. Targeting them is only really possible through PPC, which is hugely expensive.

It would therefore be in consumer interest if the government could do more to educate the public that PCWs exist. There are multiple touch points that the recently bereaved have with Government, or state-supported, organisations have with the bereaved in the crucial days leading up to and after a death. Educating people through these channels that PCWs exist would be a low-cost, high impact way of allowing people to choose to use a PCW if they wish.

Some ways that this could be done are:

- a. Provide an online link to PCWs from as many websites as possible (e.g. hospital bereavement pages, Government advice pages, local council pages, hospices, coroner's, Police forces etc)
- b. Mandate that NHS bereavement officers educate the recently bereaved on PCWs – for example they must give out a leaflet explaining the benefit of using PCWs. Currently, many hospitals do not know that PCWs exist and the benefits they can bring.
- c. Encourage the Citizens Advice Bureau to educate their customers about funeral PCWs in the same way that they already do for other markets such as gas or electricity
- d. Supply crucial touchpoints (e.g. hospital bereavement offices, registry offices) with tablets educating customers about PCW and enabling live access to the PCW or other price transparency tool. This would also help combat the issue that internet access tends to be lower amongst low income demographics. This could be done in partnership with a PCW.

## **Restricting lock-ups that affect consumer choice**

It would also be sensible to restrict arrangements which prevent PCWs, and other elements of the market, operating effectively such as:

- a. Preventing NHS trusts from having exclusive relationships with companies such as [RNS](#). PCWs are not able to advertise or even be recommended by many bereavement officers because most hospitals have exclusive commercial relationships with RNS to produce bereavement guides. RNS then sell advertising in those guides to funeral directors. They have refused to accept adverts from PCWs as this would upset their current advertisers (principally local funeral directors and national chains) and they enforce their exclusivity contracts within the bereavement suites. PCWs therefore cannot reach a large proportion of at-need consumers through NHS bereavement officers, which represent c.50% of annual deaths.

b. Preventing charities from having commercial tie ups with single providers. For example, here's a Scottish government [pdf](#) which recommends Age UK to people. The Scottish Government refused our request to be included in the booklet because we are a PLC.. Age UK are allowed in these booklets because they are a charity, not a commercial enterprise, however they get [almost £10m](#) a year from Dignity from selling their funeral plans, so it's just wolf in sheep's clothing.

## **Preventing local council contracts restricting consumer choice**

Local councils are required to ensure that bodies that need to be in the care of the coroner are removed from their place of death (whether that be home, hospital or elsewhere). Most, potentially all, councils put this work out to tender and it is awarded to a firm of funeral directors.

In 2017, 229,700 deaths were reported to the coroner in England & Wales. This is c.40% of deaths. We do not know what proportion of these deaths would be removed under a local council contract.

We have found an example contract here -

[https://www.hta.gov.uk/sites/default/files/Model\\_Tender\\_Specification\\_for\\_Removal\\_of\\_Deceased.pdf](https://www.hta.gov.uk/sites/default/files/Model_Tender_Specification_for_Removal_of_Deceased.pdf)

When the contracted funeral director turns up, they will collect the body and leave a business card with the family/friend of the deceased. Of course, there will usually be some level of interaction or explanation of what is happening and what will happen next. This interaction provides an opportunity for the FD to market their services to the family.

This provides two benefits to the firm providing the removal:

1. Earliest and direct opportunity to market their service to the person
2. The body is now in their possession, this makes it more difficult under current practices for the customer to freely choose another funeral director (see section on "Removal fees restricting competition" but also because people do not want the hassle of changing

We have heard anecdotally that funeral directors will bid below the cost of providing the contract as it is a very certain way to acquire business.

Our concern is that these local council contracts restrict the ability of a customer to freely choose an alternative funeral director.

We believe there are several ways that this situation could be improved. These could be enforced through the local council via their contracts.

None of the below are mutually exclusive:

1. Require that the collecting business cannot market to the customer in any way (but maybe this is not practical as how would the person know where the body is?)
2. Require the collecting business to provide information and guidance on the customer's options (including choosing another firm, researching online etc)
3. Require the collecting business to not charge the customer, or an alternative funeral director, any fees whatsoever if the customer chooses to use a different business
4. Stop all forms of sole firm contracting for this service and move to a rota-based system whereby rota of local FDs were contacted in turn (this actually used to be the prevalent model)
5. Contract with a PCW or similar service who can provide customers with a quick, objective way to find an FD local to them and then ensure the FD can collect the body

### **Stop the misleading practice of using acquired business names which means customers do not adequately research their purchase**

It is common practice within the funeral industry that when a business buys another business, the new owner will continue trading the original business under the acquired trading name.

This happens amongst all sizes of funeral directors, but the practice is most prevalent amongst the large chains and large independent funeral directors.

