

Funerals market investigation

The quality of ‘back of house’ funeral director services

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, 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 [Some numbers have been replaced by a range.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. This Working Paper focuses on the quality of funeral directors' 'back of house' services, also sometimes referred to as care of, or for, the deceased. It relates in particular to the facilities and equipment used by funeral directors for taking care of the deceased person until the day of the funeral, but also touches on wider issues such as transportation and staff training.
2. There is a widespread view in the funerals industry that some funeral directors provide a poor quality service with respect to their care for the deceased, which falls below commonly acceptable minimum standards, and that the existing monitoring regimes are not sufficient to prevent this. We have also heard compelling evidence that this is true in at least some cases.
3. Most markets involve consumers making decisions involving trade-offs between price and quality. In a well-functioning market, with well-informed and actively engaged consumers, we would expect suppliers with unacceptably poor quality standards (in relation to aspects of their products that consumers care about) to lose customer volumes to rivals as part of the competitive process. Such suppliers would then be either incentivised to improve their standards to (or above) the minimum acceptable level, or forced to exit the market. However, where quality is not observable, incentives to invest in higher quality may be dampened because consumers cannot observe and respond to higher quality offers. Given that such consumers can observe and respond to (lower) prices, this may lead to a 'race to the bottom'.
4. In the funeral director services industry, some aspects of the service provided are not, or are only to a limited extent, observable to consumers (even after the purchase). The quality of care for the deceased is, in particular, an aspect where consumers may find it hard to, may not want to, or may not recognise a need to, obtain specific information on the quality standards of the service provided. This limitation (of unobserved quality) may undermine the competitive process in this regard, creating greater scope for poor quality market outcomes to both arise and persist.
5. This paper addresses the following questions:
 - (a) Is back of house quality observable by customers, does it matter to them, and do customers gather and compare evidence on care of the deceased before purchase of a funeral?

- (b) Do funeral directors monitor their own (and others') quality of care for the deceased?
 - (c) What is the evidence about the levels of less observable quality in the market?
- 6. The evidence reviewed so far indicates that:
 - (a) Customers care about back of house quality. Certain aspects of quality relating to care of the deceased are important to customers but are typically not observable (or only partially observable) to them, even after purchase. Before purchase, consumers gather only limited (and relatively poorly informed) information, primarily on observable quality, and rarely compare it across funeral providers.
 - (b) Whilst some funeral directors do monitor and invest in the quality of their services, we have not seen evidence of back of house quality investments being made in response to customer preferences or concerns (or of higher prices being necessary to provide good quality facilities).
 - (c) In relation to back of house quality factors, the evidence available suggests that many funeral directors provide an acceptable standard. However, as noted above, in relation to levels of back of house quality, there is a widespread view in the industry that some funeral directors provide poor quality, and that the existing monitoring regimes are not sufficient to prevent this. We have been made aware of specific examples which are reflected in the discussion below.

Is back of house quality observable by customers, does it matter to them, and do customers gather and compare evidence on care of the deceased before purchase of a funeral?

- 7. Many of the funeral directors that we have been in contact with have emphasised that quality is very important to customers.¹ Largely unobserved activities and facilities relating to care of the deceased are one important aspect of the quality of services provided. This is consistent with available evidence on the views of customers, summarised below.

¹ For example: [Co-op response to the issues statement paragraph 5.3](#); [Dignity response to the issues statement paragraph 4.9](#); [Funeral Partners response to the market study interim report page 6](#).

8. It seems to us to be beyond doubt that people will wish their loved ones to be treated with dignity and respect while in the care of a funeral director.
9. We saw in complaints data, and in submissions from funeral directors, that customers will sometimes give feedback on the presentation of the deceased when a visit has taken place. Moreover, when they are asked directly about care of the deceased, consumers tend to say it is an important feature of the provision of funeral director services. For example:
 - (a) In research commissioned by Dignity in 2018, 73% of respondents reported that caring for the deceased is a 'very important' service provided by funeral directors.²
 - (b) In research commissioned by Co-op in 2019, more than 95% of respondents described caring for the deceased as an important core service, second only to the proportion who said that collecting the deceased and taking them into care is an important core service.³ Co-op submitted that this supports its practical experience, 'which is that customers do place great importance on how the deceased is cared for, although may not wish to discuss or observe it directly.'
10. We asked Co-op, Dignity, Funeral Partners and the regional Co-ops to summarise what the dimensions of quality are that consumers care about, and which of these can be observed by customers. Their responses were broadly consistent, and highlighted:
 - (a) Factors observable before, during or after purchase:
 - (i) Personal connection and care of the bereaved including emotional support and guidance;
 - (ii) Professional competence of staff throughout the process;

² Dignity (2018), [Time to talk about quality and standards](#), p. 22 (Q25ar7: Below are some statements describing different aspects of the services provided by funeral directors For each, can you rate them by how important they are? - Caring for the deceased). Dignity's research was based on an online panel sample. Typically, the CMA considers 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 \(CMA78 revised\)](#)). As such we place limited weight on this evidence but note that generally its findings align with comments that we have received in the course of our investigation.

³ [redacted] survey for Co-op supports this view, reporting that [redacted]% of those interviewed listed 'full funeral arrangement and care of the deceased' as a top priority

(iii) Range of personalisation options in relation to vehicles, coffins, music, and the remembrance service;

(iv) Style, atmosphere and cleanliness of observed facilities, vehicles, and equipment.

(b) Factors that are only partially and infrequently observable to customers:

(v) Care of the deceased, including operational standards and back of house facilities.

11. Figure 1 summarises the views of Co-op that most aspects of service are observable at least in part. However, care of the deceased is considered largely (although not entirely) unobservable. The extent to which customers gather information on less observable factors is considered in the next section.

Figure 1: Direct observability of quality

	Search	First point of contact	Arrangement	Visits to see body	Funeral
Care of the deceased	Unobservable			Partially observable	Unobservable
Care for the bereaved	Unobservable	Observable			
Professional competence	Unobservable	Observable			
Personalisation	Unobservable	Observable			
Facilities and equipment	Unobservable	Partially observable			

Source: Co-op

12. The evidence collected during the Market Investigation shows that very few customers compare any aspect of funeral directors' offers before making their purchase. The CMA's Market Investigation consumer survey found that:

(a) Only a minority of respondents (17%) compared the services of two or more funeral directors when deciding which one to use;⁴

⁴ CMA Market Investigation consumer survey, Question FD1+FD2.

- (b) Around a quarter of respondents considered that, effectively, there was no comparison to make between funeral directors. This was either because they were honouring the express wishes of the deceased (13%) or because (as they saw it) only one funeral director was available locally (12%). Just over half of respondents said they did not compare funeral directors even though a genuine choice of providers was available to them.⁵
13. Where people do compare funeral directors, standard of care for the deceased was identified spontaneously by some, but several other points of comparison were noted more frequently.⁶
14. These headline survey results indicate that funeral directors are likely to have relatively weak incentives to compete hard in relation to any aspect of their offer, including quality.
15. However, we received submissions from funeral directors which argued that consumers are aware of (and respond to) the quality of a funeral director's offer, including through their own past experience or recommendations they receive.⁷
16. In the CMA's Market Investigation consumer survey, customers with a choice of funeral director reported a variety of factors as being the most important in their choice. Broadly, the most important factors that respondents raised without prompting were:⁸
- (a) Personal experience of using the funeral director before, or of attending a funeral that the funeral director concerned had arranged (30%).⁹ Amongst respondents who had used the funeral director before, very few referred spontaneously to care of the deceased as an influential aspect in their choice.¹⁰
- (b) Recommendations (28%), the funeral director's good reputation in the area (11%), and/or good customer reviews/ratings (3%). Again,

⁵ CMA Market Investigation consumer survey, Question FD1+FD2.

⁶ 'Standard of their care for/respect for the remains of the deceased' was mentioned by 6 of 48 consumers who compared funeral directors. CMA Market Investigation consumer survey, Question FD11.

⁷ For example, [Dignity response to the interim report](#), [Funeral Partners response to the interim report](#).

⁸ CMA Market Investigation consumer survey, Question FD6a.

⁹ CMA Market Investigation consumer survey, Question FD6a.

¹⁰ 'Level of care of/respect for the remains of the deceased I/we knew I/we could expect' was mentioned by 6 of 74 consumers who said previous personal experience was the most important factor in choosing the funeral director they used. CMA Market Investigation consumer survey, Question FD7b.

very few of these respondents spontaneously mentioned care of the deceased as an influential aspect in their choice.¹¹

17. We note that care of the deceased was rarely mentioned by respondents as an important factor in their choice. However, below we consider in more detail how the following factors may affect consumers' understanding of funeral directors' quality and how it varies across providers, in relation in particular to back of house quality:
- (a) Expectations and assumptions about quality;
 - (b) Past experience;
 - (c) Recommendations from others; and
 - (d) Other information available to customers.

Expectations and assumptions

18. Many customers appear to believe that, in general, most funeral directors are likely to provide similar quality, or at least that all are likely to meet certain minimum standards:
- (a) The CMA's Market Study consumer research found that customers often assume that funeral directors meet industry standards (whereas minimum standards on quality are not prescribed by law).¹²
 - (b) A survey of the general public commissioned by the CMA as part of this Market Investigation found that 69% of UK adults believe that funeral directors must be licensed or registered to operate.¹³
19. These findings suggest that consumers expect mandated minimum standards – and regulatory oversight – when it comes to care of the deceased.

¹¹ 'Level of care of/respect for the remains of the deceased I/we could expect' was mentioned by 3 of 68 consumers who said recommendation(s)/reviews/reputation was the most important factor in choosing the funeral director they used. CMA Market Investigation consumer survey, Question FD8b.

¹² [CMA Market Study consumer research](#) p.40.

¹³ CMA Market Investigation general public survey, July 2019. All choosing response option 'funeral directors' specifically, or spontaneously stating 'all of them', in response to the following question: In the United Kingdom, certain types of business are regulated by law to meet particular minimum standards for the goods or services they provide. This means they must either hold a licence, or register, to operate. Which of the following businesses, if any, do you think (or know) must be licensed or registered to operate in the UK?. Representative sample of 2,237 UK adults age 18+, July 2019.

Past experience

20. As noted above, for 30% of consumers in the CMA's Market Investigation consumer survey, past experience was the most important factor in their choice of funeral director.¹⁴ Past experience will provide the customer with evidence on some aspects of quality, and a poor experience is likely to reduce the likelihood that the consumer uses the same funeral director next time, or lead them to change other choices about the funeral.¹⁵ The CMA's Market Study consumer research found that in a very small number of cases, a negative experience meant that respondents resolved not to use the funeral director again, although they still went ahead with the funeral director on the occasion in question.¹⁶
21. The fact that some aspects of quality are unobservable, or only partially observable, to those arranging funerals (as described in paragraphs 10-11) means that these aspects cannot, or can only to a very limited extent, be taken into account based on past experience. This view was supported by the large funeral directors – Dignity, Co-op and Funeral Partners all submitted that back of house facilities are largely unobserved prior to, and after, purchasing a funeral, and that families will make decisions primarily based on observed quality.
22. However, certain aspects of care for the deceased may be taken into account by consumers to some extent via past experience.
 - (a) Funeral Partners submitted that the best staff – for example, those who are caring and compassionate in their interactions with customers – also demand high quality back of house standards (meaning that back of house standards are important for recruitment and retention), as well as being more likely to maintain those high standards once recruited.¹⁷ On the other hand, we note that the funeral arranger (ie the customer's primary contact with the firm) may not typically be the person who deals with the deceased (at least in large firms), and even this degree of contact is not experienced by those whose prior experience is of attending, rather than arranging, a

¹⁴ CMA Market Investigation consumer survey, Question FD6a. This is consistent with various research carried out by funeral directors about their own customers.

¹⁵ For example, this was the case for some experienced respondents in recently published [qualitative research](#) ('Funeral Experts by Experience' (2019) pp 24-25).

¹⁶ [CMA Market Study consumer research](#), paragraph 4.3.18.

