

Quaker Social Action's response to the Competitions and Markets Authority's interim report

Quaker Social Action (QSA) considers the CMA's analysis is correct with respect to both the suspected features of concern in the supply of services by funeral directors at the point of need and crematoria services. We also consider their analysis to be correct in respect to the reference test being met in relation to the supply of these services. Therefore we agree with the CMA's proposal to make a full reference in relation to the supply of these services.

While we agree that the supply of services by funeral directors at the point of need and crematoria services certainly should be included in the CMA's proposed scope of reference, we believe that without also including cemetery services within the scope, the adverse effect on consumers is unlikely to be effectively and comprehensively remedied. Some larger funeral directors also own cemeteries and we are concerned that they may offset any price caps imposed by remedies of a MIR on their funeral services by increasing cemetery costs or pursuing more aggressive upselling techniques. We have seen examples of upselling in cemeteries (example 1).

QSA does not consider that the features which the CMA has identified that may prevent, restrict or distort competition are capable of being remedies and comprehensively remedied by UILs.

QSA are supportive of the CMA's current thinking on the types of remedies that an MIR could consider and we believe there are additional measures that should also be considered.

Transparency remedies

We are uniquely placed via our Down to Earth services as a non-corporate and non-governmental organisation who help people compare funeral prices. Based on experience of delivering this service we wholeheartedly agree that there should be more measures in place to make the funeral market more transparent. Currently some prices will include everything in one price, including disbursements, while others break down the elements. Some funeral directors will mention 'funeral director's costs' as one fee with no breakdown of what this includes, whereas other funeral directors will itemise every element of their costs (coffin, hearse, paperwork), so it can be hard for customers, and indeed advisers at Down to Earth who do this every day, to compare exactly what is covered in one price versus another.

We would certainly encourage the CMA's proposed remedy of enforcing a standardised format which breaks down clearly which elements are essential, which optional and which costs are third party. When people are grieving, it can be difficult to know which costs are essential and which are optional extras, and there appear to be many societal myths about this, so this distinction would be welcome. This would mean customers don't have to rely on the funeral director to tell advise them and therefore how to reduce the bill. As funeral directors will vary in how much information they provide, a standardised format would help to ensure consumers receive consistent information. Our work at Down to Earth has shown that people arranging funerals are often influenced by unspoken societal norms and a sense of wanting to 'do right' by the deceased. Straightforward and sensible information confirming which elements are essential would help to anchor their decision making at a time when they are likely to be more swayed by emotions.

We agree with the CMA that alongside these price lists, there absolutely should be more done to help people understand how to organise a funeral; namely what is *necessary* to do, what they are *advised* to do and what they may *wish* to do. Given that many of us will fortunately organise very few funerals in our lifetimes, it can be difficult to know what to do when the time comes. This information should be online on the gov.uk and Money Advice Service site and could take the form

of a simple video or set of infographics for those less literate, but should also be a printed booklet as an independent and simple to understand guide, free from any marketing from the funeral industry. This booklet should be available in every funeral director's office but also in other places where people could be expected to seek information about organising a funeral; registry offices, care homes, hospitals, hospices and Citizens Advice Bureaux.

We believe there are additional transparency measures that should be considered beyond online pricing and informative guides. As referenced in the interim report, people often do not shop around and may not visit a funeral director's website at all. The funeral arrangements tend to be made face to face and over the telephone therefore the critical interaction is not between the customer and the funeral directors website/printed materials, but in the verbal discussions that follow.

The CMA reports that they *'have also seen evidence that simple funerals are regarded by some funeral directors as a marketing tool, the aim of which is mainly to provide an attractive headline price, and thus encourage potential customers enquiring on the phone or checking prices online to visit the premises of the funeral director (who would then seek to sell another package)'*. In order to avoid this and provide greater consumer control, a possible remedy would be to change the package structure, so that a simple package contains the essential elements only, and anything else could be added on individually, so customers could choose to view the deceased but not have a limousine. This would avoid upselling to an additional package and allow much more consumer choice, as they may not want all elements of a funeral package (examples 2, 3 and 4). In an industry where there are shareholders' expectations to meet and arrangers paid commission, there is much needed to constrain upselling. The CMA may wish to consider whether commission is appropriate in what the Co-op recently described as a 'caring industry'.

As part of the transparency of prices, consumers should also be able to see at a glance how much a funeral director will charge for collecting the deceased, with transparency on the distinction between the in-office hours cost and the out of office hours cost. There should also be transparency on how much it would cost to transfer to another funeral director, sometimes calculated as the cost of 'storage'. This should be available online and in a printed pricelist handed to the client upon collection of the deceased. We have evidence that there is a lack of information available to customers on these costs, particularly at the time of collection (example 5 & 6).

