

FUNERALS MARKET INVESTIGATION

Summary of hearing with The National Association of Funeral Directors (NAFD) held on 26 June 2019

Funeral poverty

1. The NAFD expressed concern that the potential remedies outlined in the Market Study report and in the Issues Statement might not tackle the issue of funeral poverty for the very poorest.
2. The NAFD said that it recently conducted a survey of its members to find out the average price they were charging for a simple funeral. Excluding third party disbursements, the average price was £1,881. The NAFD said that the amount of support available to those that were eligible through the Department for Work and Pensions (DWP) Social Fund Funeral Payment was capped at £700 and had remained unchanged since 2003. Therefore, it was of the view that people who were eligible for the Social Fund Funeral Payment would typically have a shortfall of about £1,181, if they opted for a simple funeral. The NAFD noted that it was common for people who were eligible to rely entirely on this benefit to cover their funeral costs.
3. The NAFD said that it did not think that transparency measures or price regulation, in whatever form, would address this problem. While such remedies might bring some reduction in the price of a funeral, the NAFD considered that such remedies would not bring about the scale of decrease to put prices in line with the £700 capped element of the Social Fund Funeral Payment, meaning that funerals would remain unaffordable for the poorest, unless there was reform of the Social Fund Funeral Payment.
4. The NAFD considered that the CMA should look at the Social Fund Funeral Payment as part of its overall assessment of the functioning of the market. Funeral directors were often taking on a considerable amount of work for which they received no payment, and/or were amassing considerable amounts of debt they would never recover. This needed to be factored into the cost of running a funeral business.
5. The NAFD gave a practical example of the challenges faced by a funeral director dealing with a financially and emotionally vulnerable client who had

applied for the Social Fund Funeral Payment. The NAFD noted that a claim to the DWP could not be made until the funeral had been booked, and that, while the funeral director in question offered 0% credit, 30 per cent of credit applications failed usually due to a poor credit rating, poor credit history, existing debt or existing County Court Judgments. NAFD said in this instance, the hospital would not take over the funeral until the client had received five quotes from different funeral directors. The funeral director in question spent around 12 hours assisting the client and made no charge. That funeral director had written off between £32,000 and £50,000 per year in bad debt over the last five years or so, primarily being the difference between the DWP payment and the cost of the funeral, with 20 to 30 per cent of its clients having difficulties in meeting the cost of the funeral.

The industry and how it is changing

6. The NAFD said that the increased personalisation of funerals was one of the most significant changes to have taken place in the sector over the last few years, along with the move from religious funerals to more secular funerals. Increased personalisation could take up more of a funeral director's time on the essential elements of a funeral.
7. The length of time between date of death and the date of the funeral had increased. This created additional cost, for example, in terms of upgrading mortuary facilities, and in staff costs, as the deceased needed looking after for longer and the funeral director had more interaction with families.
8. Over the last 14 years or so, death rates had been falling. There had also been new entrants. This had impacted prices. Third party charges had risen significantly, namely: crematorium fees, disbursements, grave fees, Church of England fees.

Transparency

9. The NAFD discussed its online funeral directory, noting that it allowed funeral directors to add the price of their simple funeral and in time, would allow funeral directors to put their full price list up.
10. The NAFD said that one of the reasons that funeral directors found it difficult to put prices online because a funeral was a complex purchase, and it was difficult to communicate exactly what someone was purchasing, with scope for misunderstanding.
11. The NAFD said that it had no intention of telling its members that they must provide a "simple funeral", although if they did advertise a simple funeral, the

NAFD would want it to meet a certain definition. Obliging funeral directors to provide a simple funeral would be to the detriment of consumers because not everyone wanted a simple funeral and some providers did not want to provide one. The Scottish Government's simple funeral was not a perfect solution in the NAFD's view, but got close to where the NAFD wanted to be. The NAFD said that it was planning a pilot in Scotland to promote the Scottish Government definition of a simple funeral and the Scottish Government's guidance. It would not be a Code of Practice requirement, and there would be no sanctions, but members might get a certificate to display.

12. The NAFD was taking part in the FSCSR to make sure it could describe more clearly what was on offer and keep a better check on quality and standards. The NAFD said that, in the absence of regulation, the definition of a simple funeral was a bit meaningless or it could even mislead the consumer.
13. The NAFD Executive has also made a decision to require all of its members to put their prices online by the start of next year, either on the NAFD's Funeral Directory website, or their own websites if they had one. The FSCSR would inform what/how information was to be presented, to facilitate comparisons.