¹⁷ 'we believe that the best workers in the funeral industry (for example, people who are compassionate and caring) also place a huge value on 'unobserved' quality and care of the deceased. Attracting and retaining these workers is good for business for both 'observed' and 'unobserved' quality.'

funeral. We therefore do not attach significant weight to this argument.

- (b) Some aspects of care of the deceased, such as staff respectfulness, may be visible to customers who are present when the deceased is collected from home. In research for Dignity, 38% of respondents who had arranged or helped to arrange a funeral in the last three years said that the body of their loved one was collected from home, and they were present for this,¹⁸ although wider data suggests that only around 24% of deaths occur at home¹⁹. However, we note that there is no necessary correlation between the behaviour of staff when meeting customers and their behaviour (or the behaviour of other staff) when customers are not present.
- (c) Care of the deceased (insomuch as it has an impact on the physical condition/appearance of the deceased) is perhaps partially visible in cases where a viewing takes place. Dignity's research found that 44% of respondents had viewed the body prior to the funeral, while it was at the funeral home.²⁰ We note, however, that funeral directors appear to vary in how often viewings take place at their premises. Co-op submitted research evidence showing that [redacted]% of its customers had viewed the deceased, compared with [redacted]% of the clients of independent funeral directors.²¹ In any event, viewings tend to take place in chapels or viewing rooms and may not give customers an insight into storage or mortuary arrangements.
- (d) There is some evidence that in the small number of cases where problems in relation to care of the deceased come to light, it may affect the likelihood of the customer using the funeral director again. For example, care of the deceased is mentioned relatively often in complaints data,²² and Co-op provided an example of a customer citing poor physical appearance of the deceased, which was noticed when visiting the deceased, as a key factor in deciding not to use the

¹⁸ Dignity (2018), [Time to talk about quality and standards](#).

¹⁹ Public Health England, Statistical commentary: End of Life Care Profiles, [February 2018 update](#).

²⁰ Dignity (2018), [Time to talk about quality and standards](#).

²¹ Co-op submitted that: it believes 'that evidence of poor quality practice in funeral directors can be loosely correlated with the percentage of funeral directors that encourage viewing of the deceased. Our rate of viewing is higher because we have quality facilities that we are comfortable allowing customers to view. Funeral directors with poor quality facilities will often either not offer, or discourage customers from taking up, viewing as an option.' We did not request data from other funeral directors on the proportion of occasions on which viewing takes place. However Funeral Partners told us that the figure is around [redacted]%, and that viewing is always an option for families except in extreme cases where it is not recommended.

²² See paragraph 95 below.

same funeral director in the future. This illustrates that poor care of the deceased is important to customers when this is observed, but provides no indication of the extent to which care is observable to customers.

Recommendations from others

23. In the CMA's Market Investigation consumer survey, a recommendation was (cumulatively) the most important factor in the choice of funeral director for 28% of people who had a choice of funeral director.²³
24. Recommendations from family, friends or colleagues was the most important factor in choosing the funeral director they used for 11% of all consumers with a choice of funeral director. These recommendations are likely to be subject to weaknesses similar to those highlighted above in relation to past experience. The Market Study consumer research suggested that in seeking these recommendations customers were looking for reassurance that the funeral would run smoothly²⁴. In the Market Investigation consumer survey, those who had found out about the funeral director they used through a recommendation (n=65) more frequently said that – in the process – they had received information about the funeral director's local reputation (n=22), what the staff were like (n=19) and the level of customer care they could expect (n=16) than said they had received information about the funeral director's standard of care for the deceased (n=9) or the standard of their back of house facilities (n=2).²⁵
25. For 1% of consumers with a choice of funeral director, the most important factor in choosing the one they used was a recommendation by a member of staff at the care home/nursing home/hospice where the deceased died, and for a further 1% it was a recommendation by another professional third party (eg a bereavement counsellor, a religious leader).²⁶ We received some submissions arguing that recommendations of this type are well-informed and may take into account more, or different, factors than are typically observed by customers, which may include back of house facilities shown by funeral directors to care professionals. For example:

²³ CMA Market Investigation consumer survey, Question FD6a

²⁴ [CMA Market Study consumer research](#), paragraph 1.4.10

²⁵ CMA Market Investigation consumer survey, Question FD5.

²⁶ CMA Market Investigation consumer survey, Question FD6a

- (a) Co-op submitted that '[t]hese groups may differ in how they form their recommendations - the relative importance of quality (over price and location) is unclear. However, since we do not currently make referral payments to any intermediaries, these recommendations are likely to be based on quality considerations.'
- (b) Other funeral directors and the trade bodies have suggested that care home and hospice staff have good experience and evidence about certain aspects of funeral director quality, and that their recommendations may therefore be helpful²⁷ (and by implication pro-competitive). A representative of SAIF told us that 'In terms of existing funeral directors, I think one source of information that may be useful would be [...] hospices; hospice mortuaries. Their nursing staff will see operatives come in and do a removal and that is interesting how they spot how, just the handling of the deceased [...]) SAIF met the chief executive of a hospice who advised their nurses spot how well and how careful the operatives are at removing the deceased.'
26. Linked to this, some funeral directors hold open days for care home staff to advertise their quality.²⁸ A SAIF representative told us: 'care professionals, doctors, doctor's surgery staff, nursing home care professionals and nurses, hospice nurses, even hospital nurses [...] – we do a training programme for care professionals where we invite them in and we show them behind the scenes quite openly.'
27. However, we note that our Market Investigation consumer survey found that only 5% of respondents who had a choice of funeral director found out about the one they used through a recommendation by a member of staff at the care home/nursing home/hospice/hospital where the deceased died, and 3% through a recommendation by another professional third party (eg a bereavement counsellor, a religious leader).²⁹

²⁷ For example, [redacted]

²⁸ Eg [redacted]. See also Co-op Central England: 'We have open days at our funeral homes where the general public can access both front and back of house facilities. We aid in professional development sessions with members of the medical profession, the care industry and members of the emergency services. These sessions offer an all access look around the funeral home and we are incredibly proud of the standards we present to them.'

²⁹ CMA Market Investigation consumer survey, Question FD4.

Other information available to customers

28. Other possible information sources for consumers include:
- (a) More general reputation (as distinct from specific recommendations);
 - (b) Information on professional memberships;
 - (c) Online directories or comparison sites;
 - (d) Early contact with the funeral director through websites, phone calls or arrangement meetings.
29. Overall, these sources play a relatively limited role in consumer decision-making and may only provide limited or tangential information about back of house quality, if at all. The Market Investigation consumer survey found that among customers with a choice of funeral director, 11% said the most important factor in their choice was the funeral director's good reputation in the area, while 3% noted good customer reviews/ratings for the business as the most important factor in their choice.³⁰ Below, we set out some specific considerations in relation to how each of these sources may affect consumers' awareness of back of house quality.

Reputation

30. It has been submitted to us that reputational issues are a powerful motivator for funeral directors,³¹ and that, although back of house problems become public only rarely, this can be very damaging reputationally, providing an incentive to maintain high standards.³² Whilst this seems a realistic disciplining mechanism, we note that:
- (a) Our own search of media databases has found relatively few instances of media scrutiny of funeral director quality, and that this has been focused on the largest providers.³³

³⁰ CMA Market Investigation consumer survey, Question FD6a.

³¹ For example Central England Co-op emphasised that reputation is very important to customers.

³² Funeral Partners submitted that: 'We consider it as part of the overall cost of being a high-quality funeral director that there exist high standards in both 'unobserved' and 'observed' quality. Low standards in these areas can lead to huge reputational damage, as well as having consumer detriment given consumer expectations in these areas.' Funeral Partners provided the following example articles from the [Daily Mail](#) and [Daily Mirror](#).

³³ We undertook article searches of the Brandwatch database using relevant search terms, as well as similar Google searches.

(b) Funeral directors themselves have told us that they do not have good visibility over the back of house quality at their rivals' premises, suggesting that information on back of house facilities does not generally affect reputation.³⁴ Funeral Partners and Dignity told us that they have sometimes purchased funeral directors with a good local reputation but which, when inspected after purchase, demonstrated poor back of house facilities (for more detail see paragraphs 73-77 below).³⁵

Professional memberships

31. In principle, information on professional memberships may help customers obtain assurance about the quality of funeral directors, and some funeral directors said that customers can use this to assess funeral director quality.³⁶ Both NAFD and SAIF have requirements and carry out inspections related to quality, and include requirements for their members to clearly display information on their membership.³⁷ Other funeral directors display indicators of their presence in the Good Funeral Guide, which also involves some certification of quality aspects.³⁸
32. NAFD and SAIF have codes of practice and an inspection regime covering aspects that are observable to customers and less observable aspects. However, the trade associations do not currently publish information on how quality varies across the funeral directors they inspect. The Scottish Inspector of Funeral Directors' findings, which suggest that some funeral directors in Scotland are providing low quality in some respects, may indicate that the NAFD and SAIF regimes (not least because they do not cover all funeral directors) may not be detecting all problems. Moreover, some concerns have been expressed to us around the lack of visibility of any monitoring and/or enforcement of compliance with the codes of practice.³⁹ For example:

³⁴ See paragraph 51 below.

³⁵ Funeral Partners explained that 'this means that, following acquisition, [it] is often required to invest heavily in 'back-of-house' practices and facilities.'

³⁶ [Harold Wood Funeral Services Ltd response to CMA statement of scope](#). Co-op Mid Counties also submitted that, 'Where a client does not have local knowledge or experience, they may refer to independent signs of standards and quality, such as membership of a trade association (e.g. the National Association of Funeral Directors, "NAFD").'

³⁷ See Tables 1 and 2 in Appendix 1.

³⁸ For more detail, see Working Paper on 'Quality regulation remedies'

³⁹ See, for example: [Beyond response to CMA statement of scope](#) and [Summary of responses from individuals to CMA statement of scope](#).

- (a) 'we see no evidence of the trade associations disciplining or expelling offending members even when their third-party arbitrator may find in favour of the family and obtain a refund.'⁴⁰
- (b) 'we are not aware of any member of the NAFD having their membership suspended for breaching the code of practice. This suggests that the code of practice is not worth the paper it is written on. [We have] reported serious breaches of the NAFD code of conduct but the result was simply a ticking off of the member by the NAFD professional standards team, and no further disclosure about the matter nor the response provided by the member to our complaint.'⁴¹
- (c) 'The goal of the trade associations was to increase membership [...] Numbers over quality still to this day are prioritised even with this ongoing inquiry, shown by the lack of development and emphasis of education and membership criteria or even mandatory professional qualifications for personnel in positions of influence.'⁴²
- (d) 'Inspections by trade bodies are cursory and to an absolute lowest standard. Failing and broken equipment, lack of health and safety provision, poor care of the deceased, unclear pricing and invoicing, non-existent data protection, cupboards full of retained ashes that have been kept for non-payment over the years are all ignored. The company owner is the only person spoken to during these inspections and the inspector does not check premises thoroughly. Membership of an organisation such as the NAFD doesn't in any way, shape or form ensure a better quality of service as these trade organisations aren't independent and have significant financial incentives to retain members. It's a case of "no one complained so here's your membership certificate for another year".'⁴³
- (e) Embalmers that have provided submissions to our inquiry made varied comments on the efficacy of the trade body inspection regimes, with some indicating that these involve appropriate review of back of house facilities, and others that they were aware of inspections which they considered to be inadequate, cursory or focussed on front of house and paperwork only. One embalmer

⁴⁰ [The Natural Death Centre response to CMA statement of scope.](#)

⁴¹ [The Good Funeral Guide.](#)

⁴² [Brodies Funerals response to the issues statement](#)

⁴³ A funeral services operative at a fairly large independent.

noted that ‘SAIF inspections were always far more rigorous in all respects than those conducted by the NAFD.’

