

Funerals Market Investigation

Funeral director sales practices and
transparency

30 January 2020

This is one of a series of consultative working papers which will be published during the course of the investigation. This paper should be read alongside the [Issues Statement](#) published on 8 April 2019 and other working papers published.

These papers do not form the inquiry group's provisional decision report. The group is carrying forward its information-gathering and analysis work and will proceed to prepare its provisional decision report, which is currently scheduled for publication in April/May 2020, taking into consideration responses to the consultation on the Issues Statement and responses to the working papers as well as other submissions made to us.

Parties wishing to comment on this paper should send their comments to Funerals@cma.gov.uk by 27 February 2020.

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The Competition and Markets Authority has excluded from this published version of the working paper information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂]. [Some numbers have been replaced by a range. These are shown in square brackets.] [Non-sensitive wording is also indicated in square brackets.]

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Executive summary

1. In this paper we assess whether funeral director sales practices adversely impact customers' ability to make fully informed decisions. In particular, whether they could limit customers' ability to understand the available options and/or to make comparisons, with the potential result that they make sub-optimal purchasing decisions.
2. We have focused on the information that funeral directors provide throughout the customer journey: from their websites (to the extent used by potential customers), to first contact with potential customers, through to making a sale.
3. Overall, there is evidence which indicates that, throughout the customer journey, many customers do not seek detailed information on funeral directors' prices and options. The large majority of customers who responded to our survey felt that they had received the right amount of information at the right time. Some sales practices that result in a lack of transparency may therefore be driven by customer preferences.¹
4. Most consumers do not research funeral directors before the point-of-need. At this stage, most will choose a local² funeral director based on recommendation or previous experience. They will typically undertake no, or only cursory research, before contacting the funeral director.
5. When consumers notify the funeral director of a death, the funeral director offers: practical advice, to collect the deceased, and to set up a face-to-face arrangement meeting. At this stage, information on funeral prices, costs³ and options are generally neither requested by the customer nor offered by the funeral director.
6. The minority of consumers that research funeral directors before an arrangement meeting may check funeral director websites or ring them to request information on prices and options. There was evidence that, for this minority:

¹ Whether such practices necessarily give rise to optimum outcomes in terms of price and quality will be considered in other working papers.

² Four-fifths of respondents told us that the deceased lived within a 20-minute drivetime of the funeral director. CMA Market Investigation consumer survey, Tables 103-105, Question FD3a+FD9a+FD15a (SUMMARY). Base: all UK adults 18+ involved in making at need burial or cremation funeral arrangements since J/A/S/O 2017 who used a funeral director (n=279).

³ Such as third-party costs (such as crematoria fees). In this paper we use the term 'prices' to include both funeral director fees and third-party costs that the funeral director pays on behalf of the customer. We do this for brevity but also note that, as such costs are passed through to the customer, they constitute a component of the overall price paid by the customer for the funeral.

- (a) Many may struggle to get a reliable idea of funeral costs from the price information available on funeral directors' websites. From our review of a random sample of websites, we found that around half contained no price information. Where information was available, it was often incomplete or unclear.
 - (b) Some may not get clear or comprehensive information when they call a funeral director to request pricing information. In our mystery shopping exercise⁴, some funeral directors did not provide information and others provided information that appeared incomplete or potentially confusing.
- 7. Most consumers do not seek information on prices or options prior to the arrangement meeting. Funeral director practices on offering to send information vary widely. From the available evidence, we infer that most customers find out about the funeral director's prices and options only in the arrangement meeting itself.
- 8. We reviewed a wide range of funeral director sales practices related to the arrangement meeting itself to assess whether they could adversely affect the customer's ability to make good and informed decisions over the funeral that they purchase.
- 9. We note that, overall, the large majority of consumers did not report a problem with either the funeral director or the funeral purchased. Nevertheless, a material minority indicated some dissatisfaction or an issue with a particular aspect of the sales process.
- 10. We consider that there is evidence of some sales practices that could influence customers' decision-making, including potentially steering them towards higher cost options. It is, however, unclear how often customers are steered in this way in practice.
- 11. For instance:
 - (a) Some funeral directors do not discuss prices at all, or not when decisions are being made that have an impact on the total bill. In such cases, customers may not have a good idea of total funeral costs until late in, or at the end of, the arrangement meeting (and potentially not before the customer has committed to using the funeral director).

⁴ CMA Market Investigation mystery shopping.

- (b) The wide variation in embalming rates across funeral directors indicates that they have a significant influence over customer decisions on whether to purchase particular products or services.
 - (c) Some funeral directors request upfront payments and/or may charge the customer if they wanted to switch to a different funeral director. Most customers do not consider switching after they have initially instructed a funeral director. Nevertheless, we consider that if they did, these factors could make it more difficult, or reduce the incentive, to switch. In addition, requesting upfront payments for low-cost funerals could deter customers from purchasing such options.
- 12. We also found that funeral directors typically do not provide information to customers on the available crematoria options. This could mean that customers pay a higher price or do not use the crematorium most suited to their needs. However, we found that most respondents had a crematorium in mind before they made contact with the funeral director and in some cases there may not be much/any choice of alternative crematorium.
- 13. Within our survey,⁵ a material minority of families that redeemed pre-paid funeral plans paid to upgrade elements, or purchased additional products/services not covered by the funeral plan. We note that this could indicate potential problems with the funeral services provided within funeral plans but could also reflect the different preferences and requirements of the plan-holder versus the person with responsibility for redeeming the policy.
- 14. There are some specific sales practices or issues about which the CMA would like to hear further from funeral directors (and other interested parties). These are:
 - (a) There is evidence that some funeral directors restrict customers' ability to purchase coffins from third parties. We consider that, in principle, such restrictions could enable funeral directors to earn higher margins on these products but note that few customers seem to consider buying from third parties. We would like to hear further on this issue, particularly on what information should be available to consumers (and when) on coffin prices, options and policies on using third-party suppliers.
 - (b) Concerns have been raised over various funeral director practices that restrict customers' choice of celebrant. In light of these concerns, the

⁵ CMA Market Investigation consumer survey.

CMA would like to hear further from funeral directors particularly with respect to the following issues:

- What are the factors that determine who you engage or recommend as the celebrant/minister?
 - When a customer wants to use a specific (or specific type of) celebrant do you accommodate their preferences? If not, why not?
 - What information, if any, do you think consumers should be given about the choices of celebrant/minister available?
- (c) Internal documents suggest that some funeral directors will offer legal services during the arrangement meeting (or seek permission for other sales representatives to make approaches afterwards). We consider that this could mean that customers do not consider third party suppliers and/or that the funeral director could use its position to gain knowledge of the value of the deceased's estate and assess their ability/willingness to pay for the funeral. The CMA would like to hear further on this issue, particularly evidence pursuant to whether consumers are harmed by funeral directors offering (directly or via a partner) legal services.

Introduction

15. The CMA Market Study identified that customer vulnerability, and difficulty engaging, were potentially major factors in enabling funeral directors to charge high prices. But other potential factors were also identified, including the sales practices of funeral directors. The aim of this paper is to examine sales practices in more detail to assess whether, and to what extent:
- (a) funeral directors engage in sales practices that prevent customers from making fully informed decisions;
 - (b) these strategies affect the ability or propensity of customers to access, understand and compare funeral directors' prices and options, and their ability to make good choices;
 - (c) customers make sub-optimal purchasing decisions compared with a situation in which they had complete information. This could be as a result of them paying a higher price for a funeral that they would have otherwise obtained at lower cost from another funeral director. They may also have purchased a more expensive funeral package (or additional products or services) that they would not otherwise have purchased.

16. Most evidence presented in this paper relates to the behaviour of funeral directors towards their customers. We focus on the information that funeral directors provide to customers throughout the customer journey, from their websites, to first contact with potential customers, through to making a sale.
17. We also provide evidence on consumer behaviour in order to provide context on the potential impact of different sales practices. For instance, the way that funeral directors respond to consumer telephone requests for pricing information will only directly affect those consumers that make such enquiries.
18. At the end of each section we set out preliminary views on the evidence, while our overall conclusions to date on funeral director sales practices are set out at the end of the paper.

Funeral director websites

19. In this section we set out evidence on funeral directors' websites, particularly what information they include on prices and whether it is accurate, clear and comprehensive.
20. The theory of harm that we are considering is whether customers who use funeral director websites to research costs would be able to understand the prices and options available and be able to make comparisons between providers. To the extent they cannot, this could potentially result in them making sub-optimal purchasing decisions.
21. This section is structured as follows:
 - (a) background on the role that funeral directors' websites play in the customer journey;
 - (b) information funeral directors provide on their websites; and
 - (c) preliminary views on the theory of harm.

Background on the role of funeral directors' websites in the customer journey

22. We consider that consumers could, in principle, go online to research various aspects of funeral directors. For instance, they could go online to:
 - (a) identify a funeral director;
 - (b) find contact details;
 - (c) research details about a particular funeral director or its proposition - eg prices, options;

- (d) make comparisons between multiple funeral directors.
23. In practice, the CMA Market Investigation consumer survey found that only a very small proportion of respondents, 6%, found out about the funeral director they used by searching online (eg using a search engine, comparison website or online map).⁶
24. Other research suggests that a higher proportion of customers may go online to find contact details:
- (a) a survey conducted by LEK (on Dignity's behalf) found that [redacted]% of respondents had found contact details for the funeral director by searching on the internet;⁷ and
- (b) a Co-op internal document indicated that [redacted]% of its customers searched online for contact details.
25. However, we infer that only a small proportion of customers find price information on funeral director websites:
- (a) two-thirds (68%) of all CMA survey respondents⁸ said they had some idea about the cost of the funeral prior to the arrangement meeting. Of these, only 5% of those got this information from the website of the funeral director that they used (and 2% from another funeral director's website).⁹
- (b) Co-op stated that only [redacted]% of visitors to its at-need webpages visit its online pricing tool.¹⁰
- (c) Similarly, only a small proportion of customers go online to make comparisons between funeral directors. The CMA Market Study consumer research identified just a handful of interviewees who had compared

⁶ CMA Market Investigation consumer survey, Tables 49-51, Question FD4. Base: all who (i) compared or (ii) did not compare but had a choice or (iii) don't know/can't remember whether they compared funeral directors (n=207). We consider that respondents most likely answered this with regard to the manner in which they identified the funeral director they used, rather than with regard to how they found out about the funeral director's proposition.

⁷ [redacted]. We note that this source used an online survey of individuals.

⁸ CMA Market Investigation consumer survey, Tables 160-162, Question FD27. Base: all UK adults 18+ involved in making at need burial or cremation funeral arrangements since J/A/S/O 2017 who used a funeral director (n=279).

⁹ CMA Market Investigation consumer survey, Tables 163-165, Question FD28. Base: all with an idea of the funeral cost prior to the arrangement meeting (n=182).

¹⁰ Source: Summary of hearing with Co-operative Group Limited held on Tuesday, 16 July 2019.

funeral directors by looking at funeral director websites.^{11,12} We consider that this can also be inferred from third-party evidence:

- (d) only [redacted]% of visitors to the Co-op Funeralcare website next visited the website of a competitor or a website comparing funeral options;¹³
- (e) Dignity found that, when respondents had received multiple quotes ([redacted]%), only [redacted] got the quotes from websites and/or via email.¹⁴

26. Consistent with the above, we saw evidence that some funeral directors had considered the impact of publishing more pricing information on their websites and concluded that it had (or would have) little or no impact on their funeral volumes:

- (a) A Co-op internal document stated that it expected there to be no impact on its funeral volumes from including information on its at-need prices online. The document stated that this was because price is not the main driver of choice for most people and the prices are already available by phone or in-branch. It also noted that low volumes of customers accessed the price information online.
- (b) Dignity assessed that publishing its full-service funeral prices online did not 'materially' impact the volume of call enquiries received by its branches. It noted a possible 'small negative effect' on branch call volumes that listed [redacted] and a 'small positive effect' on branch volumes when a branch listed [redacted].¹⁵

¹¹ [CMA Market Study consumer research, paragraphs 4.3.9.](#)

¹² Some respondents reported difficulties comparing prices online in terms of: information being limited, unclear (eg 'prices from £X') and not itemised. [CMA Market Study consumer research, paragraphs 4.3.11.](#)

¹³ Co-op stated that this will understate the extent of shopping around since, for instance, it does not include Google and it does not account for any website that was visited before the Co-op website [redacted].