Quality

14. The NAFD's Code of Practice was being reviewed – the NAFD noted that there was room for ambiguity in the way the current version was interpreted; the NAFD was also reviewing its complaints process, which had recently been improved, with a complaints analyst on the staff, new independent Chair of the Disciplinary Committee and a new online complaints form, which would also help to generate data on common areas of non-compliance. This would also feed into the education of funeral directors and CPD. There was no compulsory CPD in the sector and this was not something that the NAFD currently required.
15. The NAFD received 248 new complaints in 2018, although they were not all related to standards. The vast majority of complaints fell under the same provision of the Code of Practice, namely: "in danger of bringing the profession into disrepute" which was a catch-all category, but it was not right that complaints should all fall within that catch-all. The NAFD said it was looking to identify new categories to get a better idea of areas of concern.
16. The revised Code of Practice would take on board the outcomes of the FSCSR. One of the outputs of that project would be to produce or recommend a Code of Practice for the profession. It would also develop criteria for

inspections and other ways to ensure compliance and some additional guidance on how transparency of pricing and standards could be achieved.

17. The NAFD noted that it had expelled a member this year; however, that funeral director was still trading. While the NAFD noted that the funeral director would not have a good reputation with other funeral directors, the firm's expulsion was not really to its detriment, as awareness of the NAFD with the public was low. Consumers could be at more risk now, as the firm was outside any regulation. The NAFD said that it was not aware of having imposed fines on its members for some time.
18. The NAFD stated that it would welcome proportionate statutory regulation of quality and standards, ideally through an independent statutory regulator, although it considered that could take some time if it needed new primary legislation. The CMA said that it had heard from some parties that increased regulation could increase costs, which would be detrimental for consumers and some firms might not be able to afford the cost increase. When this argument was put to the NAFD for its view, the NAFD recognised it was a genuine concern, but suggested that the balance was to ensure a proportionate regulatory regime. NAFD also suggested that, another way to keep costs to the industry down, would be to ask the NAFD and The National Society of Allied and Independent Funeral Directors (SAIF) to set up a kind of arms-length body which would act as a regulator, invested with statutory powers, to avoid conflicts of interest. NAFD considered that this might be one way that you could introduce a new regulator and keep the costs low (as there would be no need to set up a whole new organisation and infrastructure). Such a regime would require appropriate information walls to be set up, similarly to the model operated by the Royal Institution of Chartered Surveyors, for example.
19. Anecdotally, the NAFD had heard funeral directors who were not members of any trade association operating at unacceptably low standards. An example was provided highlighting poor customer service, with the funeral director in question being unresponsive to the customer's request to deal with the funeral arrangements in a timely fashion, resulting in another funeral director collecting the deceased and undertaking the funeral.
20. The NAFD also considered that the public thought the sector was regulated.

Effectiveness of self-regulation

21. The NAFD outlined its approach to carrying out inspections. Inspections were carried out about every two years and were unannounced. The NAFD explained that inspections lasted around an hour and took an all-round view of

the premises and facilities. However, the NAFD was looking to improve its inspections, noting that there were certain weaknesses in its current approach, including that “they are not particularly good at catching people out doing anything very serious. One of the weaknesses of our current system is that the concerns we get through the complaints system happen when the family are face to face with a funeral director. We are exploring other options; the possibility of mystery shops, for instance, to try to identify those concerns.” One of the issues the NAFD said it would need to look at was giving the public more information about what they could expect to find, for example through publishing inspection reports or having some form of graded inspections. The NAFD indicated that such improvements would be pursued through the FSCSR.

22. The NAFD had an ongoing project which was looking to address gaps in training provision for the funeral profession, including upskilling those that worked in a mortuary environment.

Customer awareness

23. The NAFD suggested that a key area that needed to be addressed was the unwillingness of people to accept the fact that they would die, and lack of advance planning. By increasing awareness, consumers could be brought closer to behaving more like they would in any other purchase.

Crematoria

24. The NAFD considered that the decision around which crematorium to use was made when the family arrived at the funeral director’s premises, generally based on where the last funeral they had attended had been held. The NAFD suggested that breaking the emotional connection with the place where the last funeral was held was difficult, even if another crematorium had better facilities, greater capacity or was around £100 cheaper.
25. Some funeral directors would charge more for a crematorium that was further out of the area, given the longer travelling time.

Pre-paid funeral plans

26. The NAFD expressed concerns about the potential for a regulatory gap if transparency was not regulated at the point at which pre-paid funeral plans were sold.