33. The evidence set out above suggests that information on professional memberships may be of limited value to customers.
34. Most respondents in the Market Study consumer research had not considered whether funeral directors held particular qualifications or were members of a trade body when making a choice. This was due to a mix of reasons: other considerations being more important, and respondents assuming that to operate as a funeral director the company had to meet certain industry standards.⁴⁴ In the Market Investigation consumer survey, no one spontaneously referred to professional memberships as a most important factor in their choice of funeral director, or (if they compared funeral directors) as a point of comparison.⁴⁵ A small number of respondents to our Statement of Scope suggested that there was a lack of consumer knowledge of the trade bodies.⁴⁶

Online information, directories and comparison sites

35. There exists a range of directories and comparison websites, a number of which allow customers to leave reviews and/or rate the funeral director’s services.
36. However, given that the quality of care for the deceased is not readily observable to customers, it is unlikely to be a significant component of customer-driven funeral director reviews or comparisons.

Early contact with the funeral director

37. Several funeral directors’ submissions noted that it has traditionally been challenging for customers to make quality comparisons due to a lack of information, but that in addition to the methods discussed above, customers may gather some information from funeral director websites, phone calls, and the arrangement meeting.
38. Funeral directors provide a range of commentary and information on their websites, including about their professional memberships, qualifications,

⁴⁴ [CMA Market Study consumer research](#), paragraph 4.3.15.

⁴⁵ CMA Market Investigation consumer survey, Questions FD6a and Question FD11.

⁴⁶ See, for example: [Summary of responses from individuals to CMA statement of scope](#) (page 4).

heritage, and the range of services they provide. However, websites are unlikely to be informative on back of house quality.

39. Some funeral directors submitted that customers can gather advance or early quality information by visiting funeral director premises, and during the arrangement meeting. A number of funeral directors also indicated that they are happy to show customers their back of house facilities if requested. In the Market Investigation consumer survey, of respondents who used a funeral director for an at-need funeral, 9% said they asked to be shown the funeral director's facilities for taking care of the deceased person until the day of the funeral, and 38% were offered the opportunity to be shown those facilities.⁴⁷ Of those who asked to see, or received an offer to see, the facilities for taking care of the deceased, 56% stated that they saw the facilities.⁴⁸
40. The overall proportion of consumers (27%) saying that they saw back of house facilities appears high relative to other sources of evidence on this aspect. It is possible that some respondents may have included viewing facilities seen before, or at the time of, a viewing of the deceased in their response to this question. Even taking the responses at face value, we cannot know whether customer observation of back of house facilities is evenly distributed across funeral directors with possibly different standards, or skewed towards those who are more confident in the quality of their facilities.
41. Qualitative research that the CMA carried out as part of the Market Study found that the face-to-face meeting with the funeral director was key to confirming the customer's choice of funeral director. It made respondents feel reassured that they were making the right choice. As long as the meeting went well, the prospective customer was likely to commit (contractually and/or emotionally) to the funeral director during or following this meeting.⁴⁹ However, this meeting appears to have limited value in terms of letting customers gather information on back of house quality, because:
 - (a) Relevant information is not requested by consumers. Among participants in the CMA's Market Study consumer research, no one enquired about the nature and quality of funeral directors' mortuaries

⁴⁷ CMA Market Investigation consumer survey, Question FDadd9.

⁴⁸ CMA Market Investigation consumer survey, Question FDadd10.

⁴⁹ [CMA Market Study consumer research](#)

when choosing a funeral director or took this into consideration. Respondents assumed funeral directors had to meet certain industry standards, and many also found thinking about the deceased's body stressful, and preferred not to know details beyond the practical information they needed if they wanted to view the body.⁵⁰ This is confirmed by other research which has found that many customers find it difficult to talk openly with funeral directors about the care of their loved one, and the details of what that involves, and further research which found that only 6% of all respondents, or 30% of those that shopped around, compared funeral directors on the basis of standards of care of the deceased.⁵¹

- (b) Even where information is requested, it may not be provided. Mystery shopping research commissioned by Dignity found that no funeral directors in that research exercise allowed customers to view their 'back of house' facilities.⁵²

Conclusions on importance of back of house quality, and consumers' awareness and comparison of back of house quality across funeral directors

42. It seems to us to be beyond doubt that people will wish their loved ones to be treated with dignity and respect while in the care of a funeral director.
43. The evidence set out above shows that the extent to which customers can and do gather information on quality (and therefore have any scope to make comparisons) is very limited for unobservable aspects of the service provided, such as the funeral director's mortuary facilities and approach to the care of the deceased.

Do funeral directors monitor their own (and others') quality of care of the deceased?

44. We asked both the largest and smaller funeral directors about how they monitor quality at their own and rivals' branches, and to provide any

⁵⁰ [CMA Market Study consumer research](#), paragraph 4.3.15

evidence of them, or rivals, adjusting quality in response to competitive conditions.

Providers' monitoring of their own quality

45. The large funeral directors, as would be expected, have a number of formal means of monitoring their own quality. These include regular⁵³ customer surveys and audits of the facilities, vehicles, and process adherence including in relation to health and safety, and identification and management of the deceased, belongings, donations, and ashes, in addition to less regular visits from senior management.
46. Each of the three largest funeral directors⁵⁴ carries out frequent monitoring of customer survey and complaints data, and online reviews, which is shared with branches, including so that branches can follow up in relation to complaints. However, the nature of care of the deceased means that customer-based exercises are unlikely to generate reliable insights into (unobserved) back of house quality. These funeral directors also told us that they promote quality through their training and processes supported by detailed guides and manuals.
47. Other funeral directors also provided us with evidence of their own regular customer surveys, focus groups, own-branch mystery shopping, and operational audits of front and back of house, as well as learning and development and performance management for staff.
48. In our information gathering from smaller independent funeral directors, customer feedback was identified as a key way that funeral directors could gauge and monitor their quality levels, with many using an after-funeral survey,⁵⁵ which inevitably have the same limitations in relation to back of house quality.

Competitor monitoring (and whether quality responds to competition)

49. Dignity, Co-op and Funeral Partners all indicated that their internal quality measures do not vary across their branches depending on the conditions of local competition, and that staff training and quality monitoring and targets are the same across branches. They all indicated that the quality of their facilities may vary across branches, and that such

⁵³ For example, [X].

⁵⁴ Co-op, Dignity and Funeral Partners

⁵⁵ See Working Paper on 'Qualitative information from independent funeral directors'

variances may be based on certain factors such as whether there has yet been an opportunity to refurbish (eg following an acquisition) or a desire to maintain particular aspects of pre-acquisition services (such as slightly different uniforms or personalised registration numbers of vehicles).

50. More generally, funeral directors told us that they monitor rivals over a range of (observable) parameters, including service quality.⁵⁶ The extent and nature of this monitoring behaviour appears to vary widely – some funeral directors undertake mystery shopping exercises and others simply maintain “an awareness” of rival activity.
51. Local Dignity, Co-op and Funeral Partners branch managers that we spoke to, when describing the quality of their rivals, were able to comment on vehicles, premises, and to an extent on the quality of staff, primarily defined by the extent of their experience and the strength of their link to the local community. However, these managers did not feel confident in commenting on the back of house facilities or processes at rivals’ premises.⁵⁷ This was also true of more senior staff we spoke to from Co-op.
52. We have seen only limited evidence of funeral directors changing their levels of quality in response to competition. None of this evidence specifically relates to improvements in (unobserved) quality in standards of care for the deceased.
53. One argument that has been made to us in relation to evidence that some funeral directors charge much higher prices than others, is that this price variation is consistent with competition in quality and price, with higher priced operators being those that provide higher quality. For example, Dignity submitted:

‘Dignity has received feedback from customers that have switched from Dignity to new lower cost providers and then come back to Dignity to the effect that the service provided by the low cost provider did not match Dignity levels of service. Dignity has also received feedback that they are not the ‘cheapest’ provider in the market but give the best value for money because of the higher levels of care, professionalism and trust provided’.

⁵⁶ As well as other factors including price and volumes. See Working Paper on ‘Qualitative information from independent funeral directors’

⁵⁷ CMA calls held with local branch managers.

54. Such a price-quality relationship would be expected in a competitive market if quality was both costly to provide and observable. However, as discussed above, back of house quality is largely unobservable by customers. This is likely to significantly dampen incentives to make costly investments to improve these aspects of quality with the purpose of attracting customers, and recouping the costs through higher prices, since customers cannot observe these aspects and respond.⁵⁸
55. We have gathered some qualitative evidence on back of house facilities which suggest that good standards can be achieved without necessarily entailing high costs and prices.
- (a) We visited facilities of Fosters (a large lower-cost provider) in Edinburgh, which appeared to us to be of a very high standard and were invited by Fosters to visit their other facilities if we wished to. Fosters told us that it had engaged very openly with the Scottish Director of Funerals, and had responded to her specific suggestions and recommendations about back of house processes. It considered that in terms of quality its 'facilities would be in the top 10% of the market ... [b]ecause they are all new sites with relatively recent investment.'
- (b) [redacted] provided an example of how it had started and expanded its mortuary facilities [redacted]. [redacted] considered that the initial cost of necessary equipment (£25,000 to £30,000) was low relative to ongoing weekly running costs.
- (c) We heard comments to the effect that the high prices charged by some funeral directors are not fully justified by their higher quality. For example, one funeral director that had previously worked for [redacted] said, in relation to the larger chain, that 'the quality is high, but I think it is a two-edged sword, though, because I know perfectly well that you can provide equally high quality for half the price. So, I always find it difficult to completely commend the quality, because it does not justify what they do to their clients in terms of costs.' This same respondent also described his experience that in one local area [redacted] had insufficient refrigeration available.
- (d) We undertook site visits with 12 independent funeral directors located in various parts of the UK. The companies had in common a strong belief that they provide a high quality service, and all the back

⁵⁸ This does not preclude that the investments may still be made for other reasons.

of house facilities we saw appeared to us to meet at least acceptable standards, and in some cases were of extremely high quality. For nearly all those visited, prices were significantly lower than those of the larger providers. Based on our judgment, we did not take the view that the low prices charged by the firms we saw were explained by poor back of house standards.

The level of back of house quality in the funeral directing sector

56. In this section we consider what evidence we have of poor quality outcomes in the back of house aspects of funeral directors' services.
57. We have collated a range of evidence: from inspections and audits carried out by NAFD, SAIF, the Scottish Inspector of Funeral Directors, and the large funeral directors; from customer complaints; and from submissions made to us by funeral directors, embalmers, and other industry participants on funeral directors' back-of-house standards of quality.
- (a) We received many submissions from a variety of funeral directors, and from industry observers, that there are failings in the back of house standards at some funeral directors. Moreover, complaints data from funeral directors and from the trade bodies show that customers do sometimes experience issues in relation to the care or presentation of the deceased, or of their possessions or remains, and that this can be very distressing when it occurs.
- (b) The Scottish Inspector of Funeral Directors in conducting premises inspection audits identified 'departures from common or good practice in relation to the care of the deceased, record keeping, training and experience of staff, identity checks, authorisation and permissions', although the annual report, and the underlying individual reports, do not lend themselves to quantifying the extent of these departures.⁵⁹
- (c) The inspections by NAFD and SAIF do not identify widespread problems amongst their members' facilities, but some industry participants have commented that the inspection regimes of the NAFD and SAIF do not place enough emphasis on back of house

⁵⁹ 'Annual Report Inspector of Funeral Directors July 2017–18' (Published August 2018, Scottish Government) page 8.

facilities, and as a result leave some scope for their members to have poor back of house facilities. Moreover, around 25% of funeral director branches are not members of a trade association and are therefore not subject to inspections.⁶⁰

(d) Other respondents have argued that a lack of sufficient training in the industry is harming quality.⁶¹

58. This remainder of this section is organised as follows:

- (a) A brief summary of what consumers and industry participants consider to be minimum standards in relation to back of house quality;
- (b) comments we received from funeral directors, embalmers and others in the industry, about the extent of problematic less observable quality in the industry, and examples from complaints data to illustrate what might be the consequence of poor back of house standards;
- (c) a summary of the evidence received that is specific to refrigeration, which was frequently cited by industry participants as a necessary minimum facility;
- (d) evidence from the Scottish Inspector of Funeral Directors;
- (e) evidence from NAFD and SAIF audits, and commentary on the effectiveness of the existing schemes; and
- (f) a summary of what we have been told about qualifications and training in the industry.

