

## FUNERAL MARKET INVESTIGATION

### WORKING PAPER ON ROLE OF INTERMEDIARIES IN THE PROCESS OF CHOOSING A FUNERAL DIRECTOR - RESPONSE

#### CO-OPERATIVE GROUP LIMITED ("Co-op")

#### **1 Executive Summary**

- 1.1 The Co-op is broadly supportive of the key findings from the CMA examining the role of intermediaries such as care homes, hospices and hospitals in influencing consumers' choices. We also support the CMA considering the role of intermediaries including medical practitioners, care homes and their employees, critical illness charities and solicitors in providing early information to consumers and encouraging them to shop around.
- 1.2 We strongly believe that there is a role for intermediaries to play in providing information to consumers to encourage early planning and reduce time pressure where it may exist.
- 1.3 There are nevertheless a number of points in the Working Paper on the Role of Intermediaries in the Process of Choosing a Funeral Director ('Paper') on which we comment below.
- 1.4 Failure to comment on a particular element of the CMA's analysis should not be read as acceptance of it.
- 1.5 Funeral director's contractual relationships with coroners or local authorities do not restrict the consumer's choice or ability to use a funeral director of their choosing. Transparent relationships between funeral directors and intermediaries, such as care home, hospices and hospitals are of benefit to consumers, enabling them to start discussions early around end of life planning.

#### **2 Roles of care homes, hospices and hospitals**

- 2.1 In our response to the Issues Statement, we stated that it would be appropriate to consider whether there are prevalent practices to secure funerals at an early stage through for example, incentives to intermediaries or through below cost coroner removals. We explained that such practices (if established) would distort the exercise of choice at a later stage in the funeral arrangement and that it would therefore be appropriate to consider this as a distinct theory of harm to be addressed through additional remedies. We believe that contracts for the removal of the deceased should not be entered into at or below cost: making such arrangements commercially viable in their own right will avoid the need to solicit funerals. In addition, this would facilitate a relatively low cap on the costs of switching funeral directors as envisaged in Information and Transparency Remedy 4 in the CMA's Information and Transparency Remedies Working Paper.
- 2.2 As stated in our response to the Information and Transparency Remedies Working Paper, and as noted in this response, we consider that actual evidence of consumers being locked-in to a funeral director at any early stage is not strong. In our view, the finding from the CMA consumer survey that 11% of customers switched after the deceased was collected, in circumstances where a large proportion of customers have contacted a funeral director with a clear reason to prefer them, with only 2% choosing a funeral director because the deceased is already in their care suggests that barriers to switching are low in practice.
- 2.3 In the Paper, the CMA has stated that it is possible that the removal of clause 9.2 from the NAFD Code of Practice could result in new arrangements being instigated by funeral directors

that could distort the market/have a significant impact on consumers. We do not think that the evidence to support this is strong.

- 2.4 We know from our own discussions with our hospice partner that they consider there to be a gap in the service they can provide to patients and their families which occurs at the point of death (as well as in planning for death) and that without the ability to effectively sign-post into trusted partners, that they are placing unnecessary strain on their customers who are asking for their help. Even where employees are encouraged to discuss funeral plans and next steps with patients, they do not feel that they can give advice: it can be very difficult to engage patients and their families in conversations about death. We consider that there is a real benefit to starting conversations about funerals early in order that families feel well informed about the options available to them and supported.
- 2.5 We agree that employees of intermediaries are often asked at the point of death for help with selecting a funeral provider and that the advice of care homes and hospices as a trusted advisor is something that families may value deeply<sup>1</sup>; however as the CMA have noted, care providers are unlikely to recommend particular funeral directors<sup>2</sup>. To provide a family with a list of contact details, without some form of sign-posting, (which is all many providers feel able to do), does not meet the need of families seeking more detailed guidance and support to help manage a potentially overwhelming emotional and administratively burdensome process.
- 2.6 Empowering intermediaries to support and assist consumers (within a clear set of transparent standardised parameters), can materially benefit and mitigate the extent to which emotional vulnerability affects the way that they purchase funeral services. [§<].

### **3 Police and Coroner's Contracts/Commercial Viability of Contracts**

*Theory of Harm 1 – local authorities are not procuring these services as competitively as they could, meaning that they pay higher prices*

- 3.1 As stated at paragraph 2.1 above, we believe that contracts for the removal of the deceased should not be entered into at or below cost.
- 3.2 We have observed local authorities dividing coverage areas for into smaller lots, which allows funeral directors to choose which local areas they tender to serve. This allows smaller funeral directors the opportunity to compete for services and, as a result, the local authority procures more competitive rates.

*Theory of Harm 2 – The nature of the consumer's contact with the funeral director (e.g. during removal or storage of the deceased) linked to the coroner's contract means that consumers suffer through*

*(a) Customers shopping around less that they would do if funeral director behaviour were different (e.g. if consumers were not aware of the identity of the funeral director...)*

*(b) funeral directors price discriminating against these consumers due to the tendency to shop around less after already engaging with the contracted funeral director*

- 3.3 In our experience, the families contacting us in relation to a coroner's contract often ask the team collecting the deceased for advice about what happens next. It is important that, families are immediately given the necessary information regarding what happens to the deceased and

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<sup>1</sup> Paragraph 23, Working Paper On Role Of Intermediaries In The Process Of Choosing A Funeral Director

<sup>2</sup> Paragraph 26, Working Paper On Role Of Intermediaries In The Process Of Choosing A Funeral Director.

the next steps for arranging a funeral. We always provide this information when asked, but the choice to proceed with the funeral director who has undertaken the collection or otherwise, always remains with the customer.

- 3.4 We have recently started manually collating data which shows how many families of deceased collected under coroner's contracts go on to choose Co-op to carry out the funeral. From 5 January 2020 – 1 February 2020, [REDACTED].
- 3.5 We do not discriminate against consumers who we come into contact with through coroner's contracts: in all cases, these customers are treated in the same way as if they had approached Co-op themselves.

*Theory of Harm 3 – that the nature of the procurement process means that the funeral directors that win the contracts provide higher prices/worse services for the bereaved*

- 3.6 There is little evidence to suggest that competition is prevented or undermined by the existence of any informal or formal arrangements between funeral directors and police and coroner's contracts. To the extent that an adverse effect on competition is established and remedies are needed, we would look to see a package of remedies to enable customers to make an informed choice.