¹⁴ A survey conducted by LEK (on Dignity's behalf) found that, for respondents who got two quotes, [redacted]% got the quotes from websites and [redacted]% by email. For respondents who got three or more quotes, [redacted]% got the quotes from websites and [redacted]% by email. [redacted]. We note that this research used an online survey. Typically, we consider that online panels, where sample recruitment does not rely on randomisation, may be subject to sample bias and may not be sufficiently robust (see: [Good practice in the design and presentation of customer survey evidence in merger cases \(CMA78 revised\)](#)).

¹⁵ Dignity assessed this by comparing, for a sub-set of their branches, the average conversion rate of branch website views to subsequent telephone enquiries (i) before and after the branch pricing information was published online; and (ii) comparing the change in the conversion rate between groups of branches that published different prices, or did not publish a price.

27. Co-op internal documents, dated 2019, indicate that online has become relatively more important,¹⁶ and is expected to increase in importance in future, albeit not rapidly.¹⁷
28. We heard anecdotal evidence from some independent funeral directors on how price and option information, published on their website, can help to empower customers to make their own choices and prepare them for the arrangement meeting.

Information provided by funeral directors on their websites

29. We gathered evidence on the information that funeral directors include on prices and options on their websites by:
 - (a) commissioning Ipsos MORI to undertake a review of a random sample of funeral director websites;
 - (b) reviewing the current websites of the three largest funeral directors.

CMA Market Investigation mystery shopping

30. We commissioned Ipsos MORI to undertake a website audit and telephone mystery shop of a randomly selected sample of funeral directors. Almost all (92%) had a website.¹⁸ The vast majority of websites that Ipsos MORI audited were live and had at least basic functionality¹⁹ but there was relatively little price information on these websites:
 - (a) 49% of websites²⁰ contained some kind of price information on at-need funerals. This included 20% of websites that had information on the

¹⁶ A Co-op internal document states that there has been a [%] increase in visits to funeral category websites over a 12-month period.

¹⁷ For example, Co-op research (using an online survey) found that:

- In the event they needed to organise a funeral in the near future, whether the funeral director was online would be the main choice driver for [%] of respondents. By age, this was: [%] (70+ year olds); [%] (50-69 year olds); [%] (35-49 year olds) and [%] (18-34 year olds).
- [%] agreed ([%] *strongly*) with the statement that they would be willing to use an online-only funeral provider. By age, this was: [%] (70+ year olds); [%] (50-69 year olds); [%] (35-49 year olds) and [%] (18-34 year olds)
- Referring to some of the above results, one Co-op internal document stated that “full digital adoption is nascent”.

¹⁸ Out of 120 funeral directors in the sample provided to Ipsos MORI, four were found to be no longer trading, six appeared to not have a website (a website could not be located) and 110 had their own website (n=104, one of which was down for the duration of fieldwork so an audit could not be conducted) or shared it with another funeral director within the sample (n=6).

¹⁹ Three websites had either been taken down or were only a static page/business directory listing.

²⁰ Base: 100 (all websites that were live and had at least basic functionality).

homepage (which tended to be headline/indicative)²¹ and 32% that had information on another part of the website.

- (b) 61% of websites²² had no reference to disbursements or third-party costs in the context of an at-need funeral. When disbursements were mentioned, this information was less likely to be on the homepage than elsewhere on the website.

CMA review of websites

31. We reviewed the pricing/option information available on the Dignity, Co-op and Funeral Partners websites (both the core website and local branch websites/webpages). There was wide variation in the amount and type of information provided.
32. In 2019, Co-op relaunched its website to include more information, including on prices and options. With regard to its core website:
- (a) The 'How much does a funeral cost?'²³ webpage gives information on the average total cost of a Co-op funeral in 2018 (including disbursement costs). High-level information is given on its two lower-cost options. For instance, the Co-op Simple funeral is stated to 'cost' £1,895 in England and Wales and £1,675 in Scotland (excluding third-party costs).
- (b) If the user clicks for more details on the Simple funeral (or they land on that page first), they are taken to the 'Simple funeral' webpage.²⁴ This provides more detailed information on what the Simple funeral includes and excludes, explains that the headline price excludes third-party fees, and provides some guidance on what third-party fees can be on average.²⁵
- (c) If the user clicks on the 'Funeral cost calculator'²⁶ they can enter their postcode to select a local branch and see that branch's funeral director fees for each of four Co-op packages²⁷ and estimated third-party fees.

²¹ Of the 20 websites that had information on at-need funeral prices on the homepage, 10 gave headline/indicative prices with no itemisation (eg prices from £2,000) and four gave headline/indicative prices with some itemisation (eg prices for a cremation funeral from £2,000).

²² Base: 100 (all websites that were live and had at least basic functionality).

²³ <https://www.coop.co.uk/funeralcare/funeral-costs>.

²⁴ <https://www.coop.co.uk/funeralcare/funeral-services/simple>.

²⁵ Stating that "on average last year (2018) our clients paid £1,085 in third party fees".

²⁶ <https://www.coop.co.uk/funeralcare/funeral-costs/calculator>.

²⁷ Cremation Without Ceremony, Simple, Traditional, Classic.

33. Co-op branches have their own branch webpages, which a consumer may be more likely to find if using a search engine to find a local funeral director. These webpages provide links to the core webpage, as set out above.

34. Dignity increased the amount of pricing information provided on both its core and individual branch webpages in 2019.

(a) The Dignity core website includes a 'Funeral costs' webpage²⁸ which includes the following information on prices:

- The average cost of a funeral in the UK is £4,271 (separate figures are given for: burial; cremation and direct cremation funerals). It is stated that these prices include both funeral director fees and disbursement costs. These figures are taken from the SunLife cost of Dying Report 2018.²⁹
- On the same webpage, immediately below, it is stated that the Dignity Simple funeral 'is available for' £1,995 (and £1,695 in Scotland). It is not stated alongside these prices that third-party costs are not included (and are therefore not comparable to the £4,271 figure) but this exclusion is stated further down the same webpage (and if the user clicks a link to go to a 'Simple funeral' webpage) although no information is provided on typical cremation fees.
- The average costs of some optional extras (such as limousine hire) are also shown.

(b) Dignity branch website pages show 'our costs from £' for both a Simple funeral and then either a Full service or a Tailored funeral. If the customer clicks 'find out more' on an option, further information is shown on what is included and it is stated that third-party costs are additional. There is a link provided to find out more about third-party costs whereupon the user is redirected to the core website (described above).

35. The Funeral Partners core website has a 'Cost of a funeral' webpage that does not contain any prices. The core website, does, however, include a 'find a funeral director' tool which lists its branches:

(a) The large majority of branches listed appear to have no pricing information shown. For instance, of 54 London branches listed, 49 had no

²⁸ <https://www.dignityfunerals.co.uk/arranging-a-funeral/funeral-costs/>.

²⁹ It is noted that "some of the data in this article is based on the annual Dignity Funerals funeral costs survey 2019 and SunLife Cost of Dying Report 2018".

price information either on the core website or on the individual branch websites.

- (b) Conversely, four branches listed on the core website did show a “from £” price ‘excl. disbursements’ for a Simple funeral. No information was shown on typical third-party costs.
- (c) The individual branch websites for these four branches gave a headline price for the Simple funeral (stated to ‘excl. third party fees’) on the homepage but also gave more details on what was included.³⁰ It did not state, however, that the price excluded a coffin. A more detailed price list was accessible via the homepage,³¹ which included the price of additional services and highlighted that disbursement costs would be given as part of the estimate (but not what typical disbursement costs are).³²
- (d) One branch listed a price (‘from £975 excl. disbursements’) for an unattended cremation with more detailed information available on the individual funeral director website.³³

36. We further note that NAFD has submitted that its members will be required to publish prices online from early 2020.³⁴ It is not clear what the precise requirements will be (or whether Co-op, Dignity and/or Funeral Partners would already be compliant) as these will be informed by the recommendations of the Funeral Service Consumer Standards Review (FSCSR). The FSCSR intends to consult on a requirement that all funeral directors should be required to publish the price of an ‘entry funeral’ and ‘direct cremation or burial’ (as defined by FSCSR).³⁵

Preliminary views

37. We consider that the key points arising from the above evidence on funeral director websites are:
- (a) Few customers go online to research funeral directors, their prices, or to make comparisons. A higher proportion of customers may use websites to obtain contact details.

³⁰ For instance, www.whputnam.co.uk.

³¹ For instance, www.whputnam.co.uk/sites/blogs.dir/sites/89/2019/07/WH-Putnam-UB-Price-List-07-19.pdf.

³² A price was also provided for an essential unattended cremation.

³³ <https://www.funerals-on-a-budget.co.uk/> serving 30 miles from Enfield (or £2 extra per mile beyond this).

³⁴ Either on the NAFD’s Funeral Directory website or the funeral director’s own website if they have one. Source: NAFD response to the Statement of Issues and NAFD Hearing Summary.

³⁵ Either on the funeral director’s own website or another online platform.

- (b) There is a wide variation in the amount and type of price information provided online. More than half of funeral director websites in the CMA's sample did not contain any information on at-need funeral prices.
- (c) Where price information is given, it is often high level (eg with no itemisation) and, in many cases, does not include any guidance on third-party costs.
38. This evidence indicates that, for the small minority of customers who go online, it would be difficult for them to access, understand and compare funeral director prices.

Initial funeral director contact with potential customers

39. In this section we set out evidence on how funeral directors handle different types of customer enquiry. In particular, we focus on whether and how they provide information on prices and whether this information is accurate, clear and comprehensive.
40. The theory of harm we are considering is whether the way that funeral directors handle customer enquiries adversely affects customers' ability to make good purchasing decisions. In particular, are there sales practices that limit customers' ability to understand the available options and to make comparisons between funeral directors?
41. This section is structured as follows:
- (a) background to customer enquiries with funeral directors;
 - (b) how funeral directors respond to first calls notifying them of a death;
 - (c) how funeral directors respond to customer price enquiries;
 - (d) preliminary views on the theory of harm.

Background to customer enquiries with funeral directors

42. The evidence indicates that the majority of customers make first contact with funeral directors by telephone and a smaller proportion visit the branch.³⁶

³⁶ For instance:

- Based on the results of a Co-op staff survey, an internal Co-op document stated that the majority of initial customer contacts ([X]) are by telephone and around [X] via 'walk ins'.

43. This first contact is often to notify the funeral director that a death has occurred (or is expected) and, if appropriate, to request collection of the deceased. The evidence summarised below indicates that very few customers request pricing information during their initial contact with a funeral director (either when calling to notify of a death, or before the point of need):
- (a) Consumer research conducted by LEK (on Dignity's behalf) found that price was often discussed only during the arrangement meeting, as opposed to earlier;
 - (b) A Central England Co-op document advised staff that they would 'occasionally' receive telephone enquiries (or walk-ins) requesting information on funeral costs;
 - (c) Funeral Partners found that, during a trial, less than [redacted]% ([redacted]) of out-of-hours enquiries in April 2019 included a price enquiry from the caller;
 - (d) [redacted] said that it gives price information during the first phone call on request, which is in around 10% of phone calls received. 1-2% of their customers further requested that it sends this information by post/email;
 - (e) [redacted] stated that only about 25-30% of customers request costs before the arrangement meeting.
 - (f) [redacted] stated that it is very rare that pricing would be discussed prior to the arrangement meeting;
 - (g) [redacted] described the awkwardness of calls to funeral directors after a death has occurred. It stated that callers will neither ask the funeral director to do the funeral, collect the deceased or ask about price. Rather, the caller will simply say that someone has passed away and the funeral director then has to take control of the conversation.
44. We note that, consistent with the above evidence, only 5% of all respondents to the CMA Market Investigation consumer survey stated that they got an idea

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- Consumer research, conducted by LEK (on Dignity's behalf), stated that "The first contact with the funeral services provider is typically by phone; c. [redacted]% of customers claim to have walked into the branch without an appointment".
 - A majority of the independent funeral directors with whom the CMA had in-depth telephone interviews during the Market Study phase indicated that most customers made first contact by telephone. Five specifically stated that 90% or more of their customers made first contact by telephone.

of the likely cost of the funeral directly from the funeral director prior to the arrangement meeting (eg via an estimate/quote or an example of costs).³⁷

45. Some evidence indicated that the proportion of customers making pricing enquiries during initial contact could be higher, but we considered it appropriate to attach less weight to these findings:
 - (a) A YouGov survey found that 33% of those who had organised a funeral during the previous five years had received a quote, but we consider that this might have included respondents who received a quote during the arrangement meeting.³⁸
 - (b) A Dignity survey found that, during 2018, [X]% of respondents who had arranged a funeral in the last 12 months got costs from more than one funeral director. We note, however, that this source used an online survey of individuals and (as explained in footnote 15) we consider that these can be subject to bias and not be sufficiently robust.
46. Responses to the CMA Market Investigation consumer survey together imply that, of the small proportion of customers who make pricing enquiries during initial contact with a funeral director, most do so in the short period after death has occurred but before the deceased has been collected.^{39,40} This is consistent with the views of [X], that stated that most people did not think about what to do until death happens, even if it was anticipated.
47. There is relatively little evidence on what impact, if any, price enquiries or price comparisons have on consumers' decision-making about which funeral director to use. Our survey indicated that, even for the small proportion of customers who made price comparisons (n=20), price was usually not the most important choice factor for them.⁴¹

³⁷ This included those who got indicative costs from the funeral director during the telephone call or visit to set up the arrangement meeting or received a verbal/written estimate or a written quote prior to the arrangement meeting. CMA Market Investigation consumer survey, Tables 163-165, Question FD28.