Framework for thinking about minimum standards

59. A well-functioning market can be expected to provide a range of price-quality combinations – variable quality is consistent with this if customers are aware of the quality provided and accept a lower (or higher) price as a result. However, as noted above,⁶² where quality is not observable incentives to invest in quality may be significantly dampened, and incentives to offer low (observable) prices may result in sub-optimal

⁶⁰ [Funerals Market Study Final Report](#), paragraph 2.50

⁶¹ See Appendix 2.

⁶² See paragraph 54.

quality provision.⁶³ In the case of funeral directing, customers are not generally aware of back of house quality, and appear to be purchasing funeral director services on the assumption that certain minimum quality standards are in place, and in particular that the industry is regulated. As noted earlier, research conducted by the CMA found that 69% of respondents believe funeral directors to be regulated or licensed.⁶⁴

60. We have sought to understand the type of issues that could constitute unacceptable levels of the back of house service quality, in the first instance by asking industry participants for their views. We note that there is some existing relevant legislation and guidelines, for example in relation to health and safety (covering things like manual handling and control of infectious diseases), and standards at some mortuaries.⁶⁵ This is discussed in more detail in the separate paper on quality regulation remedies, and is not considered further here.

61. The following suggested minimum standards for back-of-house facilities and processes were variously mentioned by the large funeral directors and/or in the trade associations' codes of conduct:⁶⁶
 - (a) Appropriate vehicles and equipment for transfer of the deceased;
 - (b) a mortuary including a preparation area and sanitised refrigeration, either onsite or nearby to the funeral director's branch;
 - (c) processes in place to ensure proper identification of the deceased and tracking of their possessions and donations;
 - (d) appropriate storage, handling and identification of cremated remains;
 - (e) if embalming is to be carried out on the premises of the funeral director (rather than carried out on the premises of an independent embalmer or other funeral director), appropriate facilities for embalming, including for the appropriate disposal of embalming fluids and biomedical waste, and ventilation.

⁶³ Suppliers may choose to invest in quality, and sacrifice potential profit, for reasons other than competitive pressure, for example ethical considerations or a sense of duty to customers or staff. However, not all suppliers will do this and, in any event, in the absence of effective market signals and/or effective external monitoring and inspection, there will be no necessary correlation between price and quality, and customers will be unable to rely on appropriate quality standards being observed.

⁶⁴ See paragraph 18.

⁶⁵ [REDACTED]; See also Working Paper on 'Quality regulation remedies'.

⁶⁶ [REDACTED] See also [SAIF code of practice part 1 and part 2](#) ; and [NAFD code of practice](#)

62. Currently, the NAFD⁶⁷ and SAIF National⁶⁸ codes of conduct do not require that funeral directors have access to refrigeration,⁶⁹ while SAIF Scotland has recently introduced the requirement.⁷⁰ SAIF Scotland recommends one refrigeration space for every 50 deceased taken into the care of the funeral director per year.⁷¹
63. Other comments received about refrigeration included:
- (a) That 62% of respondents to Dignity's survey (when asked a specific question about it) said that as a minimum standard the deceased should be refrigerated when not being viewed in the chapel of rest.⁷²
 - (b) Co-op, Dignity and Funeral Partners indicated that they consider nearby access to refrigeration (temperature controlled units) to be essential, to temporarily preserve the deceased, minimise public hygiene risk, and ensure that customers and staff are not exposed to an unpleasant and distressing environment. Funeral Partners told us that: '[e]ven taking account of the requirements of different faith groups (who may demand a funeral takes place very quickly), a funeral director is not in absolute control of this, and there will always be situations where the deceased needs to be kept for a number of days in all weather conditions,' and that 'although embalming would negate the need for refrigeration, any decomposition which occurs before embalming would affect its effectiveness and could lead to odours, leakage and significant changes in the physical appearance of the deceased.' Many smaller funeral directors that we have spoken with also consider that access to refrigeration is necessary.
 - (c) Some respondents also told us that refrigeration may not be needed where the deceased is embalmed⁷³ or the body is not being viewed and the funeral takes place quickly. However, given the intrusive nature of the embalming process we have heard that it is important

⁶⁷ [NAFD code of practice.](#)

⁶⁸ [SAIF code of practice part 1 and part 2](#)

⁶⁹ Although the NAFD has committed to adopting the FSCSR Code when it is finalised.

⁷⁰ [SAIF response to the CMA interim report](#), page 5.

⁷¹ [Funeral Director: Code of Practice – Consultation](#) (Scottish Government, June 2019), paragraph 40.

⁷² Dignity (2018), [Time to talk about quality and standards](#), page 42.

⁷³ [X]: 'The other option [to embalming] that is offered is we have refrigeration equipment and a body can be kept cool - which, obviously, you would have no treatment at all - and then can be taken out for a short period of viewing and put back in again.'

for families to have the option for the deceased to not be embalmed.⁷⁴

64. We have heard a range of views about embalming and how often it is necessary:
- (a) Embalming is required where a repatriation is to take place. We also heard that it is recommended if the family wish to view the deceased at home (as is common in Northern Ireland).⁷⁵ We heard from Co-op and Dignity that it is also recommended if the bereaved wish to spend a significant amount of time with the deceased, or to view the deceased longer than around 15-25 days after death or an open casket funeral is being contemplated. Some respondents considered that embalming should be carried out whenever a viewing is to take place, or that it may be necessary for hygiene purposes,⁷⁶ or where a funeral is 'delayed', and some carry it out 'as standard'.
 - (b) However, we understand that where no viewing occurs, or the funeral takes place quickly after death, embalming is not necessary.⁷⁷ Some funeral directors have told us that it is rarely necessary.⁷⁸ Some families do not want embalming, or their faith may not allow it.
65. In practice, funeral directors vary widely in the proportion of cases in which they carry out embalming,⁷⁹ suggesting that this may be driven in part by their own preferences (or facilities) and pricing structures – ie whether the option is included as standard or priced separately⁸⁰ – as well as variations in preferences across geographies and communities.
66. We have heard that where embalming does take place there are various necessary facilities and processes, for example for the carrying out of the embalming, disposal of waste, hygiene, and infection control. These

⁷⁴ See for example [redacted] ('Embalming is quite important, but we do not force it on people; they make the choice. We will try to inform them and explain to them why it would be beneficial. Some folks do not want it, and that is fine; they will decide what they want.')

⁷⁵ For example we heard from a funeral director in Northern Ireland (where most families spend time with the deceased at home) that embalming is quite important in such a context.

⁷⁶ One independent funeral director ([redacted]).

⁷⁷ We also heard that the condition of the body may sometimes prevent embalming.

⁷⁸ 'We do not believe embalming -- in 99 per cent cases is at all necessary. We have excellent refrigeration; we work with clean essential oils and natural solution.'

⁷⁹ CMA analysis of data underlying the Sunlife 'Cost of dying' survey of funeral directors found that across funeral directors the percentage of cases in which embalming takes place ranges from zero to 100%.

⁸⁰ CMA analysis of Sunlife data found that the median rate of embalming was 35% for those funeral directors that charge separately for embalming, and 90% at those funeral directors that do not charge separately. For more discussion see the Working Paper on 'Funeral director sales practices and transparency'.

facilities can be provided at the funeral director's premises, or the embalming service can take place at another funeral director or independent embalmer's premises (although one funeral director indicated its preference for embalming to take place on its own premises, for quality-control purposes). Some embalmers we heard from thought that the requirements did not vary even if embalming takes place at premises only infrequently; others considered that there are certain essential requirements (such as ventilation), whilst other requirements (such as certain equipment) may be provided by visiting trade embalmers.

67. The remainder of this paper is focused on the evidence we have received about possible poor back of house standards, primarily covering issues related to a clean and clinical environment,⁸¹ and the presence of a mortuary and preparation room, refrigeration, and embalming facilities (in the cases where embalming is performed on the funeral director's premises).

Comments on back of house quality levels

68. A number of funeral directors and other industry participants, including the trade associations, submitted to us that some funeral directors are, or may be, providing low quality back of house services, although only some were able to provide supporting evidence. Several highlighted the findings of the Scottish Inspector of Funeral Directors (which are discussed in a separate section below).
69. In interpreting the comments made to us, we are mindful of the fact that existing funeral directors may have an incentive to criticise their actual or potential competitors, and to raise barriers to entry (for example by raising concerns that suggest the need for licensing). There is also an element of subjectivity, and room for disagreement, over what constitutes poor quality in the absence of universally recognised minimum standards. However, we have received evidence from a broad range of firms and individuals, including relatively new entrants, that at least some funeral directors are perceived by others as providing unacceptable levels of quality in relation to their back of house facilities and processes.

⁸¹ In relation to the overall nature of back of house facilities, 77% of respondents to Dignity's survey (when asked a specific question about it) said that as a minimum standard the deceased 'should be kept in a clean and clinical environment'. Dignity (2018), [Time to talk about quality and standards, page 42](#).

Comment and evidence from large providers

70. Co-op argued that ‘the quality of service provided to consumers and the standard of care for their loved one is very inconsistent across the industry, with some funeral directors focusing on low prices at the expense of the quality of service and standard of care they offer [...]. In our view, the inadequate level of quality in the market, particularly for the unobservable aspects which take place behind the curtain, constitutes a market failure’.⁸² In support of this view, Co-op told us that it has received anecdotal evidence of poor standards in the course of mystery shopping exercises in preparing business cases for new openings.⁸³ For example:

‘[I]n our business case for expanding into [redacted] is an independent funeral director whose main business is as a builder (as well as joiner, plumber and electrician) and the premises are at an unsightly builder's yard. We are also aware that some funeral directors leave the deceased in the care of the hospital right up to a couple of days before the funeral in order to maximise the time in their [temperature controlled unit] to compensate for not having their own. Additionally, we have heard that some funeral directors will send a single staff member on a body transfer with incorrect equipment, thus relying on help from hospital and mortuary staff in order to transfer the deceased safely.’

71. We also note that Co-op itself has sometimes been criticised for its back of house standards – for example in media reports⁸⁴ and in a small number of whistleblowing reports from its own staff which alleged some serious shortfalls.⁸⁵ Co-op itself has told us that: ‘... across the network, we have [redacted]. We are completely honest about that. We recognise that. We do not enjoy reading those reports which are not at the standards we would expect.’ Co-op also told us that: ‘The fact that we measure, and if necessary uncover inadequate compliance allows us to manage and address it, rather than complacently assume all is well.’

⁸² [Co-op response to the issues statement](#)

⁸³ As well as some poor front of house facilities.

⁸⁴ [Daily Telegraph](#); [Scottish Sun](#); [Daily Record](#)

⁸⁵ Co-op has a whistleblowing policy which advises colleagues to raise concerns with their line manager or with other internal contacts, but where they do not feel comfortable doing so, to instead use a whistleblowing number or online form operated by an external provider.

