

Funeral directors and crematoria services market investigation

Dignity response to CMA working papers on information and transparency remedies and quality regulation remedies published on 30 January 2020

1. Introduction

- 1.1 Dignity plc (“**Dignity**”) welcomes the opportunity to comment on the working papers published by the CMA. This paper responds to the CMA’s working papers on potential (a) information and transparency remedies (“**Information & Transparency WP**”); and (b) quality regulation remedies (“**Quality Regulation WP**”). Dignity considers that some of the potential remedies set out in these working papers could drive positive change in the industry, to the benefit of consumers.
- 1.2 As the CMA notes in the working papers, before adopting a remedy the CMA needs to ensure that it is:
- (i) **Effective** at remedying, mitigating or preventing the identified adverse effect on competition (“**AEC**”) or any detrimental effect of the AEC on consumers. The CMA needs to ensure the remedy is likely to be effective in achieving its aims and is practicable; and
 - (ii) **Reasonable and proportionate** – being no more onerous than necessary to achieve its legitimate aim and not producing disadvantages that are disproportionate to its aim.
- 1.3 This analysis needs to be carried out on an individual remedy by remedy basis, but also for the remedy package as a whole. At this stage, Dignity’s comments focus on the remedy options within the Information & Transparency WP and the Quality Regulation WP as individual remedy options. Dignity reserves its position on whether the full package of remedies being considered by the CMA (including the price control and local authority tendering remedy options) is effective, reasonable and proportionate.
- 1.4 Even within the Information & Transparency WP and the Quality Regulation WP, Dignity notes that there are a number of different remedy options. For example, while a number of remedy options in the Information & Transparency WP may be considered to be effective, reasonable and proportionate on an individual basis, a decision by the CMA to proceed with all options listed may burden consumers with too much information, unnecessarily increase costs for the industry, make the regime cumbersome or difficult for consumers to engage with and be unnecessary to deliver the market change that the CMA seeks to achieve. Greater thought therefore needs to be given to how the various remedies will function as a package (including the price control and local authority tendering remedies being considered) to assess its effectiveness, reasonableness and proportionality, in particular the demands it will place on consumers in the form of the sheer number and complexity of choices they will need to make.
- 1.5 Dignity therefore looks forward to engaging with the CMA further when the effectiveness, reasonableness and proportionality of a specific package of remedies is being considered. In particular, Dignity recommends that the CMA should test the effectiveness of the various remedy options in a ‘sandbox’ to check whether consumers would be likely

to use them and find them useful to assess options before proceeding with remedies that would impose significant costs and change on the entire industry.

- 1.6 The funeral industry in the UK is organically going through a period of transformation with changes in consumer behaviour, preferences and increasing levels of awareness (which some of the CMA remedy options could help accelerate). Dignity therefore is also keen to engage with the CMA on the duration of any remedies it may choose to pursue.
- 1.7 Dignity has, at the time of this submission, not had the opportunity to fully consider the contents of the working papers published by the CMA on 20 and 21 February 2020 nor has it been given access to the CMA's underlying data in either set of working papers through a confidentiality ring or dataroom. Dignity will therefore separately comment if appropriate to do so on whether the CMA's analysis in those papers could impact or enhance any of the options discussed below.