³⁸ Excludes respondents whose reason for not getting quotes was because the funeral was pre-paid. Source: CMA analysis of YouGov Reports *Funeral Planning 2017*.

³⁹ For instance, of the 48 respondents who compared the services of funeral directors (on any factor, not only price), n=32 first did so in the period between death and the body being collected. A further n=7 did so after the collection but before the arrangement meeting. CMA Market Investigation consumer survey, Tables 85-87, Question FD14.

⁴⁰ Amongst respondents who compared the services of funeral directors (on any factor, not only price) and could recall when the body was collected (n=37), n=17 stated that the body was collected within 6 hours, n=4 within 7-12 hours and n=1 within 13-24 hours. In total, n=30 respondents said that the body was collected within 72 hours of the death. CMA Market Investigation consumer survey, additional analysis of data at Question FDadd11B.

⁴¹ Of these respondents, two said the funeral director's prices was their most important choice factor, and three said the funeral director's value for money was their most important choice factor. CMA Market Investigation consumer survey, additional analysis of data at Questions FD11 and FD6b.

48. On the other hand, evidence from a Co-op staff survey indicated that price was the main reason that a customer would not choose them.⁴² A Dignity survey also found that [X] % of respondents who got two or more quotes believed that they chose the cheapest funeral director.⁴³
49. We note that the impact of a price comparison on customer decision-making could depend on various factors including: the level of comparability between different funeral directors' prices in terms of services offered, the size of any price differential, the location of the funeral directors etc.
50. Outside of comparisons between funeral directors, there is evidence that a higher proportion of customers seek some information about the likely costs involved from the funeral director with whom they will be having the arrangement meeting: 42% of all respondents told us they had tried to get an idea of prices ahead of the appointment.⁴⁴

How funeral directors respond to first calls notifying them of a death

51. We gathered evidence on how funeral directors handle phone calls made by people notifying them of a death and not making a pricing enquiry, by reviewing:
 - (a) training materials of several large funeral directors; and
 - (b) submissions from funeral directors.

Staff training materials

52. We requested that the three largest funeral directors and four largest regional Co-ops provide their staff training materials in use or available to staff at any time since 1 January 2016 (this therefore included some training materials that are no longer in use). There are limitations in using such evidence, principally, that staff behaviour in practice may not reflect the guidance in the training materials. Sales practices of the larger funeral directors may also not be representative of smaller funeral directors.
53. Such evidence can, however, be particularly useful for gathering evidence on sales practices in those situations where it is difficult to gather other types of evidence (such as mystery shopping).

⁴² [X] % of staff stated that 'cheaper price available elsewhere' was the key reason for Co-op not being chosen.

⁴³ [X]. We note that this source used an online survey of individuals.

⁴⁴ CMA Market Investigation consumer survey, additional analysis of data at Questions FD27, FD28 and FD29.

54. Training materials indicated that when a consumer rings to notify them of a death, staff are expected to:
- (a) give guidance on the practical steps that consumers need to take (registering the death etc);
 - (b) offer to arrange collection of the deceased;
 - (c) set-up an arrangement meeting.⁴⁵
55. A training material (which is no longer in use) submitted by one funeral director indicated that a motivation to provide practical information during these calls (such as how to register a death) was that the caller was 'more likely to engage' their services. The same funeral director submitted two training materials (which are no longer in use) that indicated or explicitly stated that the 'main object' during calls could be to set up a face-to-face appointment. One piece of current training material advises staff on removals to always ask the family at what time a colleague should make contact regarding arrangements.
56. With regard to information provided following the call, but before the arrangement meeting, the training materials indicate that funeral director practices vary (and have changed over time). Staff guidelines that we saw indicated that some funeral directors are expected to proactively provide some materials prior to the arrangement meeting, but this does not generally include information on prices/options:
- (a) Co-op staff guidelines indicate that staff are expected to offer to email a guide titled 'what to expect when arranging a funeral', and that the 'how to arrange a funeral: A step-by-step guide' may be given either prior to the arrangement meeting or in it. Neither of these guides contain price information. The staff guidelines state that the funeral director 'has discretion' whether to provide a branch price list prior to the arrangement meeting.
 - (b) Dignity staff guidelines indicated that the funeral director is not expected to offer any written materials prior to the arrangement meeting.

⁴⁵ Including: [✂]

- (c) Funeral Partners staff guidelines indicated that staff are expected to leave a range of leaflets with families when collecting the body of the deceased, but these leaflets do not appear to include price information.⁴⁶

Funeral director submissions

57. Funeral director submissions to the CMA were broadly consistent with the training materials that we reviewed. In particular, that there can be a presumption that calling to request collection of a body indicates that the family will use that funeral director to carry out the funeral.⁴⁷
58. We were told that it would be inappropriate to provide information on prices during these first calls, including because the caller's priority is often to move the body, and to get reassurance that they are entrusting the deceased to a funeral director who is knowledgeable and empathetic.⁴⁸

How funeral directors respond to customer price enquiries

59. In this section we consider funeral director sales practices in relation to customer pricing enquiries (either general enquiries or requests for specific quotes). Where possible, we distinguish between evidence that relates to calls prior to death, at the same time as notifying a death, and enquiries between collection and the arrangement meeting.
60. We gathered evidence by:
- (a) commissioning Ipsos MORI to mystery shop a random sample of funeral directors;
 - (b) reviewing:
 - third party mystery shopping research;
 - funeral director staff training materials; and

⁴⁶ The leaflets include (i) Registering a death (ii) What kinds of funeral are there? (iii) What should I do first (iv) Planning a funeral service.

⁴⁷ Funeral Partners and Co-op stated that when its funeral directors are asked to bring someone into their care by a family, they would generally assume that the family are also choosing them to be their funeral director.

⁴⁸ Including:

- Co-op said that it would not be appropriate to provide information on prices and options to someone calling to notify them of a death.
- [§] stated that they will not give prices over the phone when people call to have the body collected because (i) most commonly, the person who calls is not the customer, but a family member or intermediary; and (ii) it is not an appropriate time to talk about costs, as the caller's main priority is often to move the body and they just want reassurance that things will be taken care of and that the funeral director they are entrusting their loved one to is knowledgeable and empathetic.

- funeral director written submissions.

CMA Market Investigation mystery shopping

61. The CMA commissioned Ipsos MORI to conduct telephone mystery shopping with a random sample of 120 funeral directors.⁴⁹ The objective was to find out what pricing information funeral directors would provide to consumers who make an enquiry about prices via the telephone.⁵⁰
62. Callers were able to get through and to speak to someone in person in 106 instances. Of these:
 - (a) 16% (17 out of 106) were not given any price information during the telephone call. This included: nine callers who were asked to come into the branch for a face-to-face discussion instead; five who were offered the information by email; two who were asked to leave their details for a return call; and one who was told to recontact the business after the subject of the scenario had died.
 - (b) 37% (39 out of 106) had to prompt the funeral director to explain what services were included or excluded from the price/cost information supplied. A third of those who prompted for this information were not provided with a full clarification.
63. Of the 89 callers who spoke to a funeral director and had their enquiry dealt with over the telephone:
 - (a) 49% were not spontaneously advised that there may be additional costs to pay (such as crematoria and doctors' fees). This figure comprised 37% who were not given any information on additional costs and 12% who were, but only after prompting.⁵¹
 - (b) 43% were told that third-party costs were included in the prices/costs they had been given. Conversely, 47% were told the price/cost did not include

⁴⁹ The CMA provided a random sample of 120 funeral directors to Ipsos MORI with the expectation that a minimum of 100 mystery shops would be conducted. In total, it was possible to conduct 114 mystery shops because in six cases the sampled funeral director had either ceased trading or the telephone number was unobtainable.

⁵⁰ Mystery shoppers made up to three attempts during office hours (9-5) to speak to someone in person using the scenario: "I'm trying to get a rough idea of the costs of a funeral that unfortunately we'll need to arrange pretty soon. I'd like to know what your price is for a cremation with a small gathering at the crematorium beforehand, nothing religious, but otherwise something fairly simple".

⁵¹ We note that it is possible that some funeral directors included these costs in the price quoted.

third-party costs, while in 10% of these cases, the call handler did not refer to third-party costs at all.⁵²

- (c) 66% were not spontaneously advised of ways in which the price initially mentioned could be made cheaper. This comprised 36% who were not given any information on how to reduce the price and 30% who were, but only after prompting.⁵³
- (d) 20% of callers perceived the price/cost information they received to be 'a bit ambiguous'.
- (e) In 85% of these cases, the call handler did not offer to send any additional brochures/information to the caller.

64. As part of the same exercise, Ipsos MORI also submitted a request for a price list whenever an email address was listed or a webform for enquiries was available on the funeral director's website.⁵⁴ Only 18 out of 74 enquiries received a response from the funeral director within the five working days allowed. Of these 18 responses, 11 supplied the requested information and one referred the enquirer to information on the website. Conversely, four asked the enquirer to telephone and two did not provide the information for another reason.

Third party mystery shopping

65. The internal documents submitted by funeral directors included the results of mystery shopping exercises they had commissioned. The main findings are set out below:

- (a) Dignity carried out a mystery shopping exercise between November 2016 and January 2017 of 26 direct cremation providers (a mix of specialist providers and funeral directors offering direct cremation within their range of services). It found that in the 'vast majority of cases' the headline price quoted probably understated what the customer would pay by 27%. The document stated that funeral directors offering the service locally (as opposed to on a wider basis) were more likely to provide the 'all in' price with nothing more to pay, though not all did.

⁵² We note that this does not necessarily mean that third-party costs were not included in the price/cost information given.

⁵³ In 12% of these cases, the call handler had already given the cheapest price at the outset of the call and in 22% of these cases, they gave this information spontaneously.

⁵⁴ Where both an email address and a webform were available on the same website, the enquiry was submitted via the webform.

(b) A Dignity mystery shopping exercise in 2018 of 254 funeral director branches (including their own and those operated by rivals) found that, when calling a branch with a pricing enquiry:⁵⁵

- Co-op branches would normally talk about the three Funeral Choice packages (and would give prices). Sometimes the funeral director would ask the caller what they wanted and (because the caller mentioned a limousine) subsequently did not mention the Simple funeral. They spontaneously offered to send price lists but only agreed to send a written quote by email on request.
- Dignity branches began by giving the Simple funeral prices before moving onto the higher cost options. Prices were given 'from £x' but not broken down. They spontaneously offered to send pricing examples by email, but not information specific to what had been discussed. They would, however, agree to send that information if the caller requested it.
- Independents were most likely to give approximate pricing and to say that it is 'easier to discuss face-to-face'. They did not normally talk about simple funerals. The report indicated this is because their standard funerals are typically cheaper than Co-op/Dignity. As a whole, they were stated to be very price conscious and at ease discussing how the funeral could be made more 'cost effective'. Independents with prices online tended to be very transparent. However, some do not have websites, and many gave guidance rather than absolute costings.

(c) Midcounties Co-op mystery shopped 32 funeral directors in six local areas in 2019.⁵⁶ This included a mixture of its own and rivals' branches. CMA analysis of the results show that:

- all of the funeral directors provided price information, although only five gave prices for more than one 'type' of funeral (eg a simple and a standard option);
- all provided disbursement cost information. The large majority gave these costs separately but seven included disbursement costs within the funeral director fees;

⁵⁵ It was not clear whether callers began by making a general price enquiry or by requesting a specific quote.