72. Dignity submitted that: 'certain aspects of quality (such as care of the deceased and provision of safe mortuary facilities) may not be observable by customers. Lower quality suppliers may not, therefore, be supplying customers with the service that customers think they are receiving. Dignity believes that the CMA will find that there is sufficient evidence to support the introduction of minimum quality standards to address this issue, particularly in relation to unobservable factors.'⁸⁶
73. Dignity also made comments based on its experience from past acquisitions. We note however, that there may be some bias in this sample if funeral directors planning to put their business up for sale are less likely to have invested in facilities which do not materially contribute to increasing the value of the business. Dignity told us that 'it is aware from past acquisitions that there is significant variation across providers on the quality of care of the deceased. Not all funeral providers have suitable refrigeration, mortuary facilities, embalming facilities, clinical waste management, etc. The funeral providers that are known for poor quality of service also have lower costs and generally charge less to the customer. This is often because they have reduced back-of-house services (e.g. no embalming service) and / or limited staff (for instance, they use only one person in attendance when transferring the deceased). Dignity is aware of this being the case for some providers as [REDACTED]'. As noted above, many funeral directors do not consider embalming to be necessary and unlike Dignity, carry out very little (or will normally use trade embalmers, who may themselves have the necessary facilities or bring the necessary equipment to the funeral director's premises). We are therefore not persuaded that the absence of embalming facilities is necessarily evidence of poor quality.
74. Dignity did not provide detailed information on the quality failings detected at specific acquired branches. Dignity provided copies of the due diligence reports in relation to two large acquisitions (covering [REDACTED] that Dignity acquired from 2014 to 2018), which highlighted:
- (a) In relation to one acquisition, [REDACTED]; and
 - (b) In relation to another that [REDACTED]

⁸⁶ [Dignity response to the issues statement](#)

75. As with Co-op, Dignity has received some criticism from the media;⁸⁷ we also heard a small number of criticisms [✂], and Dignity itself noted that it could improve in some areas.
76. Funeral Partners submitted that its business model of acquiring independent funeral directors put it in a good position to comment on quality in the sector, and told us that it finds ‘that although many independent funeral homes [it] acquires have ‘back-of-house’ standards commensurate with Funeral Partners’ quality, a number have lower standards. This means that, following acquisition, [Funeral Partners is] often required to invest heavily in ‘back-of-house’ practices and facilities.’ Funeral Partners did not provide data on the frequency of different types of back of house problems, but told us that it had seen the following:
- (a) Lack of any refrigeration facilities for the deceased.
 - (b) Insufficient refrigerated storage capacity for the deceased leading to ‘topping and tailing’ of more than one corpse on single trays in busier times.
 - (c) Lack of any mortuary facilities, with the deceased instead left on the floor until the client is ready to view.
 - (d) Lack of any identification procedure for the deceased, increasing the risk of incorrect identification of the deceased.
 - (e) Lack of any documented processes around the procedure for handling and storing ashes, increasing the risk of incorrect identification of ashes.
 - (f) Compromises on the quality of care shown for the deceased not apparent to the consumer e.g. no lining in the coffin when the body is not to be viewed by a family.
 - (g) Lack of appropriate vehicles and equipment for transfer of the deceased.
 - (h) Lack of appropriate embalming facilities including, for example, appropriate drainage and ventilation.
77. Funeral Partners provided more detailed information in relation to regulatory compliance among its acquisitions, with significant proportions

⁸⁷ Eg [Hardcash productions programme, which also related to Funeral Partners.](#)

of them not being compliant with legislation (or good practice) relating to each of: minimum wages and working time, pensions, financial regulation relating to pre-need funerals, fire safety, data protection, holiday pay, anti-corruption safeguards, and fleet management. Fifty percent of acquisitions since February 2017 have had no formal commercial or clinical waste provision agreements.⁸⁸ We note that none of these failings directly relate to back-of-house standards of the type we are considering.

78. In relation to Funeral Partners' own standards, in a Funeral Partners staff survey [X] % of respondents answered 'yes' when asked if there is anything they feel prevents them from providing the best possible customer service. The most commonly-cited barrier appears to be staffing and training levels.
79. Central England Co-op submitted (based on information from customer focus groups and feedback forms, competitor monitoring, funeral homes that it has acquired, feedback from staff that have previously worked for other funeral directors, and anecdotal evidence) that:
- (a) '[N]ot all funeral directors maintain their funeral homes to a set standard or in a consistent manner';
 - (b) Some independents have a 'lack of focus on health and safety for both colleagues and customers. This would be around there being no weight lifting guidelines, no vaccination programmes or any lifting equipment. [Anecdotally, employees] of these independents would be asked to move or dress a deceased alone, place them into their coffin alone or move the coffin into a visiting room without assistance.' '[Anecdotally, not] all funeral directors will send two colleagues to complete a transfer from a hospital or hospice and will expect one colleague to prepare and en-coffin a deceased alone without sufficient lifting equipment or help from another colleague.'
 - (c) Few funeral businesses will have implemented a deceased identification system such as theirs (which uses two identification wristlets detailing an individual unique identification number, name, address, place of death, date of birth and date of death).

⁸⁸ Data for acquisitions between 2016 and 2018, except for fleet management and waste management where data is from February 2017 to May 2019.

(d) In funeral homes that it has purchased from independent funeral directors, it has rarely been the case that there have been adequate care and preparation facilities. The temperature control units may be old or not working correctly and need replacing; the transfer equipment and scissor lifts need servicing or replacing; and embalming suites need building or upgrading. [Anecdotally, it] has also been custom and practice for some businesses to delay the collection of deceased from hospitals to minimise the time they are kept on their premises if their temperature controlled unit capability is poor.

80. Co-op East of England submitted:

‘It is our belief, based on mainly local knowledge and the fact that colleagues will on occasion call at competitors’ funeral homes to bring a deceased into our care, that there are huge variations in the level of ‘back of house’ service that funeral directors provide that are not apparent to the customer before the customer enters into the contract.

For example, there are a number of predominantly local independent funeral directors who advertise based on ‘price and service’, but who as far as we are aware do not have the necessary body refrigeration facilities to maintain a deceased at the level specified by the HSE. This can lead to poor quality of presentation of deceased, customer dissatisfaction and increased risk of public health or disease control issues.’

81. Co-op Mid Counties submitted:

While some funeral directors apply a high level of minimum standards similar to those utilised by professional medical sites, other funeral directors apply standards that we would not consider to be fit-for-purpose. For example, some funeral directors are not open with their clients about their lack of holding or viewing facilities, and strongly encourage their clients either to (i) remember their loved one as they were; or (ii) have the deceased brought into their domestic residence as a more personal goodbye.

Another variation is that not all funeral directors use purpose-built equipment, especially regarding vehicles. With no minimum standards, vehicle types can vary greatly and may

not necessarily secure the deceased, or maintain their dignity while in transit, particularly when non-adapted private vehicles are being used. This may only become apparent to the client should they be in attendance when their loved one is collected from their place of death, otherwise they will be oblivious to the fact.

82. Co-op Southern submitted:

General poor quality [...] I have not really seen any evidence of and cannot say they are widespread at all to items that anyone could physically see [...] Aspects of quality that are largely unobservable in the back of house operationally do differ considerably and potentially are a lot more variable than that of front of house. Given the lack of regulation and enforcement ability of the various trade associations the potential for differing standards of mortuaries, deceased care and handling, embalming, refrigeration, etc. do exist and could be below what customers would naturally expect.

Comments from the trade associations

83. We asked the two funeral director trade associations, the NAFD and SAIF, for their own views on the extent of poor practice in the industry.

84. SAIF told us:

'It is well known within the sector that there are different standards being applied in the care of the deceased. It is possible to hide bad practice in this area as the funeral director is trusted by the consumer and is regarded as an experienced and knowledgeable practitioner. Sadly, nothing could be further from the truth. The consumer generally believes what they are told by the funeral director and if they are advised not to see the deceased, they will generally take that advice. This allows the less professional funeral director to provide minimum and in some cases no care. Additionally, the introduction of direct cremation and low price, restricted service companies perpetuate this bad practice.'⁸⁹

⁸⁹ SAIF response to the interim market study report

85. SAIF added that ‘correct care of the deceased is a paramount consideration for SAIF and great attention is paid to this area of our members work. In Scotland, S.SAIF has introduced measures to ensure our members have full and proper facilities to perform these duties.’ However, SAIF was unable to provide substantial supporting evidence for the point made in paragraph 84 (given that its own regime does not cover all funeral directors).

86. Similarly, NAFD submitted that:

Irrespective of any action taken by the CMA to address any competition concerns identified by its investigation, the NAFD believes that the introduction of a system of proportionate and tailored statutory regulation of the funeral sector would be in the best interests of our members and the families they serve. [...] In our view, it is unacceptable that some firms are currently able to escape scrutiny by refusing to join a trade association. We are aware of a perception that the regulatory function of the major trade associations is incompatible with our separate role as advocates for our members. In spite of the many safeguards we have put in place to ensure the independence of our complaints, disciplinary and quality assurance procedures, we recognise that more needs to be done to ensure public confidence in our ability to enforce standards is maintained.⁹⁰

87. When asked for any evidence to support the view that poor practices exist in the industry, a representative from the NAFD told us:

I have gone around speaking to funeral directors who are our members, they will commonly speak about a local funeral director who is not an NAFD member or who is not a SAIF member, who they think is operating at an unacceptably low standard and they are completely outwith any kind of regulation.’

⁹⁰ [NAFD Response to Issues Statement](#)

Comments from smaller providers

88. Some smaller providers, including both established firms and new entrants, also argued that some funeral directors have poor quality back of house facilities. Comments included:
- (a) 'The unrestricted entry of large quantities of (largely) untrained, unqualified styles of businesses all eager to succeed has led to this race to the bottom attitude and a stripping out of 'behind the curtain' essentials, in the name of price. The education, training and any overwatch whatsoever, within the sector is shameful and until it is a statutory requirement the public trust in the profession, due to unscrupulous operators will continue to erode unabated.'⁹¹
 - (b) '[A]s with any sector, there are of course varying standard of care applied by different funeral directors [...]. We have witnessed unacceptably low standards of care in other funeral directors' practices, which have been particularly highlighted when [we have] acquired smaller funeral director businesses. This has been particularly noted in very small businesses which do not benefit from economies of scale, for example, in certain elements of the services or on-site facilities (eg mortuaries), and which fall below the size required for compliance regarding health and safety best practice, tax regulations and employment regulations.'⁹²
 - (c) '[I]t is understandable that a company with, for example, no mortuary facilities is able to charge less than one which has a full suite of specialist cold storage, and if the family understands the conditions in which the Deceased person will be kept as a trade-off for this, then this is perfectly acceptable. However, we have seen that the public largely believes in a unity of standards and therefore we need the CMA to convey how funeral directors are to explain these variations to a public which is not only ill-informed, but also unwilling (in many instances) to examine the care of the Deceased person in any detail. How we ensure the clientele understands that the playing field may not be level, when they do not wish to consider such matters, is an area which concerns us greatly.'⁹³
 - (d) 'I feel we are in need of some form of regulating, as there are far too many new small start up businesses setting up by people who have

⁹¹ [Brodies Funeral Services response to the Issues Statement](#)

⁹² [CPJ Field response to the Market Study interim report](#)

⁹³ [Freeman Brothers response to the Market Study interim report](#)

very little, if any training, and no qualifications, often from inadequate premises, and no capital outlay. Due to these circumstances they are able to offer what appears to be very low cost funeral services. The problem is that the public do not see behind the scenes and therefore do not know what they are buying into.’⁹⁴

- (e) ‘Over the past few years we have seen the arrival of numerous alleged ‘funeral directors’ that have opened up throughout the country. They, in the main, have little or no experience [...] They have very little in the way of facilities, almost certainly no proper facilities for storage of human remains, such as refrigeration, no permanent staff, or vehicles. Bodies are left at civic mortuaries or hospital mortuaries until the day of the funeral, causing a considerable number of hospitals now to institute charging for any excessive delay in removal.’⁹⁵
- (f) ‘I think it is good to have regulation to some degree; you need it, because there are companies out there that are proper backstreet boys, really: they are set up, and they are not qualified, and their facilities are not really good; the front-of-house might look absolutely fabulous, but the back-of-house might be an absolute tip.’
- (g) ‘If [a] body ... has to be taken somewhere to be washed, attended, dressed, placed in a coffin, that should be done somewhere that – in a place that is intended for that purpose ... And that is not happening; that definitely is not happening at the moment.’

Comments from other industry insiders

- 89. We have received views from around 45 embalmers, through a call for comment after the publication of the interim market study, and a questionnaire sent out during the Market Investigation phase, as well as a small number of phone calls.
- 90. Broadly, the comments received from embalmers suggest that there is wide variation in back of house standards in the industry, with many funeral directors meeting good standards, but large numbers not meeting all of the requirements that the embalmers that responded thought were necessary. Estimates of the proportion not meeting these standards varied widely, with several respondents submitting that more than half do

⁹⁴ [Ian Hazel Funerals response to the Market Study interim report](#)

⁹⁵ [C Bastock Funeral Directors response to the Market Study interim report](#)

not, and respondents differing in their views of whether independent or larger providers are more likely to provide poor quality. The issues raised included:

- Poor quality mortuary facilities (inadequate ventilation and/or drainage, poor standards of cleanliness, no clinical waste facilities).
- Inadequate storage facilities, including limited space, no or insufficient refrigeration, poor state of repair (both premises and equipment).
- Lack of knowledge of staff or poor training (about proper methods of care for a deceased body, removal of implants such as pacemakers, issues of poor standards of care and severe decomposition).
- Poor procedures, including in relation to identification of the deceased.

