

Competition and transparency in the provision of funerals – updated following publication of the CMA's Interim Report

Introduction

By way of introduction, my name is Lucy Coulbert and I own The Individual Funeral Company and Coulbert Family Funerals in Oxford.

I have been in the funeral profession for nearly fifteen years working for large, national chain funeral directors, as a carriage master and for the last five years, I have owned both of my own companies.

I submitted written evidence to the Department of Work and Pensions Select Committee – “Support for the bereaved” Ninth Report of Session 2015-2016 and was invited to give oral evidence to the committee in January 2016.

I was then asked to submit further written evidence to the Committee with answers to specific questions they had with a view to clarifying some matters for them.

After that hearing I was invited to meet with Baroness Altmann and later Caroline Nokes MP to talk about funeral poverty.

I was then asked to meet with the Department of Work and Pensions and have been on their working group to find solutions to funeral poverty.

Due to the evidence I gave the Department of Work and Pensions Select Committee hearing, meeting with Baroness Altmann and Caroline Nokes MP along with sitting on the Department of Work and Pensions working group, I have been sought out by media outlets as an expert in funerals but specifically funeral poverty.

Specific questions

“Why have funeral prices generally increased.”

I think there are many reasons why funeral prices have generally increased but it is important to know how a funeral invoice is determined.

On one side is what you pay funeral directors to do or provide for you and on the other side is “disbursements” or costs we pay out on a clients behalf.

The disbursement side includes the crematorium or cemetery costs which rise year on year along with the fee for doctors completing cremation paperwork. Some of these rises can be significant.

As for the funeral directors charges, my company is largely dictated to by our suppliers. We hire in hearses and limousines so we aren't paying for the initial cost (anything from £20,000 per car upwards to £500,000+) but also so we don't have the liability of upkeep along with renting somewhere to keep them in pristine condition.

We also hire in our bearers as we need them rather than employing them ourselves. Their average cost to me is £[] each. This is an increase of £[] in the last year.

Coffin costs are on the increase too which was an additional £[]-£[] last year.

We then have to factor in two of our biggest expenses. Rent/mortgage for our premises and fuel. Fuel can cost anything from £[] during one of our quieter months to £[] during our busier times.

Along with business insurances, specialist car insurance and staffing costs, these all contribute to funeral directors price increases yearly.

“What explains certain large funeral price differences between funeral directors in the same local area?”

I think there are many factors. How large a company is. How many staff they employ. The size of their premises. How many vehicles they maintain. How many funerals they undertake a year. What profit they have to make to pass to their shareholders and members.

It could also be what has been decided at a head office and if they are trying to keep their prices in line with other offices in a different part of the country.

As a general rule, a smaller, independent, family-owned company would have lower prices than a large, national-chain funeral director.

This could be because they hire in vehicles or the majority of the family staff the office for example.

However, it could also be down to simple greed and charging what they think they can get away with.

“In what settings and under what circumstances do consumers decide which funeral director to contact?”

In my experience, people chose funeral directors at two different times. Before someone dies or after they have died.

Someone with a terminal illness may want to take control of their own funeral arrangements or meet a couple of different funeral directors so they can choose who they would like looking after them when they die.

This is certainly on the increase and we have at least one request like this a month.

We also have family members call in advance if an elderly parent is particularly frail.

Still the most common time people contact a funeral director is when someone has already died.

There are a few different ways people decide upon a funeral director. The most common is that it is a company they have used before for another relative and they were happy with the service they received.

Now however, if they didn't receive the service they expected or they have limited funds, they are more likely to “shop around.”

We have found that 90% of our clients come to us through recommendation of someone who has already used our services or being recommended by staff at a natural burial ground, hospice, Coroner's office or another death related professional.

We are also easily found online. Not only do we specialise in simple services but we also specialise in natural burials and highly bespoke funerals.

Our clients who find us through the internet may be looking for something “not usual” at other funeral directors like a cardboard coffin for example.

“What factors are important in them 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?”

I think the most important factor for people choosing a funeral director is reputation and recommendation from people they trust. It could be an extended family member or it could be a close friend. You can't buy a good recommendation which is why it means so much.