⁵⁶ It was not clear what scenario the caller used when they rang or whether they prompted the funeral director for information.

- around four fifths of the funeral directors offered embalming. Most suggested it 'only if required'. Five actively encouraged embalming and three said they would provide it but discouraged it. A further six either did not mention embalming or stated that it was not offered;
- of the funeral directors that offered embalming, half included it within the funeral director fee (ie whether or not embalming was undertaken) and half charged for it separately;
- only two funeral directors gave costs for more than one crematorium;
- only five funeral directors offered to send further information or pointed the caller to further information, however, several others said that the caller could ring back with any questions.

Staff training materials

66. We reviewed staff training materials from the three largest funeral directors and four largest regional Co-ops related to how staff should handle pricing enquiries. Notwithstanding the limitations of this type of evidence (see paragraph 52), the materials reviewed indicated that most funeral directors would provide price quotes by phone in response to pricing enquiries, but also a range of sales practices in relation to access to information:

(a) Funeral Partners submitted two training materials (which are no longer in use) showing that staff were encouraged to respond to customer enquiries by providing only limited information by phone and first confirming a face-to-face meeting. It also submitted a current training guide containing a scenario in which staff are advised to respond to a customer telephone enquiry about a funeral arrangement by asking them into the branch to discuss options (Funeral Partners stated that this training material primarily deals with advising staff how to offer products and services during a funeral arrangement itself opposed to how to handle general enquiries prior to an arrangement).

- [✂]
- [✂]
- [✂]

- (b) Some training materials indicated that staff are expected to provide information on disbursement costs in response to a request for a quote,⁵⁷ but other materials indicated that such information may not be given in response to a general pricing enquiry.⁵⁸
- (c) Policies for offering to send (or not send) follow-up price information after the initial call vary, as does the type of information offered (eg estimates, price lists, headline prices).⁵⁹

Funeral director submissions

67. We asked a range of funeral directors whether, and when, they provide customers with different types of information, and whether it would be provided proactively or only on request.

- (a) Responses from the three largest funeral directors and four largest regional Co-ops indicated that most would provide personalised quotes and details of their range during a pricing enquiry (around half that responded indicated that they would also give price information for their entire range).
- (b) We also asked a small number of independents what information they would provide on the first telephone call with a potential customer. All independents that responded indicated they would give pricing information on request, although two out of five indicated that they would not give information for a range of options (either because it would be too much information to provide or they did not offer packages). They also all indicated that they would send pricing information to customers on request. This was generally in the form of a written estimate although one

⁵⁷ For instance:

- A Co-op training document for call centre staff referred to the Fair Funerals pledge (which includes a commitment to be open about third-party costs).
- A Funeral Partners document (that we understand is no longer in use) stated that staff would provide quotes that include disbursements.
- A Midcounties Co-op document states that if a customer requests an estimate then staff should include disbursement costs.
- A Central England Co-op document indicates that staff will provide quotes that separate out funeral director fees and third-party costs.

⁵⁸ For instance:

- A Funeral Partners training guide (that we understand is no longer in use) states: "If the client does not know what they want (this happens in most cases) and just wants a price, your response should be: 'our funerals start from £.....'"
- A Dignity training material indicates that staff will offer to send price examples by email, but these emails do not mention disbursement costs.

⁵⁹ For instance:

- A Co-op training document, used as guidance for training facilitators, indicates that a Funeral Choices folder and price list can be provided prior to the arrangement meeting, at the funeral director's discretion.
- When a caller asks for information on prices, Dignity call centre staff are expected to offer to email price examples that include "prices from £...".

independent said it would send a price list. One stated, however, that customers do not wish to wait for brochures to arrive by post.

68. One independent funeral director told us that, when previously working at [redacted], staff were trained so that if a potential customer called to report a death and to ask for a quote, staff first offered commiserations and then offered to bring the deceased into its care. The independent funeral director stated that staff did this because its previous employer had conducted research showing that, around half the time, the caller will simply respond 'yes' and forget about the original price request. We note that no such research has been identified in the documents provided.

Preliminary views

69. We consider that the key points arising from the above evidence on funeral director sale practices with regard to initial contact with customers are:
- (a) Very few customers request information on prices when making first contact with a funeral director (and even fewer request pricing information from multiple funeral directors in order to make comparisons). A higher proportion of customers, though still a minority, may request some information on pricing in the period following initial contact but prior to the arrangement meeting.
 - (b) Funeral directors do not typically provide information on prices unless requested by the customer.
 - (c) The minority of customers who do request information on prices from funeral directors may struggle to access clear and complete information. In particular, a substantial proportion may need to prompt to get information on things such as: what services are included/excluded; information on additional costs (such as disbursements); ways to make the price cheaper. Some customers will not get this information even after prompting.
70. This evidence indicates that most customers are unlikely to access pricing information prior to choosing a funeral director to collect the deceased or before the arrangement meeting itself. The minority of customers who try may struggle to get clear and complete information, eg to facilitate comparisons or prepare them for the arrangement meeting.

The arrangement meeting

71. In this section we assess evidence on how funeral directors conduct arrangement meetings, particularly whether they provide information on prices and whether it is accurate, clear and comprehensive.
72. The theory of harm we are considering is whether the way that funeral directors conduct arrangement meetings could adversely impact customers' ability to make good decisions. In particular, are there sales practices that affect customers' ability to understand the options they have when choosing their funeral?
73. This section is structured as follows:
 - (a) background to the arrangement meeting;
 - (b) how funeral directors conduct arrangement meetings; and
 - (c) preliminary views on the theory of harm.

Background to the arrangement meeting

74. The arrangement meeting is the (typically) face-to-face discussion that occurs between the customer and funeral director, usually in-branch or at the customer's home.⁶⁰ At this meeting the customer is typically presented with information about, and makes a range of decisions regarding, the funeral.
75. The evidence suggests that, going into the arrangement meeting:

⁶⁰ 83% of respondents said they had the arrangement meeting face-to-face at the branch (65%) or in their own home (18%). A further 3% had the meeting face-to-face somewhere else. CMA Market Investigation consumer survey, Tables 148-150, Question FD23.

- (a) Customers are generally committed to using that funeral director and would be very unlikely to switch away.^{61, 62}
- (b) Most customers have a broad idea of funeral prices⁶³ but, as evidenced in the preceding sections on website and telephone sales practices, we consider it is likely that most customers would not have more than a cursory knowledge of the funeral director's prices.⁶⁴
- (c) Consumer research conducted by LEK (on Dignity's behalf) found that customers appear hesitant to ask about price and wait for the funeral director to raise the matter.

How funeral directors conduct arrangement meetings

76. We gathered evidence on funeral director sales practices in the arrangement meeting by reviewing:

- (a) the CMA Market Investigation consumer survey; and
- (b) staff training materials;

⁶¹ For instance:

- The CMA Market Investigation consumer survey found that, of respondents who used the same funeral director as collected the deceased, 96% did not consider using a different funeral director. CMA Market Investigation consumer survey, Tables 142-144, Question FD22a. Base: all where the same funeral director business collected the body of the deceased and made the other arrangements for the funeral (n=227).
- Of the 48 respondents who compared the services of two or more funeral directors, only two first did so after they had already spoken/met with a funeral director to discuss funeral arrangements in detail. CMA Market Investigation consumer survey, Tables 85-87, Question FD14.
- The CMA Market Study consumer research found that, by the time respondents met the funeral director to discuss the funeral arrangements, they were usually already committed, mentally and emotionally, to using that funeral director. 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.

⁶² We note that most consumers (72%) had an arrangement meeting with one firm of funeral directors only. CMA Market Investigation consumer survey, Tables 199-201, Question FD39_2.

⁶³ The CMA Market Investigation consumer survey found that, prior to the arrangement meeting, 68% of respondents had a broad idea of funeral costs. CMA Market Investigation consumer survey, Tables 160-162, Question FD27.

⁶⁴ For instance:

- Our survey showed that the majority of respondents with at least some idea of what the cost of the funeral would be prior to the arrangement meeting (n=182) derived this from previous experience (47%) or from what friends/family/neighbours/work colleagues had paid previously (15%). Fewer got their idea of cost directly from the funeral director (8%) or from the funeral director's website (5%). CMA Market Investigation consumer survey, Tables 163-165, Question FD28.
- Only five of 65 consumers who found out about the funeral director they used through a recommendation said they received specific information about prices (eg 'we paid £x') as part of that recommendation. CMA Market Investigation consumer survey, Tables 52-54, Question FD5.

CMA Market Investigation consumer survey

At-need purchases

77. We asked respondents who had arranged an at-need funeral a wide range of questions about their experiences when making the funeral arrangements. These questions did not always relate just to the arrangement meeting but those discussed below appeared most likely to relate to that stage of the customer journey.
78. Notably, nearly all respondents felt they had received the right amount of information about funeral options and costs⁶⁵ and at the right time.⁶⁶
79. Fewer respondents, though still the large majority:
- (a) did not feel rushed into making choices;⁶⁷
 - (b) understood that they would face third-party costs;⁶⁸
 - (c) received a verbal estimate, written estimate, and/or a written quote during the arrangement meeting;^{69,70}
 - (d) reported paying a cost that was comparable to the estimate/quote provided;^{71, 72}

⁶⁵ 88% of respondents felt that they received the right amount of information about funeral options and costs. Only 2% said they got too little, and 1% too much information. CMA Market Investigation consumer survey, Tables 227-229, Question FD40a.

⁶⁶ 87% of respondents felt that they received information about options and costs at the right time. Only 2% stated that they received it too soon and 1% that they received it too late. CMA Market Investigation consumer survey, Tables 230-232, Question FD40b.

⁶⁷ Although not asked specifically with regard to the arrangement meeting, 76% of respondents stated that they had enough time to think about options and costs for the funeral before making a firm decision about what to choose (compared with 14% that did not), and 75% said they had time without the funeral director being present to decide what services they did or did not want them to provide (compared with 15% that did not). CMA Market Investigation consumer survey, Tables 202-207, Questions FD39_3 and FD39_4.

⁶⁸ Although not asked specifically in the context of the arrangement meeting, 77% of respondents stated that they understood the bill/invoice for the full cost of the funeral would include third-party costs/disbursements. 9% stated that they did not understand this. CMA Market Investigation consumer survey, Tables 211-213, Question FD39_6.

⁶⁹ In total, 80% of respondents received at least one of a verbal estimate, written estimate or written quote in the arrangement meeting, specifically 37% a verbal estimate, 25% a written estimate and 23% a written quote. 15% did not receive any of these. CMA Market Investigation consumer survey, additional analysis of data at Question FD31a.

⁷⁰ The CMA Market Study consumer research was consistent with this. In that case, a small number of respondents reported that they did not receive estimates. A few other respondents complained that they had been given a cost estimate verbally but not in writing.

⁷¹ 13% of respondents who received an estimate or quote before the funeral (n=239) reported that the full cost was higher (1% a lot higher and 12% a little higher). 78% felt that it was the same/about the same. 8% stated that it was lower (2% much lower, 6% a little lower). CMA Market Investigation consumer survey, Tables 190-192, Question FD38.

⁷² Further:

(e) felt the funeral director met their expectations⁷³ and would recommend them;⁷⁴.

80. We note, however, that responses from a small, but material, minority of respondents did suggest potential problems with each of these issues (a)-(e) and one in three indicated that at least one of these problems arose.

81. Furthermore, we asked respondents how the actual cost of the funeral they were arranging was discussed during the arrangement meeting. We inferred from responses that a significant minority, 17%, were likely not to have taken prices into account while making choices that had an impact on the total cost of the funeral.⁷⁵

82. The CMA Market Investigation consumer survey identified two sales practices that appear to be more widespread:

(a) Around half of respondents (53%) committed to using the funeral director in the arrangement meeting, for instance, by paying a deposit or signing a contract.⁷⁶ Of these, around half (52%) also did so without knowing the full cost (or likely cost) of the funeral.⁷⁷ We consider this issue further, and evidence from large funeral directors, below (from paragraph 131).