For example:

- Dignity PLC has over 509 individual names according to our analysis across its 800+ branch network (Appendix of our report)
- CPJ Field have 12 different names across their 30+ locations

We believe that, although this practice is allowed in many industries, it causes an undue amount of customer harm within the funeral industry. This is because customers are in a very weak purchase state. We believe that:

1. Customers trust the name of the business that they have always used, even if the ownership, service and cost has changed dramatically
2. The distressed nature means many will not look into the things that have changed (ownership, service, cost)
3. A long time between purchases means customers do not know what a fair cost would now be
4. Low general knowledge of the sector means people do not know that "large chain" funeral directors even exist
5. If asked, many people still think the people who owned the original business still own it

In our opinion, the acquiring businesses do the bare minimum to inform customers that there has been a change in ownership and how this may have affected the business since the change (namely staff, service, cost).

We think a solution that would protect and inform customers, whilst maintaining the good parts of allowing businesses to acquire each other would be to stipulate that the acquired trading name cannot be used as the **principal** marketing name of the location.

As an example, if LargeCo PLC acquired a business called “Taylor & Short” then they would market the business as: “LargeCo PLC, incorporating Taylor & Short”.

## **Help develop viable consumer option to cremation and burial**

Within the UK, currently the only two choices for the disposal of a body are burial or cremation (barring medical science etc).

We think it would positively benefit consumers if alternative forms of body disposal became viable.

One of these that we are aware of is Resomation, which is a “environmentally friendly option that offers a natural process using water instead of flames”. The owners claim it is more environmentally friendly than cremation.

Given this is a new, non-mass market technology we do not know what the likely customer costs would be, however we would anticipate that any increase in competition in this market would bring down prices overall.

Currently, we believe Resomation is on hold for a multitude of reasons encompassing multiple relevant authorities - this article provides a good write up - <http://www.lawandreligionuk.com/2017/12/21/alternative-cremation-opiton-on-hold/>

We would propose that it would be in the consumers’ benefit if there is pressure on the appropriate organisations to work together efficiently and effectively to help innovative new entrants bring their products to market.

Our worry at the moment is that the uncertain legal ground and the tangle of organisations that have to be navigated means that cremation and burial will not be effectively competed against.

## **Link to Funeral Plans**

It should be noted that there is currently a huge push by both the large chains and indeed many other providers such as Golden Charter to sell funeral plans. When a plan provider sells a plan, they will nominate it to a chosen funeral director location (i.e. Dignity will be a Dignity branch, Coop will be a Coop branch, Golden Charter will nominate a GC member).

Additionally, when a plan is sold, it will include a cancellation fee if the person who bought the plan, or the family at the time of the funeral, decides to cancel the plan. Typically, someone would cancel a plan if they would prefer to use an alternative provider.

The plan that we offer does not charge a cancellation fee (note, if cancelled outside of the first 30 days the person would not get back the £195 admin fee to set up the plan).



We believe that other providers use egregiously high cancellation fees to restrict the ability of the person, or their family at time of plan use, to choose an alternative funeral director. These fees, and a discussion around them, were covered by the Fairer Finance report - <https://www.fairerfinance.com/assets/uploads/documents/Funeral-plan-report-FINAL-6-July-2017.pdf>

What effectively happens when someone cancels a plan at point of need is that the plan provider will refund the **monies paid into the plan** by the plan purchases minus any cancellation fee or other fees.

Note, the plan provider does not have to pay out any money that is accrued on the person's money during the plan lifetime (eg. interest earned). This is because of the way the FCA treats funeral plans and the interest earned is tax exempt so cannot be sent back to the customer without tax paid.

We believe the current situation restricts at-need customers from free choice and restricts competition between current and future market entrants.

According to the Funeral Planning Authority there are currently more than 1.3 million undrawn funeral plans. This represents a substantial amount of future at-need funerals.

The key reasons we see the funeral plan market as restricting future at-need customers' free choice are:

1. A plan may have been sold a long time ago. The business carrying out the funeral may have changed substantially since then, but a customer would not be free to change
2. They have been provided an artificially lower amount via the combination of cancellation fee plus not being paid the "full" investment amount
3. The customer, or the person who bought a plan, may want to substantially change what they would like to happen - the current situation would restrict them say choosing an entirely different type of funeral

We have a number of ideas for how this situation could be improved:

1. Restrict the level of cancellation fee charged by providers to a fair amount
2. Enforce providers to offer to provide customers with the entire investment amount - this would require them to pay the appropriate tax on the investment amount to satisfy current HMRC/FCA recognition of funeral plans
3. Use Government organisations to educate customers that they are able to cancel a plan and choose an alternative provider

We would note that there are other secondary order effects on the at-need market caused by the funeral plan market. We are not sure whether these will fall under the remit of the CMA but we have provided them for your information:

- a. It is likely that funeral prices will fall in the coming years as well as choice of funeral style increase. The consumer is therefore paying more for a poorer product.
- b. It drives up the cost of at-need PPC – anything with the word 'funeral' in is prohibitively expensive to purchase for at-need.
- c. Funeral Plans are being mis-sold, as per separate CMA investigation
- d. It becomes in the interest of funeral plan (or insurance) companies to scaremonger about the cost of funerals, often inaccurately – effectively false advertising through deploying PR stories about the rising cost of funerals