

.FUNERALS MARKET INVESTIGATION

Summary of hearing with A.W. Lymn The Family Funeral Service Limited held on 2 October 2019

Change in the industry over time

1. A.W. Lymn The Family Funeral Service Limited (AW Lymn) told the CMA that the funeral market had experienced rapid change over recent years. Funerals were now much more complex than they had been previously. Historically, most customers identified themselves, or the deceased, as a Catholic, Church of England, Methodist, Baptist, or a member of another religious organisation, and this determined the set service that would be arranged.
2. AW Lymn said that funerals were now much more personalised and AW Lymn viewed every funeral as 'bespoke'. The majority of services were now being taken by 'celebrants'.
3. AW Lymn told the CMA that customers did not want to have funerals at the beginning or end of the day. Most people wanted a service and/or burial between about 11.00 am and 2.00 pm. AW Lymn explained that this meant that a funeral director's resources were very often stretched at these times, whereas at other times in the day funeral directors had more flexibility.
4. AW Lymn told the CMA that its customers were more frequently choosing to add additional elements to the funeral. AW Lymn said that this increased range of choice was reflected in AW Lymn's brochure, which is available in both hard copy and on their website, which contained 100 pages of choice for the customer; 10 – 15 years ago, this would have been a ten-page document (pre 2007 when AW Lymn changed its brochure format). AW Lymn explained that customers in all markets wanted to have choice, and that funeral directors had not escaped this development. As a result, funerals had become more labour intensive and required more staff to deliver the quality and variety of products that the customer wanted.
5. AW Lymn said that the coroners service is also causing a delay to the time between death and the funeral. AW Lymn said that the average time between death and a funeral used to be about nine or ten days, and it is now over 23 days on average. In addition, AW Lymn explained that customers did not want

to hold funerals quickly. AW Lymn clarified that, historically, families would look to arrange a funeral about seven to ten days after the bereavement. More recently, customers would take account of factors such as holidays, work commitments and birthdays before setting the date for the funeral.

6. AW Lymn said it expected the trend for more consumer choice to continue to grow in the future. However, AW Lymn cautioned that the continued development of the pre-paid funeral market may dampen this trend for greater choice. AW Lymn explained that there were around 200,000 funeral plans currently being sold and an average of about 550,000 deaths in the United Kingdom per year. Pre-paid funerals accounted for a small portion of funerals being carried out, however, in the future, when the plans currently being taken out matured, there would likely be about 35% to 40% of at-need funerals funded by pre-paid funeral plans. This would also lead to an increase in the number of funeral services where the deceased had prescribed elements of the service. AW Lymn said that it believed that this would have a significant effect on the market.

Vulnerability of customers at the point of need

7. AW Lymn said that customers with few assets were more likely to purchase a pre-payment plan. Most customers did not need a pre-paid funeral plan if they had assets (such as their own home). AW Lymn said that such customers may have planned the arrangements for their funeral with the funeral director, but would not, generally, have taken out a pre-payment plan.

Competition between funeral directors

8. AW Lymn said that funeral directors provided a wide variety of services. Normally six staff attend an AW Lymn funeral where they have been requested to supply bearers. Other firms may only provide three staff.
 - At the lower end of the market, a conductor (the person in charge of the funeral) and two bearers would attend the funeral. The coffin would be moved on a wheeled bier (a trolley).
 - At the upper end of the market, customers expected the provision of a funeral director (who would be in charge); an usher (who would go ahead of the funeral to greet the mourners and bearers for the coffin. There would be a minimum of four bearers, but if a coffin was above a certain weight, there would be six.
9. AW Lymn explained that there were occasions where funerals were tendered by the local authority, but in these cases, it was difficult for firms to compete

on quality. The tender was usually awarded to the company with the lowest bid price.