(b) In total, 55% of respondents stated that the funeral director did not discuss how costs might be managed or reduced (although only one in

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- Dignity said that they survey their previous customers and ask whether the price they were quoted was the price they paid. It stated that 97% or 98% of previous customers confirmed that it was. We understand that Dignity does not survey all previous customers, including those who have already complained, but that those not surveyed account for a 'small proportion' of Dignity customers
 - There was evidence that final costs may sometimes exceed earlier quotes/estimates because families have a tendency to add (rather than to remove) elements at a later date. Funeral Partners stated that it conducted an analysis of 100 funerals arranged by its Woking branch. In total, 40 families added more services (typically flowers and orders of service) after the original quote was given, while only 10 families removed items (such as limousines). Other families both added and removed items.

⁷³ 89% of respondents felt the funeral director met or exceeded their expectations. 9% stated the funeral director did not meet their expectations or met them only in part. CMA Market Investigation consumer survey, Tables 262-264, Question FD41.

⁷⁴ 79% of respondents have (or would) recommend the funeral director to someone else. 10% would not. CMA Market Investigation consumer survey, Tables 265-267, Question FD42.

⁷⁵ 10% of respondents stated that the funeral director told them a total price at the end of the arrangement meeting but did not set out prices as they went along and 7% stated that costs were not discussed at all in the arrangement meeting. CMA Market Investigation consumer survey, Tables 169-171, Question FD30.

⁷⁶ CMA Market Investigation consumer survey, Tables 196-198, Question FD39_1.

⁷⁷ Over a third (37%) of all respondents said they committed to using the funeral director before they were told what the full cost (or likely cost) of the funeral would be. CMA Market Investigation consumer survey, Tables 208-210, Question FD39_5. A total of n=78 respondents – 28% of all respondents – both committed to using the FD during the arrangement meeting and committed to using the funeral director before they knew what the full cost of the funeral would be/was likely to be. CMA Market Investigation consumer survey, additional analysis of data at Question FD39.

ten said there was no discussion and they would have welcomed such a discussion).^{78, 79}

83. The CMA Market Study consumer research was generally consistent with these results. A small number of respondents reported problems with the manner in which the arrangement meetings were conducted. Examples included that conversations about costs were perceived to be unclear, lacking detail or too informal. A very small number of respondents reported that they were asked to make choices without being told about the cost of particular services and goods at the time. In these cases, the funeral directors calculated the cost at the end of the meeting. By this point, respondents had made many choices, and then had to review these choices retrospectively in light of the overall cost they had been given. We note, however, that the CMA Market Study consumer research found that respondents did not report feeling 'steered' to buy optional or higher priced items. Funeral directors often went through a checklist of all potential elements, which most respondents found helpful, but a few found awkward when it meant having to actively reject certain elements of the 'funeral norm' (eg a family limousine).
84. We considered whether it is a concern that, for most of the issues above, only a small, but material, minority of respondent responses indicated potential problems with the sales process.
85. We consider that this could be a concern. We note, for instance, that in 2004, the OFT conducted a market study of doorstep selling. Its consumer research found that the 'vast majority' of consumers reported being happy overall with the sales process and products acquired via doorstep selling, but a 'significant minority' were dissatisfied. The OFT's concerns included that between 1-in-10 and 1-in-8 respondents perceived that the doorstep salesperson had variously used pressure selling, made claims that were subsequently found to be untrue, unnecessarily prolonged the visits, avoided price discussions and the salesperson seemed intent on selling the respondent something they did not need. The OFT's recommendations, implemented as law, included that cooling-off periods and cancellation rights should be extended.⁸⁰

⁷⁸ CMA Market Investigation consumer survey, Tables 184-186, Question FD34.

⁷⁹ We also note:

- Dignity commissioned an in-branch mystery shopping exercise of 75 funeral directors and 71% of the funeral directors proactively led with a Simple funeral option. Source: "Time to talk about quality and standards" Dignity.
- The Royal London report (2018) research suggested that up to two in five consumers may not be made aware (unprompted or otherwise) of lower-cost packages by funeral directors (although only 7% of respondents said definitively that the most affordable package was not offered).

⁸⁰ See the [OFT Doorstep selling market study National Archive webpage](#).

Funeral plan redemptions

86. We surveyed 82 respondents on their experiences of redeeming a funeral plan at the point of need. We were particularly interested to understand whether the funeral plans covered the full cost of the funeral or whether families redeeming the plans needed to make substantial additional payments.
87. Respondents stated which goods and services were included within the package. In each case, a considerable number (between one quarter and one half) of respondents said that the following goods and services had not been included within the package: third party costs (42 respondents); provision of a hearse (32 respondents); care of the deceased (29 respondents); funeral director professional fees (26 respondents); provision of a coffin (26 respondents); and collection of the deceased (23 respondents).⁸¹
88. Of respondents who stated that particular goods and services were included in the plan, we asked whether the plan covered the full cost or not, and whether they chose to upgrade or top-up for each element. Our survey showed that, even when particular goods or services had been included within a package, consumers had often made additional upgrade/top-up payments. In total, 37 of the 82 made at least one top-up/upgrade payment.⁸² The majority of these payments reflected the family upgrading something already included in the plan (rather than choosing to supplement the package with their choice (rather than the plan-holder's choice) of goods and services).
89. For example, out of 56 respondents who stated the funeral director's professional fees were included within the package:
- (a) 16 said the full cost of the funeral director's professional fee was covered but they chose to pay extra to upgrade;
 - (b) 3 said the full cost of the funeral director's professional fee was not covered by the plan, so they made a top-up payment. (A further two respondents stated that it was not fully covered but they did not make a top-up payment).⁸³
90. Furthermore, 22 of the 82 respondents bought something in addition to the goods or services already covered by the plan.

⁸¹ CMA Market Investigation consumer survey, Tables 280-282, Question PFP4.

⁸² CMA Market Investigation consumer survey, additional analysis of data at Question PFP5.

⁸³ CMA Market Investigation consumer survey, Tables 283-285, Question PFP5_1.

91. The high proportion of customers making additional payments at the time of redemption may indicate problems with the funeral services provided within the plan. However, it could also reflect the different preferences and requirements of the plan-holder versus the person with responsibility for redeeming the policy.
92. The survey did not indicate problems with the way that additional goods and services were sold. For instance, around half of redeemers who purchased additional goods and services did so from other providers (n=13/22).⁸⁴ Most of those who purchased from the funeral director providing the funeral indicated this was out of choice (ie rather than perceiving that they were tied to that funeral director).⁸⁵

Staff training documents for at-need funerals

93. We reviewed staff training materials (and internal documents discussing their sales practices) from a number of national and regional funeral directors, as well as the NAFD Manual of Funeral Directing. These materials suggest that:
 - (a) Some funeral directors have internally acknowledged previous problems with arrangement meetings, including that customers have not understood the options available or prices (for specific choices or overall) until late in, or after, the arrangement meeting.⁸⁶ Some have taken steps to address this, for example by providing more literature, or providing it earlier in the process.⁸⁷
 - (b) There is no 'one size fits all' approach to conducting an arrangement meeting. Funeral directors tailor their approach to the customer's perceived state of mind, including with regard to the amount and order of information provided.⁸⁸

⁸⁴ CMA Market Investigation consumer survey, additional analysis of data at Question PFPnew1.

⁸⁵ CMA Market Investigation consumer survey, Tables 320-322, Question PFPnew2.

⁸⁶ For instance:

- [redacted]
- [redacted].

⁸⁷ For instance:

- A Co-op document stated that it intended to provide cost information and illustrations of funeral costs.
- Funeral Partners trialled providing a new brochure in the arrangement meeting with the stated objective of allowing customers to view options and increase transparency of pricing.

⁸⁸ For instance:

- Co-op staff are advised to provide information on the different types of funeral, either at the beginning, middle or end of an arrangement, as appropriate, to cater to different customer needs.
- A Central England Co-op document sets out a framework for the arrangement meeting but states that it is not intended to be rigid and may be adapted. Staff are advised that the amount of information provided to a customer should depend on the customer's preference.

- (c) Funeral directors may provide or refer to materials containing information on prices and options (eg brochure; price list) in the arrangement meeting,⁸⁹ but the extent to which they are used, and how, is sometimes unclear.⁹⁰
- (d) Funeral directors have a dual role of providing guidance to customers on the most suitable funeral (or funeral elements) for them, while also ensuring customers realise there are alternative choices (but which may end up being summarised).⁹¹
- (e) Some funeral director training materials indicate that prices are discussed with customers throughout the meeting including when making decisions over individual elements (eg on limousines) but it was not clear if prices are discussed for each element.⁹² We saw an example of consumers only being shown a lower-bound reference price as they make choices (eg coffin prices ‘from £...’).
- (f) Customers may not have a good idea of total funeral costs when making choices about individual items/elements of the funeral in the arrangement meeting that impact it.⁹³ The funeral director may give a running total of costs that builds throughout the arrangement meeting⁹⁴ and some large cost items, such as coffins may only be discussed towards the end.⁹⁵ Information on costs (or total costs⁹⁶) may be provided only towards the end of the arrangement meeting. For instance, the NAFD Manual of

⁸⁹ For instance:

- Co-op staff are expected to refer to the Funeral Choices folder during the arrangement meeting.
- Dignity staff are told to provide a branch price list near the beginning of the arrangement meeting.
- Funeral Partners have trialled the use of a new brochure to be provided at the beginning of the arrangement meeting.
- Midcounties Co-op recommend that their staff take customers through their brochure in the arrangement meeting.

⁹⁰ For instance, there was no evidence of customers referring to a price list in Dignity training videos.

⁹¹ For instance:

- Co-op staff may suggest a particular package to a customer during the arrangement meeting, based on earlier discussion with them. Staff are advised to go through the Funeral Choices folder, giving customers an opportunity to review alternative options but navigating them to the appropriate choices.
- Funeral Partners staff are told that during the arrangement meeting they should offer customers advice on the best option for them and to summarise alternatives.
- Midcounties Co-op staff are advised to match products/services in their brochure to customers’ wishes.
- Dignity staff are expected to discuss lower cost options early in the arrangement meeting.
- Central England Co-op staff are told to provide information on options and alternatives and that they should offer choice otherwise the customer may not get what they want.

⁹² For instance, in a training video, the arranger states the price of the limousine when it is discussed.

⁹³ For instance, Dignity staff are given advice on how to respond if, upon discussing the total cost of the funeral, customers say that they cannot afford it.

⁹⁴ In a Dignity training video, the funeral director is shown giving a current running total of costs (at that point including the funeral director fee, cremation fee and minister).

⁹⁵ Funeral Partners staff are advised to leave discussing the coffin choice until later in the arrangement meeting ie after funeral director’s charges, additional services and disbursement costs have been discussed.

⁹⁶ Funeral Partners staff are told: [🔍]

Funeral Directing advises members to provide cost information only once the 'majority of arrangements have been discussed and chosen'.⁹⁷

Preliminary views

94. The large majority of consumers did not report a problem with either the funeral director or the funeral purchased. Nevertheless, a material minority indicated some dissatisfaction or an issue with a particular aspect of the sales process.
95. There was evidence of prices not being discussed at all, or not when decisions are being made that have an impact on the total bill. In such cases, customers may not have a good idea of total funeral costs until late in, or at the end of, the arrangement meeting (and potentially not before the customer has committed to the funeral director).
96. Within our survey, a material minority of families that redeemed pre-paid funeral plans paid to upgrade elements, or purchased additional products/services not covered by the funeral plan. This could indicate potential problems with the funeral services provided within funeral plans.

Other issues

97. In this section we set out evidence relating to a range of specific products/services or sales practices:
 - embalming;
 - tying strategies;
 - legal services;
 - barriers to switching;
 - choice of crematoria;
 - packages.

⁹⁷ The NAFD stated that this was to ensure the funeral director had a full understanding of customer expectations before providing an estimate. It also advised that the guidance should not be read in isolation, and members should already have a price list on display, so customers have access to this information by the time they sit down to discuss arrangements. NAFD indicated that future guidance may refer to discussing the client's budget at the outset of the arrangement meeting so that options outside their budget are not discussed.