91. These views were also supported by a small number of submissions we received from celebrants and other industry insiders. Dignity also commissioned qualitative research with industry participants including coroners, hospice workers, doctors and others. These participants raised similar points.⁹⁶

Customers' experience of viewing the deceased

92. By its nature, back of house quality is difficult for customers to observe. One partial means may be through the customer's experience of viewing the deceased. We have therefore considered the limited evidence available on customers' views of this experience.

93. We recognise that even a body that has been cared for 'properly' can change in appearance, and note that, given their limited relevant experience, consumers may not be able to make well-informed assessments of all aspects of the presentation of the deceased.

94. In research commissioned by Dignity, the majority of people who viewed their loved one's body had a positive experience: 87% said they felt reassured that the funeral director was on hand to answer any questions, and 78% said the funeral staff prepared them for the experience,

⁹⁶ [Time to talk about quality and standards](#), p27. We note that the majority of these participants were identified by Dignity to the research agency (rather than "free-found") and so while the research findings are relevant to our inquiry, we have placed limited weight on them, particularly insofar as they relate to the relative quality of Dignity's facilities compared with its competitors.

although 30% of those who viewed said they were shocked by their loved one's appearance (as even a body that has been cared for properly can change in appearance).⁹⁷

95. We also looked at evidence from customer complaints (as described in the Working Paper on 'Funeral director sales practices and transparency'). As part of the inquiry, we received copies of hundreds of customer complaints from the large providers, trade bodies, and consumer organisations. It is not possible for the CMA to confidently assess whether individual complaints arise because of systematic poor back of house quality (as opposed to unavoidable problems or isolated mistakes), but it is clear from the documents we have seen that some consumers experience poor outcomes (relative to their expectations) in relation to the appearance of the deceased, or processes relating to ashes, or to the clothing or belongings of the deceased. For example, care of the deceased was raised in around 30 of approximately 200 customer complaints that had been made to the NAFD in 2018 that were dealt with by the Funeral Arbitration Scheme (FAS), while around [X]% of the complaints that Co-op receives relate to care of the deceased, and [X]% relate to the care of ashes. Dignity analysis suggests that care of the deceased is a concern in around [X]% of complaints it receives.

Evidence on refrigeration

96. Given that refrigeration was frequently highlighted to us by interested parties as a minimum requirement, and it is an aspect that can be relatively easily assessed, we present below what we have heard about its prevalence in the industry.
97. The two trade associations do not at present monitor whether their members have access to nearby refrigeration. However, the large operators provided some data on the prevalence of refrigeration in their own branches and in those they have acquired, and we also received a small number of responses from smaller funeral directors that we asked about their refrigeration facilities.
98. Among the largest operators:
- (a) Co-op told us that all of its care centres, and [X]% of its funeral homes, have temperature-controlled units (TCUs). It went on to say: 'We instigated a programme of TCU installation in 2016 when we

⁹⁷ [Time to talk about quality and standards](#)

had circa [X]% network coverage and 2019 will see us achieve in excess of [X]% network coverage. The funeral homes that do not have TCU facilities (currently circa [X]%) have access to shared facilities at another local funeral home or care centre (less than [X]% where this is greater than 10 miles [...]). A proportion of these homes are too small to install TCU facilities on site.' Co-op submitted that it offers one refrigeration space for every [X] deceased (compared to the SAIF recommendation of one for every 50).

- (b) Around [X]% of Dignity branches have on-site refrigeration facilities, while the balance ([X]%) use off-site refrigeration at other Dignity sites. Dignity told us that 'a number of locations have temperature-controlled environments as an alternative to refrigerated cabinets. However, where possible, temperature-controlled rooms are being phased-out and replaced with refrigerated cabinets.'
- (c) Since 1 January 2014 Dignity has made [X] acquisitions (some with multiple branches). [X] of these acquisitions (87.5%) had an existing refrigeration facility. For the remaining [X] funeral director locations acquired without pre-existing refrigeration facilities, Dignity either installed new refrigeration facilities or arranged access to the refrigeration facilities at a nearby care centre.
- (d) Of Funeral Partners' [X] locations, [X] have on-site refrigeration facilities ([X]%). The remaining [X] locations do not have on-site refrigeration facilities but use the refrigeration facilities at their hub branch or a neighbouring branch ([X]%).
- (e) Of the [X] branches that Funeral Partners acquired since 1st January 2014, [X] branches ([X]%) did not have any on-site refrigeration before acquisition.

99. Six of the sampled smaller funeral directors that we asked about their refrigeration facilities responded on this aspect. Within this group:

- (a) One told us that it has use of local hospital refrigeration facilities;
- (b) One uses off-site refrigeration operated by a third party;
- (c) Four have on-site refrigeration facilities, with one of these noting that they may sometimes use off-site refrigeration (at another of its own locations) in times where requirements exceed on-site capacity.

100. All of the funeral directors at which we conducted site visits had refrigeration.
101. SAIF told us that among its membership in Scotland, SAIF has made access to refrigeration a requirement of its Code. The Scottish government's proposed Code of Practice will mandate Service Level Agreements with another provider where a business does not provide its own refrigeration.⁹⁸
102. While we do not here attempt to define what is acceptable in relation to refrigeration, we note that we have received some submissions criticising:
- (a) The practice of off-site storage (on the grounds that this is not what families expect, particularly over longer distances);⁹⁹
 - (b) The use of large storage facilities (on the grounds that this is not respectful of the deceased); and
 - (c) The amount of available refrigeration space, including at large funeral directors, and the use of 'temporary' refrigeration facilities (on the grounds that this does not maintain the correct temperature).
103. For example, one funeral director told us:

'When I went back to [redacted], they had spent £[redacted] completely refurbishing their fridges and everything: it looked wonderful, and every member of staff there thought it was a complete disaster, because they had gone from having space for about [redacted] to having space for about [redacted], and at the same time they had opened more branches.

So, there was constantly not enough room, and this was a genuine problem: having said everything I have just said, there was constantly not enough room. So, you would have, say, [redacted] proper fridges, state-of-the-art, and then, outside that, you would have temporary fridges, just racking with the blue curtains. And that was always completely full, and as soon as space came up in the main fridge people would be moved through, but just [redacted] fridge spaces for [redacted] branches is just not enough. If each branch has three funerals on the

⁹⁸ [Draft code of practice consultation](#).

⁹⁹ Calls with individual customers. We have also heard this in some site visits.

go, that is [redacted] deceased; what do you do with the other 100?

So, I would say in my experience at [redacted] at the moment it is almost guaranteed that, by the time a funeral comes, the deceased will be in a bad state, because the infrastructure does not support the capacity they have: they have nice fridges, but they do not have enough staff, they do not have enough space, and they do not have enough hearses, so you have lead-times of weeks and weeks and weeks.'

104. Dignity told us that it has refrigerated capacity for [redacted] body spaces, mainly in permanent refrigeration capacity, but with very small proportions also in temporary refrigeration or a temperature-controlled environment. This would imply a ratio of around one space for every [redacted] deceased for which Dignity performs the funeral.¹⁰⁰
105. In relation to this topic, Co-op provided some relevant information on the available refrigeration options, telling us that it chooses from three options, with this choice largely dictated by expected volumes and the physical space available. Co-op told us that in order of preference these options are:
- (a) Coldroom – an insulated cabinet capable of holding three deceased in either coffins on wheeled biers or on mortuary tables or both;
 - (b) Refrigerated cabinet – a single bay, 3 or 4 tier, cabinet capable of holding 3 or 4 deceased in either coffins or on body trays;
 - (c) Coolzone – a hybrid cabinet with two insulated side panels and roof and an insulated curtain to draw around the rest of the unit – primarily for use where space is limited but can also be set up to hold one deceased (in coffin or on mortuary table) or three deceased by adding adjustable wheeled racking and a hydraulic trolley.

Scottish Inspector of Funeral Directors

106. As explained in the separate working paper on 'Quality regulation remedies', there is a Scottish Inspector of Funeral Directors¹⁰¹ who

¹⁰⁰ Based on a figure of 68,800 funerals carried out in 2017 ([CMA Market Study Final Report](#)).

¹⁰¹ Although the incumbent has recently stood down. The Scottish Government stated in August that it was in the process of scoping out the role for a new Inspector.

inspected 55 premises between August 2017 and June 2018¹⁰² as part of the Scottish Government's assessment of the appropriateness of licensing and regulation.¹⁰³ These inspections covered:

- (a) Culture, ethos and confidence in management;
- (b) Conveyance and care of the deceased;
- (c) Understanding, recording and acting on the wishes of the deceased or bereaved, both pre- or at-need;
- (d) Asset management; and
- (e) Audit of procedures, practice and record keeping.

107. In her first annual report the Inspector summarised the key themes and recommendations that she drew from those inspections.¹⁰⁴ Overall, the Inspector found 'that there are many areas of common practice across Scotland with a number of businesses developing areas of excellence.' However, she also identified 'departures from common or good practice in relation to care of the deceased, record keeping, training and experience of staff, identity checks, authorisation and permissions.' She concluded that her initial findings 'do reinforce the need to establish an agreed and acceptable level of good practice through regulatory intervention, and to provide an independent source of reassurance to the public.' This view was subsequently re-affirmed in the Inspector's separate report to Scottish Ministers in August 2019 recommending the introduction of a licensing scheme for funeral directors in Scotland.¹⁰⁵

108. The Inspector's recommendations (including recommendations made to individual premises) relate to:

- (a) Training and management: Encouraging an environment of continuous improvement; working qualifications into a future development strategy; considering membership of a trade body to access support and information easily; identity checks not completed as outlined in procedural documents highlight the importance of

¹⁰² This is approximately 8% of the 696 Scottish funeral director branches as at 1 June 2018. Source: [Inspector of Funeral Directors: annual report 2017-2018](#), pages 5 & 7.

¹⁰³ The methodology used by the Inspector to select sites for inspection is not set out in the report. However, she does refer to a need to visit a variety of premises from large corporate facilities, multi-site locations to larger and smaller independents, in geographically diverse (urban and rural) locations.

¹⁰⁴ [Inspector of Funeral Directors: annual report 2017-2018](#).

¹⁰⁵ [Report to Scottish Ministers on the introduction of a regulatory licensing model including Progressive Licensing scheme for Funeral Directors in Scotland](#)

periodic reviews and checks, and reminder training sessions; use of health and safety gear such as goggles in the embalming process under certain circumstances;

- (b) Facilities: Building in screens to ensure privacy of the deceased; purchasing appropriate equipment to transfer and care for the deceased appropriately; lockable ashes storage; screens in service vehicle for the privacy of the deceased; more secure means of restricting client families from accessing body preparation areas; designated, clean and secure ashes storage area required;
- (c) Processes: a range of detailed recommendations in relation to record keeping (covering for example the recording of: the identification of the deceased, sales processes, the wishes of the bereaved).

109. We have also reviewed copies of the Inspector's reports (where available).¹⁰⁶ The reports are narrative, do not cover the same points in every case, and to an extent become more detailed over time (as the Inspector carried out more inspections). In one report she found that the funeral director had no refrigeration, and in a small number of reports she indicated that she was 'deeply concerned'¹⁰⁷ or 'very concerned'¹⁰⁸ or that her concerns were 'significant'.

110. The Inspector's advice most regularly focuses on internal processes for record keeping and documentation (tracking identity of the body and wishes of the family). There is no indication of whether this or other 'shortcomings' ever lead to poor service in providing funeral services themselves - ie actual harm to customers (as opposed to a risk of such).