The nature of my company, the relaxed way we present ourselves in the office and the simple and bespoke options we offer, means our clients often travel some distance to get to us.

It used to be clients chose the nearest funeral director to them. Usually that was a few miles or 15 minutes of driving.

These days people are more likely to travel to the funeral director they like and who can provide what they need. In the last month, we have helped clients who live near Newbury, Aylesbury, Hemel Hempstead and Watford. Distance didn't matter because we could provide the service they wanted.

In our culture of being open and honest, we always offer to help them find an appropriate funeral director closer to them if they wish but it was our company they chose to help them.

“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?”

I personally don't think so. We are still stuck in an old culture where funeral directors don't want other funeral companies knowing what they charge but they also don't want the public to know either.

By having pricing information readily available online, why would a member of the public need to call us or come and see us?

When I worked for a large company, the insinuation was once they are in the office, it is rare someone would leave without making full funeral arrangements regardless of what the cost was.

The longer a client was with you, the more likely they were to just sign the paperwork and would leave without getting another quote.

By having prices online, this has eliminated the need for people to call or physically come to the office which means they feel no obligation to stay with a company that wasn't right for them.

A lot of people would feel they couldn't walk away or keep shopping around for prices if they go to someone's office.

The other problem with pricing is that every funeral director prices things differently. For example, every part of our service is itemised so if a client doesn't need it or want it, they aren't paying for it.

So for example, dressing someone, bearers, collection fee, hearse etc are all itemised. Some funeral directors put a hearse, bearers and collection fee as one charge.

That makes it really difficult for people to compare funeral charges. My bespoke charges start with our professional services fee which is £1400. This is the fee someone pays us to make all of the arrangements but it also covers our time on the day of the funeral itself.

Another company may charge £980 as a professional services fee and will then charge £650 for the services for a conductor on the day of the funeral making their actual professional services fee £1630 which is £230 more expensive than me.

I think it makes it very confusing for the general public to decipher because they don't know what is essential and what isn't. It also makes it difficult to really get a grip on actual fees.

It is also common for someone to quote the lowest possible cost to get the client through their door only for their charges to increase dramatically without there being a real reason too.

The other problem I have increasingly seen is particularly with “packages.” My company charges £1695 fully inclusive for a direct cremation service. This includes meeting with the client to sign all the paperwork, our arrangement fee, doctor's cremation paper fee should they apply, a coffin, collecting from the hospital where they died within Oxford, crematorium fee and transportation to the crematorium on the day of cremation.

A different company is advertising a direct cremation service of £895 + disbursements. The problem with this, is on their website, no where does it state the crematorium fee is lower than their usual charge.

Their usual charge is £1070 and a direct cremation fee is £499. Who knows what price the public are charged.

The second problem is while I fully expect to meet my clients face to face either in my office or in their home, the other funeral director will only arrange a direct cremation service via telephone, post or email.

The third problem is more than one funeral director has asked what coffins I use for a direct cremation service. When I say they come from a reputable coffin manufacturer and if it is damaged (sometimes this happens but my

manufacturer are always able to supply a new one quickly) I send it straight back, I have been told "we buy up damaged ones for £50 and just use those. No one is seeing it."

And there lies the problem. It isn't just the products being used that aren't proper but neither is the service a client is paying for.

It doesn't matter if someone spends £100 with me or £10,000. The quality of the products we provide and the dignity of the service provided to the person who has died doesn't change.

This is something lacking throughout the profession.

Every "package" that is offered differs ever so slightly so it is almost impossible for me to figure out a like for like quotation.

The Good Funeral Guide with whom I am the only Recommended funeral director in Oxfordshire, have insisted all their members have their prices online by the 31st January 2019.

If they can insist this is a condition of your continuing membership, I fail to understand why the NAFD and SAIF haven't insisted on the same thing.

In order to serve the public, we must all be absolutely transparent about pricing. If all funeral companies were forced to put their simple funeral packages online, regardless of what they cost it at and the elements it includes, they should have to honour that cost but it would also provide the public with a clear indicator and comparison if it is a simple funeral they are looking for.

"How do consumers evaluate non-price factors such as quality?"

