

Funeral Planning Authority – response to the CMA interim funerals report and consultation

The FPA welcomes the opportunity to respond to the CMA inquiry into the 'at need' sector of the funeral market. We support the ongoing investigations into the pre-paid market by the Treasury and the wider funerals market by the CMA.

However, we call for a joint approach to investigating and regulating the at need and pre need sectors which together are the market for funerals and are plainly linked from a competition perspective.

Failure by the CMA or the Treasury to consider the impact of their recommendations on the market, without first considering the impact of their counterparts' recommendations could lead to a disjointed regulatory approach, potentially conflicting competition outcomes and lead to poorer outcomes for consumers. Reduced competition in the pre-paid sector of the funeral market impacts competition in the 'at need' sector. .

Response


- As the CMA stated upon publishing its decision to consult on carrying out a Market Investigation Reference (MIR), many smaller funeral directors have strived to keep prices in the 'at need' market low. It noted that other providers – larger chains such as Dignity and the Co-Op, have seen year-on-year price rises,
- The CMA also acknowledged that while some larger chains have introduced lower-cost funeral options, this does not make up for years of above-inflation price increases. The FPA agrees it is right that there should be a comprehensive investigation into the pricing practices within the 'at need' market.
- We agree with the CMA's assessment that a full investigation is necessary to ensure consumers are protected and being given the appropriate information.
- With reference to the CMA's question 9.6 regarding the scope of the investigation, the FPA fails to understand how the CMA can exclude the pre-paid funeral market from its investigation:
 - Many of the firms the CMA has concerns about in the 'at need' sector also have a significant presence in the pre-paid sector.
 - HM Treasury are conducting a consultation into implementing a tougher regulatory regime on the pre-paid sector, which as we understand current thinking is likely to involve FCA regulation

- FCA regulation in the pre-paid sector of the funeral market is likely to reduce competition within the overall funeral market. The significantly increased costs likely to be incurred by firms would disproportionately impact smaller to medium independent firms, with the likely outcome of excluding perfectly compliant businesses from the market.
- The likely beneficiaries of this change will either be the larger funeral planning companies, and/or the larger funeral directors who the CMA already has concerns about in the at need market. As a consequence these firms will have protected and enhanced their share of the at-need funeral market.
- Finally, the FPA would like to point out that many of the criticisms of the 'at need' market, such as pricing opaqueness, emotionally driven purchases and failure to shop around, could be solved by a well-functioning pre-paid sector.
- In summary, the FPA strongly believes the CMA and the Treasury should combine both consultations into a larger review of the funerals market – to ensure a desire to fix market failure in one aspect does not lead to the detriment of consumer outcomes in the other.

About the Funeral Planning Authority

- The Funeral Planning Authority (FPA) is an organisation set up by the industry to regulate providers in the UK pre-paid funeral plan industry. The FPA is independent from the industry and our aim is to ensure that providers who are registered with the FPA are operating in a manner that will result in customers getting the funeral they have paid for when it is needed. We do this by checking that all registered providers abide by a set of Rules and a Code of Practice, which exceed the statutory requirements.
- The FPA is not a trade or membership body that providers can just pay a fee to join. Providers become FPA registered by submitting an initial application to check that providers comply with our high standards as set out in our Rules and Code of Practice. There is then an annual re-registration process, assessed by the Compliance Committee, to check that they continue to comply and meet the required high standards. This involves the provider submitting detailed information to the FPA on the key aspects of how they run their plans.
- Funeral plan providers can choose not to register with the FPA, and there are a small number that have not done so, representing approximately 5% of the new plans sold in the market. We recommend that customers choose a provider registered with the FPA and have actively encouraged others in and around the market to do likewise.
- Though the FPA is funded by fees paid by registered providers, which vary according to the level of plans that they sell, the FPA does not represent the interests of the industry. These fees are designed not to be a barrier to any provider seeking registration and are capped so that we are never over reliant on any one individual provider to cover our operating costs.

- Our closeness to the market means we have sound market intelligence and we have used that to support the FCA activities in policing compliance with the Regulated Activities Order (RAO). We believe that most (if not all) activity undertaken by the FCA in this area has stemmed from FPA interaction.
- Since our formation in 2002 we have overseen the operation of most providers in the market. Through this period no FPA registered firm has failed and the FPA has worked with providers to improve standards across the industry.

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