111. Other features the Inspector often comments on are:

- (a) General cleanliness, maintenance of different areas of the branch;
- (b) staff knowledge of processes and their qualifications/training;
- (c) storage of ashes;

¹⁰⁶ Reports provided to CMA by the Scottish Government.

¹⁰⁷ In particular, the Inspector was concerned about not having appropriate tables and equipment for moving the deceased (subsequently rectified), and putting a 6 foot 3 person in 6 foot coffin (subsequently ordered a range of coffin sizes).

¹⁰⁸ In particular, the Inspector was concerned about lack of refrigeration, and lack of hot water and cleaning products in the mortuary.

- (d) description of services and pricing to customers (although not covered in all reports).
112. We recognise that there is an element of judgement in raising concerns that relate to respect for the deceased. For example, in the reports, the Inspector:
- (a) Notes on a couple of occasions that coffins / ashes are kept too close to or on the ground;
 - (b) cites an example of someone having to be forced into a coffin three inches too small;
 - (c) notes a preference that the deceased be screened off from view at all points;
 - (d) indicates that every deceased should undergo some degree of preparation, even if there will be no viewing;
 - (e) advises a funeral director to think about its refrigeration ability, with the possibility in mind of refrigeration becoming mandatory.
113. We also received from the Scottish Government summaries and details of complaints made to the Inspector of Funeral Directors, and complaints made about funeral directors' businesses to the Scottish Government Burial and Cremation Policy Team. There were 23 complaints in total in this set.
114. Of these complaints it appears that 8 related to quality-specific issues. These included:
- (a) Issues relating to the condition (deterioration) of the body;
 - (b) poor treatment of the body on collection/retrieval;
 - (c) issues with identification of deceased/remains.
115. The remainder of the complaints related to:
- (a) Fees; sales/appointment processes; memorials (6 complaints);
 - (b) issues with the carrying out of the funeral (2 complaints);
 - (c) other issues, or where the core issue was unclear (7 complaints).

NAFD and SAIF Audits

116. We summarise in Appendix 1 the information that the NAFD and SAIF have provided about the nature and findings of their audits. However, we note that around 25% of funeral director branches are not members of a trade association and so are not subject to inspection by a trade association.¹⁰⁹
117. Key points are:
- (a) the NAFD currently only monitors back-of-house quality on an 'advisory' rather than a compliance basis though the NAFD explained that, 'a serious breach would almost certainly constitute a breach of the Code of Practice, which would lead to a fail.' It has only recently (in 2019) begun collating data on compliance with its Code of Professional Standards (which covers back of house facilities).
 - (b) The NAFD launched a new Code of Professional Standards (COPS) in 2014, providing a framework for inspection of back of house facilities. However, this was an advisory code with no pass-or-fail system. In recognition that a more formal and rigorous process for monitoring standards is appropriate, the recording of Code of Professional Standards issues changed, in January 2019, to start moving towards a more centralised approach to monitoring and managing of these matters. Arguably this represents a slow response to identified concerns.

Training in the funeral industry

118. We summarise in Appendix 2 evidence on relevant qualifications and training in the funeral industry, and views on the need for more training. Some key points are set out below.
119. There are a number of relevant qualifications available to staff working in the funerals sector. However, there is no requirement to hold any of these qualifications to work as a funeral director or embalmer, or as a requirement of membership of either of the trade associations. Neither Dignity nor Funeral Partners require any of their employees to hold qualifications relating to funeral arranging and directing. Co-op incentivises its staff to take relevant courses. In relation to embalming,

¹⁰⁹ [Funerals Market Study Final report](#), paragraph 2.50

the three companies seem to place particular emphasis on formal qualifications.

120. In relation to other training, aside from formal qualifications, the large funeral directors have told us that they invest significant resources in training their staff to a high standard, as well as ongoing monitoring and support to drive up standards. We also heard that the trade associations aim to encourage quality through the dissemination of good practice.
121. Some funeral directors believe that there should be more or better training in the industry.

Conclusions

122. Potential conclusions from the evidence set out in this paper are that:
 - (a) During the purchase process and delivery of the funeral, customers can observe a range of quality aspects but care of the deceased, which is of considerable importance to customers, is largely unobservable.
 - (b) When choosing a funeral director, there are several sources of evidence about funeral director quality, although these are rarely likely to be helpful in assessing unobservable activity. The most commonly used sources are past experience and recommendations, but these themselves are likely to have weaknesses, and in any event, consumers very rarely compare quality across providers. Consumers are even less likely to take unobservable quality into account in their decisions. Together, this is likely to weaken the incentive for funeral directors to offer high quality in relation to back of house aspects, and weaken competitive mechanisms that might prevent unacceptably low quality from being sustainable. Whilst funeral directors may monitor and invest in the quality of some of their services, we have not seen strong evidence of back of house quality responding to customer preferences, or that good quality provision requires high costs and prices.
 - (c) In relation to back of house quality factors, the evidence available suggests that many funeral directors provide an acceptable standard. However, there is a widespread view in the industry that some funeral directors do not, and this is confirmed by evidence we have received from embalmers, the Scottish Inspector of Funeral Directors, and a small number of other industry participants.

Appendix 1

NAFD and SAIF Audits

NAFD inspections

123. NAFD conducted 7,502 inspections¹¹⁰ in the four years to the end of 2018,¹¹¹ of which 12% were ‘non-compliant’ with the NAFD code of conduct.¹¹² Table 1 shows the compliance factors on which firms are judged and the numbers failing for each reason – they largely relate to the provision of information and to complaints processes, and do not appear to include aspects connected to facilities or procedures that relate to back of house quality.¹¹³

¹¹⁰ Source: NAFD.

¹¹¹ The majority of these were random, but also covered new members, and new branches or locations for existing members. The NAFD inspects new members’ branches as part of the application process and then “randomly re-inspect[s] at the end of the first six months of membership, and every two years thereafter.” Therefore, the NAFD should inspect each branch of existing members approximately every 2 years. This is supported (assuming there are a limited number of repeat inspections of the same branch) by the number of inspections being approximately 181% of the 4,152 branches of NAFD funeral director members as of March 2019. Source: CMA analysis of NAFD data.

¹¹² NAFD

¹¹³ Source: NAFD

Table 1: Sources of non-compliance in NAFD inspections, 2015 - 2018

<i>Non compliance area</i>	<i>Number non-compliant</i>	<i>% of branches inspected</i>
Disclosure of ultimate ownership in visible position on premises	43	0.6%
Disclosure of ultimate ownership on letterheads	11	0.1%
Full/detailed info (inc prices) on range of funeral services available provided	19	0.3%
Price lists available and on display	92	1%
Code of practice leaflets available and on display	240	3%
Funeral Arbitration Scheme ¹¹⁴ leaflets available and on display	341	5%
Ensure client understands range of services offered, prices and disbursements	14	0.2%
Provides written Ts and Cs on which service will be provided	147	2%
Prices lists include itemised charges/descriptions of constituent parts of services and other services available	100	1%
Copies of price lists available to be taken away by clients/prospective clients	32	0.4%
Coffin/casket literature to include prices	31	0.4%
Coffin/caskets displayed include prices	21	0.3%
Provide written/itemised estimate including responsibility of client for funeral charges and written acceptance from the client	154	2%
Provides written confirmation of the funeral arrangements	52	0.7%
Provides client with detailed itemised final account comparable with estimate provided	91	1%
Displays NAFD/FAS logo so clearly visible from outside of premises	143	2%
Membership Inspection Certificate is clearly displayed in a public place	194	3%
Provides training to employees (where appropriate)	4	0.1%
Provisions of code/legal obligations to consumers explained to staff (where appropriate)	3	0%
Designated senior person in place to deal with complaints	20	0.3%
Formal written procedure in place to deal with complaints	380	5%
When submitting final account, client invited to comment on service received	309	4%
At least one area of non-compliance	918	12%

Source: NAFD

124. Although the NAFD's code of conduct and inspection reports do touch on back-of-house quality (and in recent years a small number of applicants were refused membership for reasons relating to their facilities), the NAFD currently only monitors back-of-house quality on an 'advisory' rather than a compliance basis, though as explained in Box 1 below, 'a serious breach would almost certainly constitute a breach of the Code of Practice, which would lead to a fail.' It has only recently (in 2019) begun collating data on compliance with its Code of Professional Standards (which covers back of house facilities).

¹¹⁴ See [NAFD webpage](#)

125. NAFD inspection reports include space for comment on the following factors on which it did not previously collate compliance data, but which include both aspects observable to customers, and unobservable areas and procedures:
- (a) Facilities used by customers: reception, chapel of rest/viewing room, coffin showroom, toilet facilities;
 - (b) Other facilities: embalming theatre, mortuary, refrigeration, coffin workshop;
 - (c) Procedures relating to: collection, collation and distribution of donations; safe-keeping of cremated remains and records showing evidence of the client's requirements/instruction; safe-keeping of jewellery and personal possessions and evidence of the client's requirements/instructions; and identification of the deceased and tracking where the deceased is held.
126. The data collated on these factors so far by the NAFD shows 25 instances of non-compliance in 2019 (as of September). This is understood to represent a very small proportion of total inspections (in 2018 NAFD carried out over 1,900 inspections). The most common problems highlighted related to poor maintenance or cleanliness (eg observation of mould) of mortuaries or refrigeration units,¹¹⁵ not obtaining signatures in relation to personal effects,¹¹⁶ a lack of appropriate and designated areas for storage of cremated remains,¹¹⁷ as well as other more varied concerns about the maintenance of external or internal areas.

¹¹⁵ Eight instances

¹¹⁶ Seven instances

¹¹⁷ Five instances

Box 1: NAFD explanation of its monitoring of back-of-house standards

In response to public criticism about its effectiveness at maintaining standards, in November 2012 the NAFD undertook a review of its Code of Practice and inspection procedures. An external agency (VJB Memberlink) surveyed NAFD members (and achieved a return rate of approximately 30%). This was followed by an online survey and telephone/face-to-face interviews.

At the November 2013 Autumn General Meeting, NAFD members were presented with the feedback. It was subsequently agreed that ensuring compliance with the NAFD Code of Practice was no longer sufficient to meet public expectations relating to 'back of house' premises standards. A second Code, specifically covering back of house and operational issues, was therefore produced.

The NAFD's new Code of Professional Standards (COPS), launched in 2014, set out minimum standards relating to premises and services provided by members. It also provided a framework within which the Standards & Quality Managers (SQMs) could inspect 'back-of-house' areas of funeral homes for the first time. Members are now required to conform to the COPS in addition to our Code of Practice but, as many of the areas it covers relate to strict legal requirements (over which the NAFD has no jurisdiction), it has an advisory (rather than prescriptive) function, with a view to encouraging self-assessment and best practice.

At the same time as the launch of COPS, the existing Code of Practice was updated and the Code of Practice Committee and the Professional Standards Board were merged into a new Committee to be known as the Committee for Professional Standards to oversee compliance with both codes.

As the COPS is an advisory code, there can be no pass or fail - and a supportive approach is adopted to encourage and support best practice (although a serious breach would almost certainly constitute a breach of the Code of Practice, which would lead to a fail). NAFD Standards and Quality Managers use the code as a baseline tool to identify and raise any concerns – and then work with the member to put in a plan in place that will resolve the issue.

Between 2014-2018, NAFD management was content for SQMs to informally record the issues, discuss them with the member concerned, agree a course of action and follow up to check they had been resolved satisfactorily. The SQM has always had the opportunity to seek additional NAFD support wherever needed and this sometimes leads to the issuing of warning letters, which are then followed up to ensure the issue is resolved.

In recognition that a more formal and rigorous process for monitoring standards is now appropriate, the recording of Code of Professional Standards issues changed, in January 2019, to start moving towards a more centralised approach to monitoring and managing of these matters. Since January we have tracked all concerns raised by SQMs under the Code of Professional Standards. However, this data capture process is in the very early stages and we are yet to put in place the necessary checks to ensure concerns are being recorded consistently across our SQM team. This is something we hope to address before the start of next year.