The funeral sales process

10. AW Lymn said that, as a direct result of the CMA opening this investigation, it had decided to display the services it offered, including direct cremation and simple funerals, more prominently at the front of its 2019 brochure alongside the other pricing information for its full service.
11. AW Lymn said that of the last 434 clients served, 65% of them 'confirmed that they were aware of our prices before they committed to us'. So two-thirds of its customers were aware of prices.
12. AW Lymn said that sales of direct cremations amounted to less than 2% of its current business. AW Lymn explained that we should treat data on sales of direct cremation services with caution. This was because other industry parties would count some of their sales as 'direct cremations' which AW Lymn classed as 'normal' funeral services.
13. AW Lymn said that it encouraged customers not to walk in and make a one-stop decision. AW Lymn explained that it did not seek to tie customers down to details discussed on the first day in case the customer requested a change later. AW Lymn explained that its preferred flexible approach caused difficulty in regard to the Department for Work and Pensions (DWP), because the DWP cannot consider a claim until a firm contract is agreed between the funeral director and the customer.
14. AW Lymn said that it wants families to be able to change funeral arrangements before the funeral took place, and only pay for what they have had if they have it. Decisions on the final arrangements were sometimes not made until the last minute. AW Lymn said that it also applies the cancellation period application under the Consumer Contracts Regulations for contracts entered into off-premise to all of its customers because it feels that it is the right thing to do.
15. AW Lymn said that it would generally have several meetings with the customer to discuss and agree the funeral arrangements. This could take up to four or five hours of staff time in total. AW Lymn further explained that at some point, but not generally at the first meeting, a written contract would be signed.
16. AW Lymn said that it discussed the costs of the proposed funeral arrangements with the customer at all stages of the process, including third-

party costs (such as the cost of the cremation service). AW Lymn did not, in general, require payment up-front, but would seek payments from the customer after the funeral. AW Lymn pointed out that it did occasionally seek payment up front for particularly expensive items, such as an expensive grave plot.

17. AW Lymn said that it believed that its pricing was transparent for customers, while noting that it did not believe other funeral directors had the same level of price transparency as it did. AW Lymn said it had published its prices online for over ten years. AW Lymn said it was aware of other funeral directors who did not advertise their prices outside of their office. AW Lymn said that customers did find it difficult to compare prices. This was because every funeral was different. AW Lymn concluded that customers needed to be able to compare the constituent parts of each funeral director's offering.
18. AW Lymn explained that it understood how some nationally operating funeral directors had difficulty in putting their prices online. This was because they would be advertising the prices of 600 or 700 funeral homes, and it would be difficult for them to explain why there were different prices being charged by different funeral homes within their portfolio.
19. AW Lymn also explained that there was a difficulty for some firms when selling simple funerals. AW Lymn, highlighted the example of one of their competitors, where the cost of a simple funeral was benchmarked at around £1,895. If a customer wanted a simple funeral with an additional car, they may have looked at the online pricing, seen the cost of an additional car (at £250) and assumed that they would be asked to pay £2,145, when that is not how it works. AW Lymn further explained that this simple funeral package was a restricted-service funeral. As such, customers might have to pay over £600 in some instances to move from a simple funeral to the hearse-and-one-car funeral option that they wanted.

Potential Remedies

Price transparency/charging remedies

Standard Pricing:

20. AW Lymn said that fixing the cost of the individual items that make up a funeral package would be very difficult because there was no standard model for what should be included under each item. For example, one funeral director might have included the cost of the funeral director and bearers in their professional fee, but another funeral director might have included the

bearers with the hearse and the cost of the funeral director with their office fee. Establishing a 'standard' individual item cost would be very difficult.

21. AW Lymn explained that if there was a requirement stipulating what items were included, then a customer could approach a funeral director and discuss a funeral package of items. The customer could then compare the price of the package with the price offered by other funeral directors. AW Lymn said that different providers were offering such a different standard of service in terms of vehicles, premises, quality of staff, that this would be difficult. It said that, for example, funeral directors (staff who were responsible for other staff and proceedings at a funeral) at the higher end of the market would be members of the National Association of Funeral Directors (NAFD) and hold a diploma in funeral directing; at the lower end, funeral directors may simply look the part.
22. AW Lymn explained that, in reality, funerals were so bespoke that this type of standardised item pricing would help as a barometer, or a benchmark, but it would not always produce an exact figure for the costs of a funeral as customers regularly added something on, or, took something off.
23. AW Lymn cautioned that a move to regulating pricing would not be without difficulty. AW Lymn explained that the Federal Trade Commission adopted regulated pricing in America in the 1990s and that the 'price of funerals shot up massively'. This was because funeral directors looked at each other's prices and identified those areas where they were not charging for each individual item, but others were, and added those additional charges to their price list.
24. AW Lymn said that it thought that self-regulation by the industry was the best solution and that the industry did not need to be over-regulated.