2. Comments on the Information & Transparency WP proposed remedies

- 2.1 Dignity acknowledges that, at present, there are challenges for customers in accessing, assessing and comparing in a meaningful way information on competing options available to them. This is particularly the case for customers seeking funeral services at-need due to the timescales involved. This results in search costs being relatively high. Dignity therefore agrees that there is scope for improvement in the sector in terms of making it easier for customers to access, assess and compare prices and services offered by different funeral directors and crematoria.
- 2.2 While the market for funeral director services is competitive in terms of the range of options and providers available, the introduction of remedies that help consumers make an informed choice from this range would act as a catalyst to intensify competition in the sector, on both price and quality. Dignity would stress that in order to ensure that consumers are able to compare on a like-for-like basis the value for money of different operators, it is important to improve transparency of the price, the front of house and back of house services and the level of quality of these services. For instance, for front of house services, if limousines are to be provided, the consumer should be informed of the type and age of vehicles that will be used. Similarly for back of house services, consumers should be made aware of whether, for example, embalming is offered as a service (and when this service may be beneficial) and whether and where they will be able to visit the deceased, as well as the costs of these services. This information could be displayed on an independent platform with individual webpages for each funeral director that consumers could click through to from the search results page (as is the case on hotel booking platforms, for example). Any rankings display for price and quality information would also need to take into account the quality of service being provided (see paragraph 2.3 below).
- 2.3 For front of house services, specific information on the services provided, together with customer reviews and/or customer satisfaction survey data may help consumers to assess options. For back of house services, Dignity considers that a form of grading which reflects the level of quality of the unobservable services provided (and therefore not captured in customer reviews and/or customer satisfaction survey data) would provide consumers with the necessary information to assess available options. As detailed at paragraph 2.23 below, a potential grading scheme could be in the form of a rating given

by the independent body monitoring the quality regulation remedy, such as the Care Quality Commission (“CQC”) assessment of care homes as being outstanding, good, requires improvement or inadequate.

- 2.4 As regards crematoria, Dignity considers that better information on pricing (including overrun, environmental and other non-avoidable fees), slot lengths and quality will encourage customers to exercise a more active and considered choice, driving competition between crematoria.
- 2.5 Dignity is not convinced that the remedies relating to mandatory ‘reflection periods’ or caps on charges for the collection, transportation and storage of the deceased would be well-targeted at the AEC that the CMA has identified, or effective. There would also be some challenges in implementing these remedies in a practical way that does not have disproportionate unintended consequences. Dignity therefore considers that the remedies proposed in this regard may not be necessary and that similar outcomes can be achieved through better provision of information at the point of original engagement and throughout the arrangement process (see detailed comments below at paragraphs 2.23 to 2.25).

Responses to the CMA’s questions (Para 28)

We invite parties’ view on the following:

(a) What are the expected costs to funeral directors and/or crematoria of implementing the remedy and reporting compliance?

(b) How should compliance with the remedy be demonstrated and how should this be supervised by the relevant bodies?

(c) Should any remedies be time-limited? If so, why?

(d) Should we consider a firm size threshold for any of the remedies discussed here? And if so, what should that threshold be, and why?

(e) Are there any relevant customer benefits in either market that may be lost or reduced by the implementation of these measures and that we should consider as part of our assessment of any remedy package?

(f) Are there any other remedies that may equally or more effectively improve the availability and transparency of information to consumers?

- 2.6 The costs of implementing the remedies and complying with them will vary according to the remedy package adopted. The cost of the independent platform would likely be significant – the Private Healthcare Information Network (or PHIN - the body designated to run the information database for private healthcare providers pursuant to the CMA’s remedy in the Private Healthcare Market Investigation) had a forecasted budget of £10.8 million over six years, for example.

- 2.7 It would be good practice for the CMA to implement the remedies for a fixed period of time or at least to build in a regular review period to ensure that the remedies are still

necessary and proportionate. If the market conditions have changed significantly with new funeral offerings and consumers being more engaged in comparing options confidently, prescriptive remedies may no longer be required.

- 2.8 It is important that the remedies apply to all funeral directors and crematoria so that consumers in all local areas in the UK are able to access and assess the information they need to compare options. Without this, consumers in certain locations would not benefit from the remedy and it would not be effective to address the AEC in those areas.
- 2.9 As noted in paragraph 2.27, there is a risk that consumers are overloaded with too much information and too many choices to be made. The CMA should bear this in mind when designing the remedy package.