Honestly, I'm not sure but I would say by recommendation from family and friends but I also think in terms of funeral services if something is "cheap," then it can't be good.

For some people how expensive something is, the better it is which isn't necessarily true when it comes to some companies.

I think people also feel reassured reading reviews from people who have actually used a company or service.

It has been suggested that funeral directors should have an "open door policy" and we do within reason. I have refused to let clients see my mortuary and where someone is kept. Not because I am ashamed of my facilities but because we had people using those facilities.

Their dignity will always be absolutely paramount to me.

I also think that by doing a little research, they can see exactly what and who their funeral director is. On Facebook, there is a UK Funeral Forum (UKFF) where reading some of the posts and responses on there makes me absolutely despair.

If the public could read half of those posts, I would be amazed if the people who owned the companies they represent would ever arrange another funeral.

"What are the benefits or limitations of intermediaries, such as comparison websites, in helping people chose a funeral director?"

Comparison sites are only as good as the information given to them. Again, it isn't unusual for companies to quote their lowest prices online only for the real price to be significantly more than what a family saw online.

They are only good if all funeral directors had funeral services broken down and itemised as we have done. If you "bundle" services together, it is hard to make a real comparison.

While I am all for comparison sites in principal, what small companies like mine struggle with is the charges to be listed on them.

One company charges £75 + VAT per month. One company charges 10% commission on the funeral directors fees if a client contacts you through its website.

Another company charges £50 per phone call we receive just as an enquiry. It doesn't have to lead to a funeral being arranged with you. That is just for someone calling and enquiring further about pricing for example.

This is a significant amount of money every month that frankly, my company can't afford but at the same time, I feel like we can't afford not to be on them either.

If I had one enquiry through a company, one "simple funeral" booked through a website where my full funeral directors fees is £1595 and listed on another company for £75 + VAT per month, that would cost £299.50. Money I simply can't spend.

So comparison sites are good in principal and some really try to get it right in terms of accurate information but the costs of being listed are prohibitive for smaller companies who often offer the best value for money.

To get a true like for like quote, every single item or service a funeral director charges for needs to be broken down into their individual elements and a "simple funeral package" must be clearly defined, all conditions be the same (ie, we chose the day and time) and all funeral directors must put a price on it.

Again, it doesn't matter if the price is different between companies but by everyone quoting for exactly the same service, then the public really does have a like for like cost.

"How effective are industry codes of practice in facilitating consumer choice eg through transparency obligations placed on funeral directors?"

In a nutshell, they aren't. While they "encourage" members to have prices online, they aren't obliged to.

Members do have to have a full price list on their wall somewhere in their office and either be made available for someone to take away or provide them with a written quotation.

This is something all funeral directors do anyway. We provide anyone who asks with a full price list and/or a full written quotation and we aren't members of the NAFD or SAIF.

We actually go one step further and offer to email a quotation to someone if they call for a quote so they don't have to come to our office for it and therefore don't feel obliged to use our services if we aren't right for them.

Until all funeral directors have to have their prices online, the funeral profession won't be transparent.

Both the NAFD and SAIF could impose these rules on members but they won't. They don't want to lose members and their membership fees.

There would be pandemonium if they asked all of their members to put prices online rather than just have them in the office.

As I said before, once a member of the public is in your office, it is rare they will go somewhere else.

The other problem is that Government is being "advised" by both of these associations. They are there purely to serve their members and will do what is needed to protect them rather than advise on what is absolutely best for the public in my opinion.

This is why a balanced view from members of these associations and non-members is vital.

While I am sure the NAFD and SAIF protect their member's interests, they don't serve the public and they aren't relevant to funeral directors like me.

I know of one NAFD member who was bringing the profession into disrepute. A complaint was made to the NAFD and that member got a slap on the wrist.

There is no accountability anywhere. Members can pretty much say and do anything they like and the chances of your membership being taken away is zero. It would be interesting to see exactly how many members have been removed.

The other problem is their training courses. If a condition of regulation or licencing was a formal qualification, that is currently through the NAFD. Again, these qualifications aren't inexpensive and they are no guarantee you are a brilliant funeral director.