Embalming

98. We gathered evidence on funeral director practices with regard to the sale of embalming. Specifically, whether there is evidence that funeral directors engage in sales practices that result in these services being oversupplied (therefore increasing funeral costs).
99. To do this, we reviewed:
- (a) submissions from the three largest funeral directors with regard to their sales practices and the number of deceased that they embalm;
 - (b) internal documents from the three largest national and four largest regional funeral directors;
 - (c) the NAFD funeral director manual;
 - (d) the results of a 2017 Sunlife survey of 100 funeral directors, which asked for information on how they sold embalming, and their embalming rates;
 - (e) interviews with independent funeral directors.
100. We found evidence of sales practices that could influence customers' decisions as to whether to purchase (or consent to)⁹⁸ embalming:
- (a) Views among funeral directors on embalming, and their recommendations to customers on whether to embalm, vary widely. Some funeral directors specifically recommend that customers embalm the deceased, for example:
 - The NAFD funeral director manual (2013) advises members to 'emphasise the benefits of embalming'.⁹⁹
 - Co-op training materials indicate that staff will always recommend customers to purchase embalming as it 'affords respect' to the deceased, including when customers have decided not to have a viewing (as they might change their mind).

⁹⁸ Since some funeral directors charge the same price to customers that consent to embalming as to those that do not consent to it.

⁹⁹ NAFD submitted that embalming plays an important role in facilitating and improving viewings (and prolonging the window in which they can take place). They state that the next version of their manual (due to be published on 31 January 2020) will not use this language and will make it clearer that funeral directors should not unduly encourage customers to agree to embalming.

- A Dignity internal staff training guide states ‘as a company we believe there is a benefit to the bereaved spending time with the deceased and modern embalming plays its part’.
 - The Melia Powell funeral directors’ (part of Funeral Partners) pricing brochure recommends embalming even where the customer does not want to view to deceased.¹⁰⁰ Funeral Partners staff training materials cover how staff should talk about embalming to customers and highlights the benefits of preserving appearance etc.
- (b) Conversely, other funeral directors do not actively recommend embalming (or only do so if there is a viewing). For instance, Midcounties Co-op mystery shopping research of 32 funeral directors found that, although four fifths of funeral directors offered embalming, most suggested it ‘only if required’. Five actively encouraged embalming and three said they would provide it but discouraged it. A further six either did not mention embalming or stated that it was not offered.
- (c) Some funeral directors include the cost of embalming within some of their packages or funeral director fees¹⁰¹ and some funeral directors do not offer any discount if the customer opts out.¹⁰² Other funeral directors offer embalming as a separate service that can be selected by the customer and is charged for separately.¹⁰³
- (d) Co-op stated that the option of embalming and related charges is discussed in the arrangement meeting. It stated that the option of embalming is also discussed in the context of whether the customer wishes to view the deceased, although cost is not discussed at that point.

101. CMA analysis of responses to the SunLife survey of funeral directors found that, overall, the median propensity for funeral directors to embalm the

¹⁰⁰ Source: pricing brochure 2019 Melia Powell Funeral Directors: “Where the deceased will not be viewed, embalming ensures the dignity of a loved one is preserved and maintained until the funeral service takes place.”

¹⁰¹ For example, Funeral Partners, Co-op and Central England Co-op include embalming as standard within some of their packages.

¹⁰² The Midcounties mystery shopping research found that, of those funeral directors that offered embalming, half included it within the funeral director fee (ie whether or not embalming was undertaken).

¹⁰³ For example:

- Dignity
- Midcounties Co-op mystery shopping research found that, of those funeral directors that offered embalming, half charged for it separately.

deceased in 2017 was 60%, with an interquartile range of between 5% and 85%.¹⁰⁴

102. There are a variety of factors that could explain this wide variation in embalming rates across funeral directors (eg cultural factors and customer preferences),¹⁰⁵ but there is evidence that some funeral director sales practices are associated with higher embalming rates:
- (a) CMA analysis of the 2017 SunLife survey showed that when embalming was included within funeral director fees / package prices¹⁰⁶ those funeral directors embalmed a higher proportion of deceased compared to when it was offered as an extra service (ie at additional cost).¹⁰⁷
 - (b) Among the three largest funeral directors, embalming rates are higher where it is offered as standard within some of their packages (compared with when it is only ever sold as an extra service).¹⁰⁸
 - (c) A substantially higher proportion of Co-op customers consented to embalming when it was included within packages (ie requiring them to opt out) compared to when they bought packages where it had to be chosen and paid for in addition to the package price.¹⁰⁹
103. It is difficult to estimate the extent to which embalming may be oversupplied by funeral directors as a result of the sales practices. One reason is that it is difficult to assess the optimal level of embalming that would prevail in a situation where customers were fully informed about the benefits/costs of

¹⁰⁴ The maximum and minimum were 100% and 0% respectively. Source: CMA analysis of SunLife survey of funeral directors. Based on 86 responses, which excluded respondents that did not know or refused to answer the question.

¹⁰⁵ For example:

- There are some cultural differences in customer demand for embalming. For instance, high embalming rates in Northern Ireland may reflect the custom for the deceased to stay at home for three nights;
- Embalming rates tend to be higher for more expensive funeral packages, even when the way it is sold is consistent. For instance, the percentage uptake of embalming is higher for Co-op's Classic package than its Traditional package. Both packages include embalming as standard but customers can opt out. Dignity only offers embalming as an extra service incurring an extra charge. Take up rates are lower for its Simple funeral ([x]%) compared to its higher cost Full/Tailored options ([x]%/[x]%). This could indicate that customer preferences explain some variation in embalming rates. Alternatively, it could reflect that customers of the more expensive package have similar preferences over embalming but are less inclined to opt-out given that it represents a smaller percentage of the package price.

¹⁰⁶ It was not stated whether the funeral director would refund any charges if the customer did not consent to embalming.

¹⁰⁷ For instance, the median rate of embalming was 90% among funeral directors that did not charge for embalming separately versus 35% among those that did.

¹⁰⁸ Co-op and Funeral Partners offer embalming as standard within some packages and their embalming rates are higher, [x]% (for the period October 2018 to June 2019) and [x]% respectively. Conversely, Dignity only sells embalming as an extra service and its embalming rate is [x]%.

¹⁰⁹ Co-op includes embalming as standard for the Co-op Traditional funeral and Classic funeral (ie customers must opt-out if they do not want it). For the period October 2018 to June 2019, embalming rates for these funeral types were [x]% and [x]% respectively. Embalming is not offered as standard for the Simple funeral and the embalming rate for that funeral type is [x]%.

embalming. The decision to embalm may also relate to the decision whether or not to view the deceased, which funeral directors may also provide guidance on.¹¹⁰

104. Despite these difficulties, in general, we note that oversupply of embalming could be consistent with there being a substantial proportion of deceased who are embalmed but not viewed.
105. Evidence submitted by Co-op showed that the proportion of funerals in which they embalmed the deceased and the family did not have a viewing was between [X]% and [X]%.¹¹¹ Dignity submitted that [X]% of their customers that chose to embalm their loved ones do not subsequently view the deceased. Another Dignity document indicated that, of customers that did not view the deceased, [X]% of these had purchased embalming.¹¹²
106. These figures could understate the extent of oversupply, given that there could potentially be occasions when a family purchase embalming and view the deceased, but embalming provided no benefits (ie in instances where the condition of the deceased was good when taken in the funeral director's care and the funeral was a short time after death).

Tying strategies

107. We heard some concerns that funeral directors tie customers into purchasing certain products and services (or pursue other strategies that reduce choice).
108. We considered evidence relating to whether such strategies limit the ability for customers to purchase more suitable products or services (eg lower price, higher quality or otherwise more suitable) from a third-party supplier.
109. Below we focus on the supply of coffins and celebrants but acknowledge that similar issues could arise with other products and services that funeral directors sell or arrange.¹¹³

¹¹⁰ We also note that:

- Co-op training materials indicate that embalming can be beneficial in case a customer later changes their mind about having a viewing.
- NAFD submitted that, in some circumstances, there are sanitary/preservation reasons to embalm even if there are no viewings of the deceased.

¹¹¹ The Co-op rate was [X]% for the Simple funeral (where embalming is offered separately) and [X]% and [X]% for the Traditional and Classic funeral where it is included as standard.

¹¹² Funeral Partners submitted that it assumed that the majority or vast majority of deceased that it embalmed were viewed.

¹¹³ Customers purchase a wide range of other products and services related to the funeral from funeral directors that, in principle, they could source from third parties (eg limousines, flowers, orders of service, obituary notices, catering). Similar issues to those noted in this section could also apply to these purchases. We note, however, that the Sunlife Cost of Dying Survey found that long term inflation on optional services has been substantially

Coffins

110. We heard concerns from some stakeholders that:
- (a) funeral directors limit customers' ability to source coffins from third party suppliers;
 - (b) it is difficult for consumers to compare the prices that different funeral directors charge for coffins;
 - (c) funeral directors earn very large margins on coffins and this mark-up accounts for a substantial proportion of their overall income.¹¹⁴
111. We considered evidence as to whether tying (or bundling) strategies could limit the ability for customers to purchase more suitable coffins (eg lower price, higher quality or otherwise more suitable) from a third-party supplier.
112. The largest funeral directors place some restrictions on at least some customers (and/or otherwise disincentivise them) with regard to sourcing from a third party:
- (a) Dignity customers who are purchasers of the Simple funeral are not able to source a coffin from a third party. Conversely, customers of its Full funeral are able to source a coffin from a third party.
 - (b) Funeral Partners allow customers to select individual elements and to build their own funeral, or to purchase a specific funeral package (which includes a coffin). Customers who choose to purchase a funeral package do not get a discount if they subsequently buy the coffin from a third party instead of using the one offered in the package.
 - (c) The CMA inferred from evidence submitted by Co-op that, although in principle, its customers could purchase a coffin directly from a third party, its pricing structures and general communication would likely disincentivise a customer that considered doing so.¹¹⁵

lower than for funerals overall. The CMA Market Study consumer research also found that customers tended to focus on optional extras when seeking to reduce costs. For these reasons, we consider that tying strategies (and/or high mark ups) are likely to be less of a concern with regard to optional products and services such as limousines, flowers, orders of service obituary notices, catering.

¹¹⁴ For example, we heard an example of coffin wholesale prices of £30 and retail prices of £400-500. Source: Ken West's response to CMA issues statement.

¹¹⁵ For instance:

- We asked Co-op what product/service elements their customers are able to purchase directly from a third party. Co-op stated that the products/services that its customers can purchase: directly from third party providers are: flowers, stationary and obituary notices.

113. It was submitted that funeral directors may not accept third-party coffins due to quality considerations (and that funeral directors face reputational risks from accepting third-party coffins, for instance, if the coffin failed in some way).¹¹⁶ One funeral director also referred to economies of scale in manufacturing coffins.¹¹⁷
114. We considered that, in principle, a strategy of tying could potentially enable a funeral director to earn higher mark-ups on coffins over wholesale prices. For instance, if a customer initially chose a funeral director without knowledge of its coffin prices/policies, and then was unwilling to switch to another funeral director when they later found out (eg in the arrangement meeting) that they could not source a coffin from a third party.
115. Similarly, some funeral directors include a low-cost coffin option within their advertised funeral packages/prices but do not show the price/options for upgrading the coffin. If a customer initially chose a funeral director based on the advertised package, but later they decided that the included coffin was unsuitable, they may again be unwilling to switch to another funeral director when they found out that they could not source an alternative coffin from a third party.
116. In practice, we found evidence that very few customers do purchase a coffin from a third party, even when it is allowed. In 2018, Dignity and Funeral Partners submitted that only [X]% of full-service customers and less than [X]% of customers respectively purchased a coffin from a third party.
117. There was, however, evidence that it is more common for customers to upgrade the coffin element of packages:
- (a) Co-op submitted that [X]% of its Traditional Funeral customers upgraded to a wood-effect coffin and [X]% of Classic Funeral customers upgraded to a solid wood coffin.

-
- We note that a coffin is included within each of the Co-op Funeral Choices packages. The Funeral Choices price list does not state that a customer could source a coffin themselves or that they would receive a discount on the package price by doing so.
 - We also note that Co-op said that it is responsible for the coffin and its content from the perspective of the crematorium (for example in the event of a fire) and to ensure that the coffin is robust and suitable for the purpose designed (risks include the bottom falling out of a coffin). If the coffin came with the appropriate FFMA certificate (Accreditation) and was cremation approved it would allow the customer to procure it directly.

¹¹⁶ For instance:

- [X] gave an example of a customer that had bought their own coffin, that was too small, and the customer subsequently had to purchase another coffin from them.
- [X] highlighted potential difficulties dealing with third party suppliers, particularly relating to standards.
- Co-op submitted that bundling can ensure that a coffin is of the right standard and safe for cremation. Co-op response to the CMA Issues Statement.