Remedy 1: Price transparency and comparability

- 2.10 Dignity welcomes the suggestion that funeral directors and crematoria should be required to make their prices available online (to the extent they have an online presence), over the telephone and in branch. The CMA should also ensure that such prices should include all mandatory and unavoidable costs, to avoid drip pricing (for instance, crematoria should include medical referee fees in the headline price).
- 2.11 To the extent the CMA requires disaggregated pricing and service information or pricing information on a package of components, the CMA will need to engage with the industry on the service elements that need to be priced separately or together as a bundle. Absent clear guidance on this and a standardised format to provide pricing information, Dignity is concerned that different funeral directors may create different “mini bundles” making it difficult for consumers to make a genuine informed comparison of the value for money offered by different operators. For instance, a funeral director may choose to price a bundle including a coffin, hearse, limousine and crematorium service, whilst another funeral director may provide individual prices for each of these elements. Similarly, for back of house services, one funeral director may include collection of deceased in the same category as storage of deceased and display a bundled price, whereas others may assign different values to each of these services.
- 2.12 Dignity considers that having an “essential” bundle as the starting point with the ability for customers to choose add-ons on top before comparing prices would likely be more helpful to consumers, as it would help to reduce the information burden on consumers, especially for back of house services where itemised prices for every service could be overwhelming and unnecessary. The “essential” bundle would include the collection, transportation and storage of the deceased, together with any other necessary items where the consumer does not need to make an active choice. On the independent platform consumers could then select their desired add-ons (e.g. type of coffin, hearse, limousine) and compare the prices of local funeral providers that meet their specific needs. Each funeral director would have its own webpage within the platform with customer reviews and quality ratings for back of house services.
- 2.13 To the extent the CMA considers that this essential package should contain other elements such as a coffin, it would need to also regulate what minimum acceptable base quality coffin would be included in this package, leaving operators free to advertise a number of other qualities of coffins at different prices to upgrade the package. Unless the

quality of the base or entry-level coffin is also regulated by the CMA, there could be perverse incentives for providers to supply only poor quality coffins to compete on price, causing consumer detriment. In addition, it might unnecessarily influence consumers into choosing the type of coffin specified in the package, which could ultimately reduce choice in the market.

- 2.14 Dignity would caution against any measures that mandate the same price nationally for a network of funeral directors: this would eliminate ability to respond to local competitive dynamics. Such a strategy may also cause operators to exit locations where they cannot sustain the same price level that they may be able to elsewhere, due to underlying differences in costs between local areas, especially in London and inner-city areas. Dignity is not confident that it would itself be able to compete effectively in all local markets if it was constrained to maintain a uniform national price with no regard to local market conditions such as cost of real estate, salaries, etc.

Independent platform

- 2.15 **Dignity supports in principle the idea of a fully independent platform providing consumers valuable information about the pricing and quality of competing funeral directors and crematoria.** Dignity would however ask the CMA to consider the costs that such a remedy would impose on the sector. Depending on the functionality, the costs involved may be substantial and disproportionate to the desired impact. Dignity is concerned that the cost of supporting and developing such a platform could fall heavily on Dignity and a few other market participants as it seems unlikely that smaller independents would be willing to, or able to, contribute. Further, given the lack of any national database of all funeral homes, it would be difficult to gauge whether every funeral director was indeed on the platform and accordingly to get all to contribute towards its functioning as a comprehensive platform for consumers around the UK.
- 2.16 Dignity considers that a fully effective platform remedy proposal needs to address all of the below, otherwise it could lead to disproportionate unintended consequences, causing significant consumer detriment:
- (i) **Ensure that providers listed on the platform meet minimum standards for certain service elements to protect consumers and ensure a like-for-like comparison. This would link well to the development of a licensing scheme for funeral director branches under the quality regulation proposal.** For example, there could be a requirement that only funeral director branches with a current licence can be listed on the platform and that the platform removes funeral director branches whose licence has been revoked or not renewed. This would ensure that the platform is trusted by consumers as a quality source of information on credible funeral directors.
 - (ii) **Reflect appropriately the differences in front of house and back of house quality offered by different providers.** As recognised by the CMA in its working paper on back of house quality, customers care deeply about care of the deceased, even though this is not an aspect of service they can measure or observe in advance to compare funeral operators. An independent comparison platform could provide some operators with the perverse incentive of competing solely on price with no regard to quality in order to obtain the top ranking for lowest price. This would result