Therefore, this can't be a condition of licencing.

Their "standards" are also no guarantee you are a brilliant funeral director either. Given their two biggest members are Dignity and Funeralcare, I would suggest the NAFD is hardly impartial.

"How do funeral directors compete to attract customers?"

Again, these are murky waters. Some tactics are quite underhand and others are just suggestive.

The main way would be advertising. Print in the local paper used to be the favourite but advertising on the obituaries page is the most expensive page to advertise on.

The bereavement office produce a bereavement guide which is very helpful and full of practical information. Funeral directors are invited to advertise in these guides. I think they print 25,000 and once they are running out, they print more. It's usually every two years. A full page advert costs £2,000.

The other is to advertise online through a decent website, Facebook, Twitter, Instagram etc.

Some companies "sponsor" a bench at a hospice or provide a bird bath at a care home for example.

Another way is to send staff to buy fish and chips for a care home/lunch club for the elderly once a week.

Care homes tend to use the same funeral directors they have always used to collect people once they have died. However, more and more care homes are now asking families which funeral director they would like them to call when the time comes.

This then prompts the family to look into different companies.

Community events are always good for funeral directors to sponsor. Local football or rugby teams are always good too.

"What, if any, barriers exist to funeral directors entering a new area?"

Competition is the main barrier along with the cost of opening a second or third office.

Competition wise, most funeral directors won't set up anywhere near another independent funeral director. Not because they don't think they would thrive in that area but because even though we are "competition," many independent funeral directors help each other with vehicles and bearers at busy times of the year.

To maintain that working relationship, you don't really see two independent funeral directors very close to each other.

If you can find an area where there isn't an independent funeral director, the costs are usually prohibitive either starting up on your own or opening a second or third office.

It takes a significant amount of money to refurbish or create an office to suit the needs of a funeral director and then most independent funeral directors have a mortuary on site in every office.

Just a mortuary alone can cost between £5,000 - £15,000 depending on how much room you have to do what you need to make it hospital grade.

The other factor is the location and if there would be a problem with the general public as they could raise objections.

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

The only thing they could do is break down every charge into individual components so all the comparison sites were formulated in the same way.

We actually have a “prices page” with our set options. These are direct cremation funerals, simple funerals and natural burials.

On the same page, we also have our own “funeral calculator” for more bespoke prices as we believe this is the most accurate way to get our prices across to the public.

“Are there other ways to improve transparency of information that we should consider?”

Not that I can think of. I think I have covered everything in previous questions that I have answered.

I think the other ways in which companies should be transparent is who they are owned by. I have had more than one client call asking for prices. When I ask if they are calling more than one company, I always say “Don’t call [] because they are part of [] and [] is now part of [],” they seem genuinely shocked.

Making the parent company more obvious is a huge way to be more transparent.

The other thing to consider is making people say where the person who has died is being kept. One of the most increasing questions I am being asked is “will mum/dad/brother/sister ect be here with you?”

With the large companies having “hubs” now, I think it is important that the public know that their person could be in a mass mortuary on an industrial estate 8 miles away from the office they are sitting in rather than in that funeral directors office.

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

Everything I have considered always has a flaw. Funeral directors are under considerable pressure for their online presence to be as transparent as possible but we are also met with increasing numbers of estranged families.

We have to take the instructions of our client regardless of what they may be and regardless of who it may upset.

I was asked not to let anyone come to see a person - who had died. [] turned up on my doorstep and refused to leave. I was forced to call the police.

A one star review on Facebook later that I can’t remove looks bad for my company when in fact, my clients were delighted with the service I provided and were devastated at the additional problems that landed at my doorstep.

Facebook has its place for reviews but it is open to abuse. It is also open to “friends” writing reviews and making a company look better than it actually is.

Trustpilot I looked into but again, the monthly cost just made it prohibitive.

A star system would be helpful to clients but who would decide what the criterion would be to judge who got one star and who got five?

We ask our clients to leave honest reviews, good or bad, on www.goodfuneralguide.co.uk Rather than being a member of the NAFD or SAIF that I don't think accurately represent me or my companies, I applied for membership of the Good Funeral Guide.