¹¹⁷ Co-op referred to there being economies of scale in coffin manufacturing.

- (b) Dignity submitted that just [redacted]% Full service funeral customers upgraded the coffin option. However, internal documents indicated that there is a greater propensity for customers of Dignity's lower-cost funeral packages to upgrade the coffin. One document stated that, on average, customers of the reduced-price Full Service funeral spent £[redacted] upgrading from a foil veneer wood-effect coffin. Another document estimated that [redacted]% of customers of the Tailored funeral would upgrade the coffin to either a veneer or solid wood coffin.
118. Even where funeral directors do not explicitly prevent customers from sourcing a coffin from a third party, detriment could still arise from large mark-ups on coffin wholesale costs. For instance, if customers initially chose a funeral director without knowledge of the funeral director's coffin prices/options and were either not aware that they had the option to source from a third party or were otherwise unwilling to shop around.
119. There was some evidence that mark-ups on coffin retail prices over wholesale costs are relatively high. For instance, [redacted] said that it usually earns a mark-up of around 100% on their coffin sales.
120. Given the evidence above, the CMA would like to hear further from funeral directors. Particularly on what information about a funeral director's coffins (prices, options and policy on using third-party suppliers) consumers should be given and when.

Celebrants

121. We received concerns from 17 celebrants (and two funeral directors) about funeral director practices that restrict customers' choice of celebrant. The concerns raised included that some funeral directors:
- (a) Do not offer customers a choice of minister/celebrant, or tell the customer that they have a choice;
 - (b) ignore customer requests to use specific celebrants. For instance, by telling the customer that their chosen celebrant was unavailable on the date of the funeral (or otherwise arranging the funeral to be on a date they were not available);
 - (c) not taking customer circumstances into account, for instance, engaging a minister when the customer/deceased were not religious;
 - (d) recommend, or are only willing to engage, the services of a limited set of celebrants, such as in-house or low-cost celebrants. It was alleged that

the low-cost celebrants follow short, generic, templated scripts (as opposed to other celebrants who may offer a more bespoke service);

(e) charge customers a mark-up over the celebrant's actual fee.

122. In light of these concerns, the CMA would like to hear further from funeral directors, in particular, with respect to the following issues:

(a) What are the factors that determine who you engage or recommend as the celebrant/minister?

(b) When a customer wants to use a specific (or specific type of) celebrant do you accommodate their preferences? If not, why not?

(c) What information, if any, do you think consumers should be given about the choices of celebrant/minister available?

Legal services

123. Internal documents suggested that some funeral directors will offer legal services during the arrangement meeting (or seek permission for other sales representatives to make approaches afterwards).¹¹⁸

124. We consider that at least two issues could potentially arise from the sale of legal services including (i) that the customer has a poor awareness of prices for these services and signs up with the funeral director's offering before having the opportunity to seek third party suppliers; and (ii) the funeral director could use its position as legal services provider to gain knowledge of the value of the deceased's estate, and to assess their ability/willingness to pay for the funeral.

125. We have seen relatively few customer complaints specifically related to the sale of legal services. However, we note that it is not clear that customers would be aware of the above issues.

126. The CMA would like to hear from funeral directors (and other interested parties) on these issues. In particular, evidence pursuant to whether consumers are potentially harmed by funeral directors offering (directly or via a partner) legal services.

¹¹⁸ For instance:

- [redacted].

Barriers to switching

127. We considered whether funeral directors engage in strategies to increase barriers to switching. Specifically, we considered (i) switching costs imposed by a funeral director that has already collected the deceased; and (ii) requirements for customers to pay deposits in or shortly after the arrangement meeting.¹¹⁹
128. Barriers to switching can harm competition to the extent that they discourage customers from researching/comparing and using their preferred supplier. We consider that they could be particularly important in the funerals sector given that, as discussed in paragraphs 42 to 50, the initial choice of funeral director to collect the deceased is typically made very quickly after death and with little research or comparison.

Switching costs

129. We requested evidence from Dignity, Co-op and Funeral Partners on the costs that a customer would face if they wanted to switch to another funeral director after the deceased had already been taken into care at the request of the family. All three stated that they may apply a charge for switching in these circumstances. Their responses indicate that charges could be £[redacted].¹²⁰
130. We note that these costs may not always be imposed directly on the customer: Dignity stated that it may charge the new funeral director if a customer switched. However, we note that the effect may be the same if the incoming funeral director passes this cost on to the customer.

¹¹⁹ We also saw examples of other issues/behaviours that could raise barriers to switching:

- Issues around the funeral director holding the 'green form'. We heard that funeral directors can assume and act as if they have been instructed to supply the funeral if they have the 'green form'. We also heard an example of a funeral director that kept the green form while the customer decided which funeral director to use. Sources: Summary of roundtable with 'progressive funeral directors' held on 21 August 2019 and hosted by the Good Funeral Guide, and [redacted].
- We heard an example of a funeral director that offered a customer the option to pay a lower deposit but only if they purchased a more expensive funeral package.

¹²⁰ For instance:

- Co-op stated that it charges the family £[redacted] (or more, if the deceased had been held for a number of days), although they may waive this fee if the customer felt that the Co-op funeral director had not met their expectations. Co-op stated that there are no charges to the family if the instruction to move the deceased into Co-op's care in the first instance did not come from the family.
- Dignity stated that it may charge the new funeral director a fee (but not the customer). It did not state what fee it would charge but that it would cover the staff costs, doctor's fees and any consumables used to bring the deceased into Dignity's care.
- Funeral Partners stated it would charge a fee but did not specify what it would be. We note that they would charge another funeral director £[redacted] for collecting a deceased on that funeral director's behalf (this would not include any aspect of the cost of care of the deceased). Transfer and care of the deceased is charged to customers at £[redacted] in one branch (Doves Funeral Directors).

Upfront payments

131. As reported above, around half of respondents committed to using a funeral director during the arrangement meeting, for instance by paying a deposit or signing a contract.¹²¹ These payments are sometimes justified on the basis that the funeral director has to make payments on behalf of the customer to third parties.
132. We reviewed the policies of the three national funeral directors and four largest regional Co-ops. There was evidence that some have a policy of requiring that (at least some) customers make a payment in the arrangement meeting itself. Others may encourage payment in the arrangement meeting but have a policy of requiring a payment within a set period after the arrangement meeting or before the funeral.¹²²
133. Conversely, the large majority of the independent funeral directors that we interviewed and asked about upfront payments told us that they do not typically request upfront payments or deposits. There is evidence that customers are not always aware, in advance of the arrangement meeting, that they have to make up-front payments and the CMA could not find reference to upfront payments on several large funeral director websites.¹²³ One funeral director website that did refer to an upfront payment policy did not indicate how substantial deposits could be.¹²⁴

¹²¹ CMA Market Investigation consumer survey, Tables 196-198, Question FD39_1.

¹²² For instance:

- Dignity stated that, for a Simple funeral, it requests disbursements at the arrangement meeting and the full balance [£] before the funeral. For the Full Service funeral, it does not request upfront payments [£]. However, internal staff guidance suggests that staff ask all customers for a deposit to cover disbursements prior to the funeral.
- The Co-op online brochure 'Your guide to funeral care - what you need to know when arranging a funeral' states that 'we kindly ask for payment for [disbursements] at the time of making the funeral arrangements'. The Co-op Funeral Choices Brochure states 'third party fees must be paid within 24 hours of arranging the funeral'.
- A Funeral Partner's document states that 'an advance payment would, be taken and a receipt issued' in the arrangement meeting. Funeral Partners stated that it would typically take an advance payment before the funeral, but it would not necessarily be expected during the arrangement meeting itself. It also stated that in some circumstances it may waive the requirement for a payment before the funeral.
- The Midcounties Co-op webpage states that they 'kindly ask for payment [for disbursements] at the time of making the funeral arrangements' and a Midcounties Co-op internal document stated that disbursements must be paid at least 5 working days before the funeral, otherwise the funeral could be rescheduled/delayed until payment has been made.
- A Central England Co-op internal document states that its policy is to take payment for third-party costs within 48 hours of the arrangement meeting and to send an invoice 5 days after this.
- An East of England Co-op internal document states a policy of taking third-party costs and [£]% of the remaining balance at the time of booking.
- A Southern Co-op internal document states that, depending on the outcome of a customer credit check, the customer would pay (i) no deposit; (ii) 50% or disbursements (whichever is greater), or (iii) full payment in advance.

¹²³ Including: Dignity, Funeral Partners and East of England Co-op.

¹²⁴ Midcounties Co-op.

134. An East of England Co-op internal document suggested that it decided not to include details of a required deposit on its website and price lists available prior to the arrangement meeting because there is a 'proven link between deposit information at early stages of customer engagements and loss of business'.
135. We note that, although funeral directors may request payment during the arrangement meeting (or shortly afterwards) on the basis that they have to make payments to third parties, the funeral director may not make these payments to the relevant third party until a later date, eg the day of the cremation or after the funeral.¹²⁵

Impact of barriers to switching

136. The propensity for customers to switch funeral director after the deceased has been collected is very low:
- (a) 11% of all respondents to the CMA Market Investigation consumer survey reported that the funeral director business that collected the deceased did not also make all the other arrangements for the funeral.¹²⁶
 - (b) Funeral Partners submitted that, in 2018, it only charged nine customers for switching to another funeral director; and
 - (c) Co-op internal documents indicated that less than 2% of customers switched after collection of the deceased had taken place.¹²⁷
137. Results from the CMA Market Investigation consumer survey indicated that the low propensity for customers to switch funeral directors does not appear to be driven by switching costs. Where respondents told us that the funeral director that collected the deceased also carried out the funeral (81%, n=227):
- (a) Almost all (96%) had not, at any point, considered using a different funeral director.¹²⁸ Less than 0.5% of these respondents said that the reason they

¹²⁵ Dignity submitted details of payment terms to its crematoria suppliers. This showed that:

- [X%] of its crematoria suppliers are paid before the cremation;
- [X%] of its crematoria suppliers are paid at the time of the cremation;
- [X%] of suppliers require payment between 7 to 30 days after the cremation.

¹²⁶ CMA Market Investigation consumer survey, Tables 139-141, Question FD21. This is higher than indicated by the responses from Co-op and Funeral Partners. We consider this may be because, in some cases, another party (eg a relative or staff at a care home) initially contacted the funeral director.

¹²⁷ Co-op tracks the reason for 'first calls' being closed on its system. This indicated that less than [X%] of first calls subsequently used another funeral director, and [X%] of these (ie less than 2% of all first calls) were after the deceased had already been taken into Co-op's care.

¹²⁸ CMA Market Investigation consumer survey, Tables 142-144, Question FD22a.

had not considered switching was that they did not want to incur additional costs by doing so;¹²⁹

(b) 4% had considered using a different funeral director. Among these nine respondents, only one gave not wanting to incur additional costs as the reason that they had not ultimately switched.¹³⁰

138. The CMA Market Study consumer research was broadly consistent with this, insofar that, out of 144 respondents, not one switched funeral director after they had been engaged. Some respondents explained that changing funeral director would have required moving the deceased again, and possibly incurring further transport costs.

139. In summary, some customers make upfront payments to funeral directors in the arrangement meeting and/or would face material switching costs. These do not currently deter many customers from switching, because most do not consider doing so after they have initially instructed a funeral director. Nevertheless, we consider that if they were to think about switching, these factors could potentially have a significant impact, for example, on the net financial gain (and therefore the incentive) to switch to a lower priced funeral director.

Choice of crematoria

140. We considered what information funeral directors give to customers on crematoria options, and whether, to the extent that little information is given, customers pay a higher price and/or do not use the crematorium most suited to their needs.

141. We reviewed staff training materials from some of the large funeral directors, and the results of third-party mystery shopping exercises. This evidence showed:

(a) in the arrangement meeting, funeral directors ask the customer if they have a crematorium in mind and, if not, they set out the available options.¹³¹

¹²⁹ CMA Market Investigation consumer survey, additional analysis of data at Questions FD22a and FD22b.

¹³⁰ CMA Market Investigation consumer survey, additional analysis of data at Questions FD22a and FD22b.

¹³¹ For example:

- Central England Co-op staff are advised to ask the customer which cemetery/crematorium they want to use.
- Funeral Partners stated that, if there is a choice of crematoria, the funeral director will set out the choices available unless the family state that they want to go to a specific one.

(b) Most funeral directors that provided a telephone quote inclusive of third-party costs, based the quote on the costs of a local crematorium selected by the funeral director, as opposed to setting out various crematorium options/costs.