in consumer detriment through a 'race to the bottom' on quality and would also not enable customers to compare effectively the value for money of different qualitative offerings. To address this, the platform should display information on the quality of services offered (e.g. the type of limousines offered), as well as consumer reviews and customer satisfaction ratings. However, as recognized by the CMA in its working paper on the quality of back of house (at paragraph 36), given that back of house facilities are not readily observable to customers, they are unlikely to be a significant component of customer-driven reviews. The CMA will therefore need to consider how such quality elements are factored in. This could, for instance, be through a grading system (e.g. outstanding, good, requires improvement or inadequate) provided by an independent body monitoring the quality regulation remedy for back of house services (see comments below at paragraphs 3.1 to 3.7 in respect of a potential quality monitoring regime).

- (iii) ***Be truly independent and objective in its display of results.*** The order in which results are presented on a website is crucial, as customers tend to have a bias for the first few listings. The CMA will need to carefully define the approach in this regard. Dignity submits that an algorithm that by default takes into account "price + quality rating + customer reviews", would incentivise funeral operators to compete not just on price but also quality, in consumer interest. Consumers could be given the option to re-sort by price or quality only, distance from postcode, number of reviews, etc.
- (iv) ***Ensure that the platform is not misleading and reflects correct pricing and quality.*** Dignity considers that there needs to be some form of monitoring and complaints mechanism to ensure that operators are not misrepresenting their prices online with a different set of options and costs being presented to the bereaved at the arrangement meeting.
- (v) ***Estimates of third-party costs.*** Dignity notes that the CMA will reflect on how third-party suppliers, such as providers of catering services, flowers, memorial options, etc. would be incorporated into this platform. There are multiple ways of addressing this: either add-ons like flowers may not be an option on the platform at all; or selecting a particular funeral director could open up options for a set of flower providers that are in the geographical area being considered by the bereaved; or funeral directors quote an average spend (or range of spend) by their customers on flowers (based on for instance past year's data) or quote charges for a fixed volume of flowers.

It is important to note that funerals are not a homogenous product and are a co-production service between both the customer and the funeral director and the funeral director and third party suppliers, such as crematoria, cemeteries, florists, clergy, celebrants, caterers, etc. Therefore the final cost of a funeral reflects not only the funeral director's fees but also costs outside of their control, on elements that are chosen by the bereaved.

If such costs are to be included on the platform, Dignity is concerned about how such third-party data would be collated, i.e. whether funeral directors would need to obtain quotes from multiple flower providers or whether flower providers would be free to engage independently with and list on the platform independently. The costs of some

of these services to the customer could also differ depending on which funeral director is used (in case of tie-ups between third party vendors and funeral directors) or distance of the service from the shop concerned, etc. Dignity considers that these are all practical facets of a potential platform remedy on which the CMA will need to reflect, and it may be preferable to not include such variable third-party costs on the platform.

- (vi) **Ensure alternative offerings such as direct cremation are included on the platform:** Dignity considers that a direct cremation package (both attended and unattended) should also be included on the platform with equal prominence. This would ensure that customers are fully informed of the varying types of funeral services that are available to them. In addition, the platform should be sufficiently flexible to allow for changes to the essential bundle over time, as well as the addition of new/alternative services.
- 2.17 As regards listing crematoria prices on this platform, Dignity agrees that information on the pricing of crematoria slots should be included on the platform. The platform should display clearly the slot duration and whether different prices are applicable at the crematorium for slots of different lengths and/or for slots at different times or days. This would assist consumers in understanding the cost implications of, for example, choosing a lunchtime slot rather than an early morning one, or a Friday slot rather than a Tuesday.
- 2.18 A comparator price-per-minute would also be a useful indicator of the true cost of a given cremation fee. Dignity's interactive crematorium comparison tool featured on its website (see Figure 1 below) provides a reference point for details on crematoria and compares them based on the six most important criteria, identified by the UK's largest ever independent study of crematoria quality and standards.