Source: NAFD

SAIF Inspections

127. SAIF carried out 2,801 inspections between January 2015 and July 2019.¹¹⁸ Table 2 shows the compliance factors on which firms are judged and the numbers failing for each reason.¹¹⁹ The most common reasons relate to control of substances hazardous to health ('COSHH'; 17% of inspected premises), and complaints procedure (10%). 'Back of house' issues include those relating to procedures for donations, cremated remains, jewellery, and floral tributes (2-4% for each of these), and treatment of clinical waste (5% of inspected premises)
128. SAIF in Scotland refused four applications for membership in 2015-2017, on the grounds of: 'Working practices', 'Lack of refrigeration & illegal clinical waste collection', 'Suitability of the operating principals' and 'Company standards & knowledge not sufficient'. SAIF National also expelled three members in the same period, suspended one, and sent a warning letter to another, although we do not know the reasons.¹²⁰

¹¹⁸ This is approximately 1.7 times the 1,690 branches of SAIF members as of March 2019, showing that SAIF inspect their member's branches roughly every 3 years (assuming there are a limited number of repeat inspections of the same branch). Source: CMA analysis of SAIF data.

¹¹⁹ More detail on SAIF's inspections are described in its [Quality Assurance Programme, A guide for members, SAIF](#)

¹²⁰ SAIF

Table 2: Sources of non-compliance in SAIF inspections Jan 2015 to July 2019

<i>Non compliance area</i>	<i>Number non- compliant</i>	<i>% of branches inspected</i>
Premises / Aesthetics	10	0.4%
Procedure for Donations	82	3%
Procedure for Cremated Remains	46	2%
Cremated Remains - individual listing	108	4%
Procedure for jewellery	86	3%
Procedure for floral tributes	62	2%
Written estimate with signature	21	0.7%
Itemised account	20	1%
Written confirmation with T&C's	105	4%
Confirmation to officiant	104	4%
CoP on display	164	6%
CoP to take away	142	5%
Price List to take away	49	2%
Complaints procedure	273	10%
Ownership displayed	230	8%
Letter head with correct ownership details	207	7%
SAIF logo displayed	92	3%
COSHH	490	17%
Clinical Waste	135	5%
At least one area of non-compliance	1,136	41%
No area of non-compliance	1,341	48%
Total number of inspections	2,801	100%

Source: SAIF

Appendix 2

Training in the funeral industry

Qualifications and training

129. There are a number of relevant qualifications available to staff working in the funerals sector. The standard funeral industry-specific qualifications which are currently available are:

- (a) Diploma in Funeral Arranging and Administration (Dip FAA) from the NAFD, quality endorsed by Birmingham City University. The Diploma in Funeral Arranging and Administration is aimed at employees in the funeral sector with at least 6 months' experience. It is designed to equip funeral arrangers and administrators with the skills and knowledge required for their roles and can be completed within 9-12 months.
- (b) Diploma in Funeral Directing (Dip FD) from the NAFD, quality endorsed by Birmingham City University. The Diploma in Funeral Directing is targeted at funeral directors who have already completed the Diploma in Funeral Arranging and Administration. It is benchmarked to Level 3 national standards in learning and assessment and can be completed within a minimum period of 12-15 months. All candidates must conduct a funeral within the period of study to successfully complete the Diploma. All applicants to the NAFD diplomas need to meet the entry criteria of working in the funeral industry for a minimum of 6 months prior to registering and for a minimum of 16 hours per week.
- (c) Certificate in Funeral Arranging and Administration from the London Association of Funeral Directors (LAFD)
- (d) Certificate in Funeral Service (Cert FS) from the British Institute of Funeral Directors (BIFD);
- (e) Diploma in Funeral Service (Dip FS) from the British Institute of Funeral Directors (BIFD). This course (and the lower certificate qualification) is accredited by Greenwich University, and taught by individual tutors registered with the BIFD who set their own teaching schedule and fees.
- (f) Qualification in Embalming (MBIE) from the British Institute of Embalmers (BIE). This will normally take 2-3 years and will be taught

by accredited tutors. All members of the BIE must have successfully passed their examinations at the end of the course.

130. Additionally, the National Society of Allied and Independent Funeral Directors (SAIF) through the Independent Funeral Directors College (IFD College) offers One Awards qualifications (NVQ equivalent). SAIF members can attend courses at the IFD College at discounted rates. Dignity told us that ‘The IFD College is a virtual college that provides basic vocational training at a flexible pace. It considers its courses to be complementary to those offered by the NAFD as they are targeted at a wider range of employees in the funerals sector. The IFD College provides basic health and safety and skills training to all staff in the industry as well as more advanced programmes.’
131. Co-op Funeralcare also offers its staff two apprenticeships developed in partnership with Learndirect:
 - (a) FNC Operations and Services Level 2¹²¹ Apprenticeship – offered to new Funeral Service Operatives, Funeral Arrangers and Funeral Directors; and
 - (b) FNC Operations and Services Level 3¹²² Apprenticeship – offered to Funeral Directors when they have completed the Level 2 Apprenticeship.
132. Finally, Dignity told us that ‘Dignity has worked in conjunction with the NAFD, Co-op and various independent funeral directors to set standards for funeral services apprenticeships. In February 2019 Dignity obtained formal approval from the Institute of Apprentices. It is now working to establish apprenticeships for funeral arrangers, funeral team members and funeral directors with a programme of external training and assessments. Dignity is also working with industry organisations to set industry-wide standards for embalmer and mortuary technician apprenticeships.’
133. There is no requirement to hold any of these qualifications to work as a funeral director or embalmer, or for membership of either of the trade associations. We do not have data on the proportion of the industry workforce that holds these qualifications, but:

¹²¹ Equivalent to five good GCSE passes (source [Unionlearn](#))

¹²² Equivalent to two A level passes (source [Unionlearn](#))

- (a) NAFD told us that in the two and a half years to March 2019, 245 people qualified with a diploma in funeral arranging, and 69 people qualified with a diploma in funeral directing.¹²³
- (b) Co-op told us: ‘although we do not limit our recruitment to those with qualifications, we do emphasise the importance of obtaining qualifications’. All those who are new to role will be offered the opportunity to enrol onto an apprenticeship within their first 12 weeks and, funeral directors that do not hold a Co-op or NAFD qualification [redacted]. Co-op stated that ‘over 90% of our funeral homes will have at least one person working there who is either currently working towards or has already achieved their Level 2 apprenticeship.’ In the last three years Co-op has spent around £[redacted] on colleagues gaining these qualifications.¹²⁴
- (c) Dignity does not require its staff to hold any of the qualifications detailed, and told us that [redacted]. However, Dignity offers funding to its employees to complete these qualifications. Dignity told us that as the majority of the training it undertakes is internal, Dignity is not able to provide an accurate figure of total training costs. However, Dignity spent approximately £[redacted] on external training in 2018.¹²⁵
- (d) Funeral Partners told us that it does not require its employees to hold any of these qualifications, [redacted]. Across its branches around [redacted] staff members hold one of these qualifications, and Funeral Partners sponsor employees who would like to gain NAFD qualifications.¹²⁶ Funeral Partners has spent around £[redacted] in the last three years for its staff to gain formal qualifications.¹²⁷

134. In relation to embalming, the larger funeral directors appear to place particular emphasis on formal qualifications:

- (a) Dignity told us that ‘although not a statutory requirement, embalmers in quality funeral homes will generally have completed a training course approved by the British Institute of Embalmers (“BIE”). [...] Dignity recruits BIE qualified embalmers but also funds the training of

¹²³ NAFD told us that it does not hold data on the proportion of its members (or staff of its members) that hold the qualifications.

¹²⁴ This includes amounts funded through the Apprenticeship levy.

¹²⁵ Excluding ancillary costs such as room hire, accommodation and refreshments.

¹²⁶ Dip FAA from the NAFD - [redacted] staff; Dip FD from the NAFD - [redacted] staff; Cert FAA from the LAFD - [redacted] staff; Cert FS from the BIFD - [redacted] staff; Dip FS from the BIFD - [redacted] staff; MBIE from the BIE - [redacted] staff; SAIF qualification (various) - [redacted] staff; Co-op qualification (various) - [redacted] staff; Other (various) - [redacted] staff

¹²⁷ This includes amounts funded through the Apprenticeship levy.

employees who do not hold the qualification. In 2016 Dignity spent £[redacted] on BIE training; in 2017 it spent £[redacted]; and in 2018 it spent £[redacted]. All Dignity embalmers either have BIE qualifications or are working under the supervision of staff with BIE qualifications.'

(b) Funeral Partners also said that 'we prefer that any embalmers employed by Funeral Partners, or contracted as a third party supplier to Funeral Partners, have the BIE qualification or equivalent. If any embalmers do not hold that qualification, we conduct an internal practical assessment of their skills and quality of embalming. This is conducted by a BIE member embalmer.' [redacted] members of Funeral Partners' staff hold the MBIE qualification in embalming.

(c) Co-op told us that 'We do not offer internal embalming training, but we are currently funding two of our Care Excellence managers through the training required to become embalming tutors with the British Institute of Embalmers.'

135. In relation to other training, aside from formal qualifications, the large funeral directors have told us that they invest significant resources in training their staff to a high standard, as well as ongoing monitoring and support to drive up standards. We also heard that the trade associations aim to encourage quality through the dissemination of good practice. For example, the NAFD provides a Manual of Funeral Directing. SAIF told us that as part of the membership requirements, members should ensure that they properly train their staff, and that training is addressed as part of the inspection. For new funeral director firms with 12 months' trading, SAIF has created the Probationary membership category, where training is mandated. Also, full members in the inspection are encouraged to continue to train newer staff and provide CPD for existing trained staff. It also told us that the 'NSAIF Executive are looking to include as part of the renewal process that members will need to evidence CPD, as well as a Principal Manager be qualified.' SAIF itself runs a range of training programmes which are free of charge for members, and take the form of regular webinars and regional meetings supplemented by an annual Education Day.

Views on the need for more training

136. Some funeral directors believe that there should be more or better training in the industry. For example, one funeral director submitted that:

‘An important factor is the demise of Professional qualifications moving from being almost mandatory, delivering a high level of service and quality, alas from the 1990’s, this has dropped dramatically as the recognised qualifications became less and less relevant and ultimately without regulation, redundant.

The amount of unqualified persons, poorly trained or worse without any training at all, claiming, quite legally, to be Funeral Directors, opening unchecked, has led to many of the stories, experiences and race to the bottom in the name of competition which sickens the vocationally driven businesses, who are inevitably tarred with the brush of the profit first, sales oriented firms. The lack of set minimum standards is the greatest shame in the sector, allowing the unscrupulous and downright dangerous loose on an unsuspecting and vulnerable public. This is where unchecked open competition has led us.’¹²⁸

137. While we have not received evidence that non-qualified personnel are carrying out embalming, Dignity submitted that training is particularly important in relation to this:

‘Dignity considers that at least in relation to embalming, quality of service is directly linked to whether the embalmers possess the necessary training. It is in the consumer interest to ensure that only well-trained and qualified embalmers are allowed to perform this complicated procedure that can have a significant impact on health and safety at the funeral home as a whole (the very nature of the procedure means there are disease and safety risks in case proper hygiene is not maintained).’

138. Some questions on training were included in an NAFD survey of its members, carried out as part of its engagement with the Scottish Government’s consideration of whether to introduce an inspection and licensing regime. This survey found that more than 65% of respondents (albeit in a potentially biased sample, in terms of those who chose to

¹²⁸ [Brodie's response to the issues statement](#)

respond to the survey) agreed or strongly agreed with the following statements:¹²⁹

- (a) I think all funeral directors should have to prove their fitness to practice, on a reasonably regular basis, through a recognised Continuous Professional Development method (qualification, training or verified experience).
- (b) I would like to see all funeral directors individually licensed, subject to qualification and continuing professional development requirements.

¹²⁹ 'Shaping NAFD policy direction, for 2019 and beyond, in Scotland' - Annex A to ['Report to Scottish Ministers on the introduction of a regulatory model including progressive licensing scheme for Funeral Directors in Scotland'](#) (version available for download contains this annex).