We note that the CMA have not discussed transparency around funeral directors' terms of business, including length of payment and payment options. We think it is essential that consumers understand not just how much they will need to pay overall, but how much deposit they need to pay and by when, when the balance needs to be paid and what options they have for paying it, i.e. can they pay in instalments and if so will interest be added to this. We have evidence that this is not clear and detrimentally affects the most financially vulnerable (example 7). This information should be available in writing from the outset so that it is not subject to funeral directors' judgements on an individual's ability to pay (example 8 and 9). The lack of clarity on payment options can be enormously stressful for clients, and can even drive some to think about suicide (example 10).

Due to the lack of transparency on payment options before and after a funeral, many financially vulnerable clients will take on debt to pay for the funeral. Many are unable to afford the interest on the loan (example 11) and some borrow from friends and family that they cannot afford to pay back, which can cause a relationship to breakdown. We suspect some borrow from illegal moneylenders, aka loan sharks. At present it is often impossible for consumers to understand what the implications are if they cannot pay within a certain timeframe. We have contacted one of the large providers several times on behalf of various clients but they have refused to discuss their debt collection

procedures with us, or the client (examples 12, 13). This lack of transparency can be frightening for consumers as they imagine bailiffs turning up at their door. Funeral directors should also be transparent about when they will pass the debt onto a third party company and who they use so that consumers can check what the interest rates and charges would be if this happens, as these can be higher than expected (example 14). There should be regulation on what wording funeral directors can use (verbally and written) to prevent them from simply frightening clients into paying.

Terminology can be something that is confusing for customers. In addition to transparency regarding pricing, terminology should be consistent and easy to understand. For example, some funeral directors will use the term 'embalming', while others use 'hygienic treatment' and it is hard for consumers to understand if these are the same and what they entail. Such terms should be included in the independent consumer guide to funerals previously mentioned.

Changes to the regulatory framework

The alternative to a regulatory framework is optional membership of trade bodies, which have code of conducts that funeral directors have to follow. This is the current model and there appears to be a lack of transparency on if and when members are expelled when they do not comply with this code. Even if they are expelled, they could then continue to trade without membership. This current model has not been able to remedy adverse effects on competition so QSA would support a statutory code of practice.

QSA would also support funeral directors having to be licensed, though we are concerned that if there is a cost for licensing, funeral directors may pass this cost onto their customers, which would possibly raise funeral costs rather than lowering them. We are also concerned in case a high cost deters new funeral directors from entering the market, and therefore dampens competition further. We trust that a sensible approach to costing licenses would be taken, perhaps linking the cost to the size or profit of the business, so that smaller businesses pay less than larger ones.

When someone cannot afford the high cost of a funeral and either cannot take out credit, or choose not to get into debt, the only other option is to have a public health funeral. Though public health funerals are outside the CMA's scope of reference, the rise in public health funerals due to high funeral costs has caused some councils to employ deterrent tactics, which cause members of the public difficulties in accessing these, an issue which QSA is addressing separately. We are concerned that if licensing does deter lower-cost funeral directors from operating or entering the market, this would cause an increase in public health funerals and that financially vulnerable consumers would still be disproportionately affected.

Establishment of a regulatory body

As a funeral is a unique consumer experience involving not just comparing funerals online, but a great deal of human interaction with a funeral director, we agree that transparency measures alone are unlikely to be sufficient to address the harm that the CMA have identified and that there would be a need for more direct intervention in relation to pricing. As such QSA agrees with the suggestion of the establishment of a regulatory body, though we would hope that there would be a balance between ensuring reasonable standards were adhered to, while ensuring the standards were not impossibly high to deter funeral directors with a lower budget to continue operating.

The regulatory body's standards should include customer care and consumers should be able to have the option of making a complaint free of charge to this independent regulatory body. As some consumers are worried about making a complaint to their funeral director in case they are treated

badly or the deceased is treated badly (example 15), an independent body separate from the funeral industry should give some reassurance. In the current system, consumers can apply to their own funeral director, or the membership body to whom they belong, such as SAIF or NAFD, if applicable. As the membership bodies look after the interests primarily of funeral directors, rather than consumers, and as some funeral directors will be on the board of the membership body, this represents a flawed system (example 16).

We are very supportive of constraining the prices of funerals; we believe price caps should be implemented on the essential elements of a funeral but also on add-ons that are seen as normal within most societal norms, such as viewing, embalming and limousines. To protect the financially vulnerable it is important that there is a cap on the interest that can be charged if a consumer needs to pay in instalments. Our concern on price caps would be that more funeral directors would then require all of the bill paid before the funeral happens, which we already see as an issue for those on the lowest incomes (example 17).

CMA-led price regulation

We agree that as the setting up of a body regulating the price of funerals would likely take a long time, the CMA should impose price regulations in the short-term to ensure that consumers are protected as soon as possible.

Crematoriums

QSA also agrees that crematoriums should be subject to price regulation and there should be similar transparency measures employed to ensure people understand what they are getting for their money (cremation, use of chapel, length of service) and understand the terminology used.