Online Customer Reviews

25. AW Lymn said that online reviews were a good thing; firms should respond to genuine poor reviews by doing their absolute best to deal with problems as they arose.
26. AW Lymn explained that for most purchases, such as booking a restaurant, customers could look on sites (such as TripAdvisor) to see how other customers rated the service. In contrast, most funeral directors did not serve dozens of customers a day, in the same way a restaurant would. So, comparison sites were particularly vulnerable to receiving false reviews from people who had a reason to try to distort that market.
27. AW Lymn identified Funeral Guide (previously known as Funeralzone) as a comparison site that had taken steps to address this issue by restricting who

could leave a review. AW Lymn explained that reviews were only accepted from clients of a funeral director, and there could only be one review per funeral. AW Lymn said that Funeral Guide was not detailing the services provided by a funeral director but was assessing whether the customer's needs were able to be accommodated by that firm. AW Lymn made clear that some individuals within the company held an interest in Funeral Guide.

Other Issues

Pre-paid plans

28. AW Lymn said that it sold three standard pre-paid plan packages. About two thirds of its customers preferred bespoke plans that offered customers options to choose what they wanted. AW Lymn thought it was important that it was not just selling pre-need off-the-shelf by a tick box. AW Lymn did not charge a commission when selling pre-paid plans, but took a cut of the management charge, which was split with the company that managed the investment. AW Lymn purchase a whole-of-life plan for their customers but other pre-payment companies offer a trust. AW Lymn said that fewer plans were maturing than were being taken out so, in the future, the funeral market was going to be heavily influenced by pre-paid funerals as a greater proportion of funerals were going to be funded by, and prescribed by, the pre-paid funeral plan. AW Lymn believed that it offered a similar range of pre-paid plan packages to what other pre-paid funeral companies were offering in the market.
29. AW Lymn said that it would meet most pre-payment customers while they were still alive and would discuss the funeral arrangements with them in the same way it would have discussed the funeral with the family if it was arranging the funeral after the death. AW Lymn explained that some pre-payment customers would prescribe everything that they wanted, while others would, for example, prescribe particular elements of the funeral, but would leave the family to decide on other elements that they were less concerned about.
30. AW Lymn explained that customers who purchased pre-paid funeral plans were generally those whose funeral was being arranged. Customers were, generally, making decisions at a time when they were not in a distressed condition following a bereavement, as was the case with families who were arranging funerals. AW Lymn said that these customers could look at the options, and very often compared AW Lymn's price with those of other firms, and in the end choose options of a higher level than families would when making arrangements at the time of need. However, AW Lymn said that it believed that price was not the determining factor. It believed that these

customers generally considered the determining factors to be: (i) the standard of service and (ii) ensuring they got the funeral arrangements that they wanted.

31. AW Lymn said that when pre-paid plans were redeemed, some peripherals (such as order-of-service cards, or an extra car if the size of the family had increased following the plan being taken out) were often added on by the family at that time. There tended to be fewer changes to the arrangements for pre-arranged funerals as customers tended to have thought in more detail about the funeral they wanted. AW Lymn explained that the family was free to change the funeral arrangements following the bereavement, even if this went against pre-arranged wishes of the deceased. However, currently, there were few significant changes to the deceased person's plans.
32. AW Lymn explained that many pre-paid funeral plans were purely financial arrangements and these were the sort that may be selected from the back of a newspaper. The customer was not compelled to agree any arrangements with a funeral director. AW Lymn said that, in these cases, families would make the arrangements, but the prepaid plan funds would be used to cover the costs.
33. AW Lymn explained when servicing plans for other national firms the family would sometimes want to add other services to the funeral plan. For example, a pre-paid plan may have been bought for a crematorium-only service. However, the family may have chosen to over-ride these instructions because the deceased was a member of the catholic church where the body was traditionally received into the church the night before the service, burial was more traditional, or cars and other arrangements were considered more 'normal'.
34. AW Lymn said that it did not sell financial products. AW Lymn was not regulated to do so. AW Lymn only sold prepaid plans that would cover the costs of agreed services. If the family did not want to use the services that had been paid for, for example, if the family did not want the number of cars that had been paid for, then AW Lymn said that it could not reimburse the family for the un-used services. However, AW Lymn said that it would allow the family to transfer any un-used funds to be used for other disbursements - such as additional flowers - that were provided through AW Lymn.