Only after a thorough check of our premises and our staff, were we awarded their "Recommended Funeral Director" status. The only company to have this in the whole of Oxfordshire.

We regularly post the link to our specific page on social media so people can read what actual clients write about us.

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

At the moment, the internet and comparison sites really is the only thing we can come up with that would help consumers right now.

CREMATORIA MARKET POWER

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

I believe crematoria do compete to serve funeral directors but only with each other. In Oxfordshire, a new privately owned (by Memoria) crematorium opened. Their first year, they were significantly lower than Oxford Crematorium which is owned by Dignity.

The next year, Memoria increased their prices to £100 less than Oxford Crematorium.

Memoria then introduced "direct cremation" time slots first thing in the morning. Again, at a vastly reduced cost. Later that year, Dignity introduced the same thing.

Memoria had a brilliant system from the day they opened called Wesley. It is an online music system which eliminated the need for CDs and so we could download the music a family would like. It also has a facility to webcast funerals to those who couldn't make the service and have the ability to record it too.

Dignity are now looking at implementing this system at Oxford Crematorium.

The increase in facilities and the ease of use for funeral directors is extremely helpful but the close to price matching isn't.

However, with Memoria now offering "direct cremation" services and "simple funerals" through their website, they are now actively competing with funeral directors who use their facilities. However, they are basically just touting a funeral to the lowest bidder. They don't undertake the funeral themselves but look to local funeral directors to "work" with them instead.

Memoria have set the fee. The funeral directors are doing the same amount of work just at a vastly reduced cost.

Very recently funeral directors were asked to sign an "exclusivity" contract to only use Memoria for direct cremation services in order to keep their fees set at 2017's prices until 2019. If we didn't, we would be charged the higher rate if their prices increased.

This was later retracted when I believe a number of companies replied saying they wouldn't sign this contract as it was up to them which crematorium they used. Some clients had a pre-payment plan stating "Oxford Crematorium" and we would either be breaking the clients wishes or their contract.

While crematoria compete with each other, they are also now starting to compete with the very people who use and recommend them.

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

My companies actively offer both crematoria as a matter of course mainly due to the differing facilities they offer. Specifically webcasting and recording of the funeral service really helps some of my clients. It is just a by-product that they save £130 for choosing one over the other. The main consideration is the facilities.

Some companies will always chose the nearest crematorium mainly due to their time constraints of how many funerals they conduct each day and for ease of use.

I think the only thing that would encourage to offer more than one facility is if there was a significant price difference between the two or if the opening hours were longer/weekend charges weren't so expensive.

"What are the main barriers to entry for new crematoria?"

I would think the cost of building a crematoria would be the biggest barrier along with planning permission and the time it takes to get that permission.

For myself personally, I would love to build my own crematoria but the cost of land, the cost to build the building, the cost of the cremator, planning permission and the time it takes to actually start building means it will always be out of my reach.

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

Every crematorium we have in Oxfordshire are privately owned. Oxford Crematorium is one of the top ten most expensive in the country at £1070.

Memoria is our second most expensive at £950 and Banbury Crematorium is £895.

All of their charges are relatively the same and they put their prices up at different times of the year. This ensures Oxford is always the most expensive.

Council owned crematoria see it as a way to subsidise other council services and therefore have put their prices up in line with privately owned companies.

I believe it costs under £300 to actually cremate a person. If we allow say £200 per hour to pay wages and utilities, that is £500 per service and I would think I am wildly overestimating.

That means a rough minimum profit of £395 on the least expensive crematoria and £570 on the most expensive crematoria per service.

Most crematoria can undertake 6 cremations a day with Oxford at 12 cremations a day because they have two chapels and three cremators.

That means a profit of £3420 per day for Banbury Crematorium and £6840 for Oxford.

With local authorities struggling not only with their other council services but also with lack of burial space, it is easy to see why councils are increasing crematoria costs in line with private companies.

For private companies like Dignity who issued share warnings last year and early this year, losing market share in their funeral directors can at least be subsidised through their crematoria.

For companies like Memoria who's founder proudly states that he essentially "created" Dignity and writes books called "How to get dead rich", touting funerals to the lowest bidder while under the guise of trying to "solve funeral poverty," they just make their owners wealthy while trying to squeeze funeral directors who just want to offer the most dignified service their clients ask for.