142. The CMA Market Investigation consumer survey highlighted that most respondents (82%) had a crematorium in mind before they made contact with the funeral director, and nearly four in five (78%) had not changed their mind post-contact (ie a crematorium they had envisaged initially was the one they eventually used). Indeed, our survey found that in two-thirds of cases overall (66%), the funeral director did not suggest or recommend an alternative when the consumer already had an idea of which crematorium they wanted to use.¹³² We acknowledge that in some cases this may be because there is not much/any choice of alternative crematorium (indeed, 47% of respondents said they had not compared crematoria because (as they saw it) there was only one local option).¹³³

Packages

143. Funeral director sales practices vary with regard to the extent to which they offer their services via packages, a menu of options, or in some other manner. With regard to packages, practice also varies with regard to the extent to which elements can be added/removed.

144. We considered this issue to understand whether there is evidence that the way funeral directors present and package the choices available may induce customers to spend more than they would otherwise.

145. We summarise relevant consumer research that some of the national and regional Co-ops have undertaken:

Co-op

146. Co-op undertook consumer research prior to the relaunch of its Simple funeral in 2016, and before/after introducing its Funeral Choices packages in 2017. The findings related both to customer preferences over the information that

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- A Dignity training video shows the funeral director asking customers if they have thought about where the cremation will be (specific options are not set out). Dignity stated that its funeral directors will ask 'what do you have in mind' regarding the crematorium and, if the customer does not know, then the funeral director will talk through the crematoria options.

¹³² CMA Market Investigation consumer survey, Tables 311-313, Question C3, and additional analysis of data at Questions C3, C4 and Cnew2

¹³³ CMA Market Investigation consumer survey, Tables 308-310, Question C1+C2 summary. Base: all UK adults 18+ who (i) arranged an at-need cremation with a 'high street' funeral director or (ii) arranged an attended cremation with an online-only funeral provider or (iii) arranged an at-need cremation without a funeral director since J/A/S/O 2017 (n=376).

they receive from the funeral director prior to the arrangement meeting (including that information received beforehand can be helpful) and how funeral products and services are structured/chosen (including that customers prefer to add rather than remove elements from the funeral). It has more recently considered making further changes to its packages.

147. In more detail, the findings of this research included:

- (a) limitations on the Simple funeral (eg no ability to upgrade elements) are unpopular;
- (b) showing customers information on the decisions they need to make, typical third-party costs, and examples/packages/costs prior to the arrangement meeting would be helpful and can increase transparency;
- (c) consumers' and staff preferences on sales format (eg packages or itemised lists) very widely, but the majority of customers seek some kind of guidance for this unfamiliar purchase;¹³⁴
- (d) there are pros and cons to using packages/examples in the sales process. On the one hand, they can alleviate consumer stress and provide a starting point to a conversation about the funeral. On the other hand, some consumers dislike examples, which can be overwhelming;
- (e) customers prefer to add, rather than to remove, elements to their funeral;
- (f) some consumers felt misled if they were shown a Simple funeral after first being shown higher cost options;
- (g) most, but not all, Co-op staff felt that the Funeral Choices packages had benefitted customers, while some felt it had made the conversation more difficult due to a lack of transparency and flexibility.

148. Recent Co-op proposals considered internally include replacing the three Funeral Choices packages with an initial 'core' offering to which extras are added (other options are being considered too).

¹³⁴ [X] found that consumer preferred sales format was: [X]% wanted a price list, [X]% wanted a price list with suggestions, [X]% wanted packages with add-ons, [X]% wanted packages.

Dignity

149. Consumer research undertaken by LEK (on Dignity's behalf) in 2018 found that customers generally prefer to customise or have the option of upgrading elements of their funeral. In more detail, it found that:
- (a) [REDACTED]
 - (b) [REDACTED]
150. Dignity also undertook pricing trials in 2018 which tested various changes to its funeral options and fees. For certain branches, in October 2018, the full funeral option was replaced with a streamlined version (the 'Tailored Funeral'). This removed or downgraded several elements offered in the full funeral but allowed the customer to add back in or upgrade elements. Even a customer who chose to add or upgrade these elements still paid a lower price, on average, compared with the previous full funeral price.
151. Dignity estimated that, based on previous customer take-up of the various funeral elements, around [REDACTED]% of customers would have paid less, and around [REDACTED]% would have paid more, under the Tailored Funeral pricing structure compared with the previous full funeral pricing.
152. CMA analysis of Dignity revenue data showed that average funeral revenue [REDACTED] at the branches when the Tailored funeral was introduced.¹³⁵ It is not clear, however, to what extent this may have been driven by the reduction in price versus any changes in customer take-up of those elements that were no longer included as standard.
153. Dignity collated feedback from branches that are trialling the Tailored funeral. Some of this feedback was positive: customers were happy to have the freedom to pay for what they wanted, and prices were more transparent. On the other hand, some customers were unhappy with having to pay separate fees for things such as personalised processions and viewings. There was also feedback that the price list was difficult for a customer to understand without assistance.

¹³⁵ We consider that some caution needs to be applied to this result.

Funeral Partners

154. Funeral Partners found that its low-cost 'essentials' package sometimes won customers, but adversely effected its revenues, and led to some negative customer feedback (those that did not get the funeral they wanted).

Midcounties Co-op

155. Midcounties Co-op consumer research found that customers want to personalise funerals to their exact requirements rather than to buy a package (it subsequently dropped some packages in January 2016).
156. Overall, we consider that the main points from the funeral directors' research summarised above are that customer preferences vary, and while packages/examples can provide helpful guidance to some, many customers want the flexibility to choose funeral elements (and in general, prefer to add, rather than remove them).

Customer complaints

157. We gathered and reviewed customer complaints records from a wide variety of sources. These sources included: customer submissions made to the CMA, complaints records of Dignity, Co-op, SAIF, Funeral Arbitration Scheme, [X].
158. We reviewed customer complaints data in order to gather evidence on:
- (a) the prevalence of customer complaints in the sector overall;
 - (b) whether complaints related to specific sales practices which may be harmful; and
 - (c) if such sales practices exist, the prevalence of those sales practices.
159. Customer complaints data could have some limitations as an evidence source. For instance, internal records maintained by some organisations were sometimes ambiguous as to the nature of the complaint.
160. The evidence that we reviewed indicated that a relatively small though material proportion of customers expressed dissatisfaction or complained about the funeral director:
- (a) One internal document indicated that, in a particular week, c.9% of Dignity customers who were telephoned directly after the funeral expressed dissatisfaction and c.1% complained. We note that similar proportions of CMA survey respondents stated that the funeral director did not meet their

expectations or met them only in part (9%)¹³⁶ and would not recommend the funeral director to someone else (10%)¹³⁷.

(b) A lower proportion of customers appeared to proactively submit complaints to the organisations listed in paragraph 157. For example:

- Complaint logs held by Co-op included [redacted] complaint records for 2018. This is [less than 5%] as a proportion all of the funerals it supplied that year.¹³⁸
- SAIF provided details of 48 complaints made to it in 2018.
- NAFD provided details of 203 complaints that were dealt with under the Funeral Arbitration Scheme in 2018.

161. We consider that the relatively low number of complaints could understate how widespread some sales practices are. For instance, some customers may be averse to complaining (or not know what channels to use). Some sales practices behaviour may also not be detected by customers. For instance, they may not have any idea whether they were shown the lowest cost funeral option or not. It is also not clear whether all complaints are recorded by funeral directors and industry bodies, and in a consistent way (eg some could be recorded as 'feedback' instead).

162. We reviewed complaints records to assess whether they related to the sales process and, if so, what aspects. This was difficult because, as noted above, customer complaint records were sometimes unclear. Notwithstanding this:

(a) Only a relatively small proportion of complaints received by some of the national funeral directors and trade associations appeared to relate specifically to sales practices. Most instead related to issues/errors made in the arrangement or during some part of the service provided (spanning initial collection, on the day of the funeral, to the return of ashes and issues over memorials).

(b) A higher proportion, around half, of customer complaints made to the CMA and [redacted] related to problematic sales practices. This may reflect that customers who faced these issues are more likely to complain to the CMA and [redacted] than to the funeral director directly.

¹³⁶ CMA Market Investigation consumer survey, Tables 262-264, Question FD41.

¹³⁷ CMA Market Investigation consumer survey, Tables 265-267, Question FD42.

¹³⁸ We note that some complaints related to pre-pay plans, so this will slightly overestimate the number.

163. We found that, across each source of complaints data, a substantial proportion of complaints about sales practices (or transparency) related to the customer being unhappy with the information that was (or was not) supplied about the funeral director's prices or options.¹³⁹
164. Of the customers that have contacted the CMA outlining their experiences arranging a funeral, we had follow-up telephone interviews with six. Several common themes came out of these discussions including:
- (a) feeling rushed into choosing a funeral director or influenced by a care home into choosing a particular one;
 - (b) feeling overloaded with decisions during the arrangement meeting and/or feeling rushed into agreeing prices;
 - (c) being made to feel they had to conform with convention to do the best for their loved one;
 - (d) the funeral director provided inadequate (lack of/inaccurate) information including there being a lack of transparency around their fees;
 - (e) not being aware that they would be asked to pay third-party fees upfront.
165. The above evidence indicates that potentially a small, but material, proportion of customers raised complaints about the funeral director. Of complaints made to funeral directors or industry bodies, a relatively small proportion relate to sales practices. Many of these were customers being unhappy with the information provided on prices and options. Our interviews with customers demonstrated that some sales practices can have a significant impact on individuals' decision-making and may cause distress.

Conclusions

166. In this paper we assess whether funeral director sales practices adversely impact customers' ability to make fully informed decisions. In particular, whether they could limit customers' ability to understand the available options and/or to make comparisons, with the potential result that they make sub-optimal purchasing decisions

¹³⁹ Conversely, the most common complaint relating to the sales process reported by [X] related to practices that appeared to inhibit customer switching (eg the funeral director keeping the green form, being slow to return deposits, telling customers they cannot switch).

167. We focus on the information that funeral directors provide to customers throughout the customer journey, from their websites, to first contact with potential customers, through to making a sale.
168. Most consumers do not research funeral directors before the point-of-need. At this stage, most will choose a local funeral director based on recommendation or previous experience. They will typically undertake no, or only cursory research, before contacting the funeral director.
169. When consumers notify the funeral director of a death, the funeral director offers: practical advice, to collect the deceased, and to set up a face-to-face arrangement meeting. At this stage, information on funeral prices, costs and options are generally neither requested by the customer nor offered by the funeral director.
170. The minority of consumers that research funeral directors before an arrangement meeting may check funeral director websites or ring them to request information on prices and options. There was evidence that, for this minority:
 - (a) Many may struggle to get a reliable idea of funeral costs from the price information available on funeral directors' websites. From our review of a random sample of websites, we found that around half contained no price information. Where information was available, it was often incomplete or unclear.
 - (b) Some may not get clear or comprehensive information when they call a funeral director to request pricing information. In our mystery shopping exercise, some funeral directors did not provide information and others provided information that appeared incomplete or potentially confusing.
171. The large majority of consumers did not report a problem with either the funeral director or the funeral purchased. Nevertheless, a material minority indicated some dissatisfaction or an issue with a particular aspect of the sales process. We consider that there is evidence of some sales practices that could influence customers' decision-making, including potentially steering them towards higher cost options. It is, however, unclear how often customers are steered in this way in practice.
172. For instance:
 - (a) some funeral directors do not discuss prices at all, or not when decisions are being made that have an impact on the total bill;

- (b) the wide variation in embalming rates across funeral directors indicates that they have a significant influence over customer decisions on whether to purchase particular products or services;
 - (c) upfront payments and switching charges could make it more difficult, or reduce the incentive for customers, to switch provider. In addition, requesting upfront payments for low-cost funerals could deter customers from purchasing such options.
173. We also found that funeral directors typically do not provide information to customers on the available crematoria options. This could mean that customers pay a higher price or do not use the crematorium most suited to their needs. However, we found that most respondents had a crematorium in mind before they made contact with the funeral director and in some cases there may not be much/any choice of alternative crematorium
174. There are some specific sales practices or issues that the CMA would like to hear further about from funeral directors (and other interested parties). These include issues around sales practices that may restrict customers' ability to purchase some products and services from third parties (or otherwise influence choice). We also note that issues could arise from funeral directors offering legal services.