Prices in crematoria will always vary but with 75% of people being cremated in England, that is a lot of profit to be making from a captive market.

Additions

(a) Quality of care of the deceased: we have received anecdotal evidence that there may be varying standards of care being applied by funeral directors and would like to understand how widespread such issues may be. We would therefore like to hear from people who have witnessed standards of care which they considered to be unacceptably low.

I had to collect someone from a large national chain funeral director earlier on in the year. While I was in their mortuary, there were approximated 5 biers (metal trolley with wheels) lined up next to each other.

On top of one bier, there were three coffins stacked on top of each other and this was repeated over the other four biers.

When I was in the mortuary, I was having an informal chat with one of the chaps about gowns. He said "Hang on, I'll show you," and started taking the lids off the top coffins and looking inside.

There were people in all of the top coffins.

I asked if there were people in all the coffins and he said "yeh, we have run out of fridge space and they have all been embalmed anyway."

While working for other companies, I have witnessed people not being dressed but their clothes being left in the bags they came in and the bag being placed in the coffin because "they aren't being seen."

I know of a funeral director in Surrey who is contracted by the local hospital as their "overflow" when the hospital mortuary is full.

The people are taken from the mortuary and put into a room on the floor with no air conditioning or refrigeration at all.

I have witnessed some absolutely disgusting behaviour of companies and their staff over the years. Seriously horrific actually.

I know of hospital mortuaries who have banned staff from large companies from ever coming to collect a person again their behaviour has been that bad.

That's the thing though. You can have a small company, no NAFD qualifications, a small but effective mortuary or cold room and the respect given to the dead person and the client is quite overwhelmingly lovely.

I have witnessed the largest companies with their shiniest cars and qualifications on the wall behave in the most appalling manner towards the dead person and the client. I have also witnessed horrific behaviour and language from large companies staff towards mortuary staff.

Conclusions

I think any analysis of the funeral profession can only be a good thing and when meeting with associations and companies, I would urge that the Good Funeral Guide also attend as they represent the most transparent funeral directors and the Good Funeral Guide work on behalf of the consumer.

I would also urge that funeral directors both NAFD, SAIF and non-association members be consulted and contacted in the future.

In terms of regulation, I do think that deciding the elements of a "simple funeral" is of the upmost importance but I do think companies should be allowed to set their own prices.

At least the public would know that if they ask for a "simple funeral," every funeral director in the country defines it the same way even if the costs differ.

It is also terribly important that any regulation should not be dictated to by the funeral associations who have had long enough to impose their own rules and regulations and haven't done so.

It is important that any funeral director who has their own office either has their own mortuary/cold room on site or has access to these facilities. Not all funeral directors have their own mortuary and sub-contract these facilities. It still makes them amazing funeral directors.

I don't believe they have to be hospital grade mortuaries or hold 50+ people. They have to be clean, hold people safely and at a temperature that will keep the person in a dignified manner. I believe NHS mortuaries are 4 degrees Celsius or below.

An inspection of these facilities could be carried out either by the NAFD, SAIF or Good Funeral Guide if you don't appoint an independent inspector.

Any regulation cannot be at the expense of a family wanting to arrange a funeral themselves from start to finish. Right now, there is no legal obligation to use a funeral director and it is of the highest importance that this doesn't change.

In terms of licencing, I think this can be achieved in a similar way to the Security Industry Authority (SIA) and they could possibly issue the licences.

Everyone who works within the profession (could be extended to the people of the Home Funeral Network along with celebrants for example) is issued a licence.

The SIA would hold a database of those with licences but would also process complaints. Should there be legitimate complaints their licence is revoked and they aren't able to own or work as a funeral director.

Licensing and the complaints procedure would then be independent of any trade body and the public would know who to approach if they weren't satisfied with a service.

However, regulation and licencing shouldn't be prohibitive in cost for the largest of companies down to the smallest. It needs to be fair otherwise people will either look to sell their company to one of the three largest companies or would be forced to close their businesses. In both cases this would be restricting choice.