Figure 1

Source: A screenshot showing a search result of the Dignity crematorium comparison tool (<https://www.dignityfunerals.co.uk/arranging-a-funeral/planning-a-funeral/choosing-a-crematorium/>)

- 2.19 However, Dignity has concerns whether maintaining an up to date real time record of availability of crematoria slots would be feasible for all operators. For instance, there

could be occasions where customers call and block slots by telephone and there is a time lag in updating the platform. Dignity itself is in principle in support of such an idea and could work towards ensuring good practices to provide the necessary information in a timely fashion to the platform. However, the CMA should test whether this is practical and achievable for all operators, in the light of the significant investments needed to bring this functionality to existing crematoria.

2.20 Dignity cautions that the functionality of booking a cremation slot on the platform would be far more complex and not practicable at this time. A booking function would, for example, require a live interactive data feed on timetabling systems and the integration of payment systems, which could entail significant investment and time to implement, particularly for smaller market participants that do not have any significant online presence. In addition, there may be considerable practical difficulties if a consumer books and pays for a crematorium slot online only for the consumer to be unable to find a local funeral director with availability to support a service at that time slot. There is also a potential risk of large volume funeral directors block-booking key slots, knowing that they could market the reserved slots to their clients.

2.21 It may therefore be more appropriate and practical, at this stage, to focus only on showcasing the different available crematoria slot options and prices, while allowing bookings to continue offline or on independent websites.¹ This would provide consumers with information on the likely slot cost at the crematorium of their choice, so that they can assess the rough cost of their chosen package in the round. Booking functionality could potentially be added at a later time if the technology becomes widely available in the sector.

Responses to the CMA's Consultation Questions (Para 57)

2.22 **How can we best facilitate shopping around and increase customer awareness of total funeral costs and local price differentials?** Dignity considers that the clear provision of price lists and comparable pricing information is key. A fully independent comparison platform that is widely publicised to encourage widespread use by customers could be useful provided that this is well designed and genuinely impartial. The CMA should also explore greater use of intermediaries such as hospitals, religious institutions, care homes, etc. to provide neutral information to consumers about their options. These intermediaries are in contact with the bereaved at the relevant time and could play a role in helping them to make an informed decision.

2.23 **How can we enable better comparison of funeral directors' prices and quality of services?** The CMA could help develop a standardised format for providing information to consumers, providing information on the funeral director's prices, the services to be provided and the level of quality of these that would allow customers to make value for money comparisons on a like for like basis. For front of house services, consumers could be given detailed descriptions of the quality of services being provided, together with consumer reviews and customer satisfaction survey results. For back of house services

¹ The CMA notes at paragraph 24 that "*transparency remedies in relation to crematoria may only be effective in areas where customers have a choice of crematoria*". Dignity considers that the CMA should assess the extent to which customers perceive, or the CMA considers, that they only have one option, but this may not be true, i.e. customers could be willing to travel a little further to another crematorium for a better time, price and quality trade-off.

there should be a quality grading systems to give customers comfort on the quality of unobservable aspects. This could be in the form of a rating given by the independent body monitoring the quality regulation remedy, such as the CQC assessment of care homes as being outstanding, good, requires improvement or inadequate.

2.24 **How can we better prepare the customer for the arrangement meeting and make them aware of all the options offered by the funeral director, including low-cost options?** Customers can be better prepared for the arrangement meeting through advice from independent sources:

- (a) ONS data shows that 52% of all deaths occur in hospitals with a further 22% in nursing homes. These institutions could be tasked with providing neutral advice to the bereaved.
- (b) Guidance through leaflets and lists of local funeral directors with price lists could be distributed at the point of death registration or through other routes, such as providers of will drafting services or family lawyers dealing with estate planning and/or probate.
- (c) There is also a role for the Government, charitable institutions and consumer bodies in raising awareness and acceptance of direct cremation, simple funerals and other low cost DIY options.

2.25 **How can we give customers a clearer idea of the final cost (early on in the process of choosing a funeral director and before the arrangement meeting)?** Please see comments above at paragraphs 2.10 and 2.11. Arranging a funeral involves personal choice for bereaved families. The upfront / third party cost estimates that funeral directors can publish can only be indicative of a typical standard funeral and cannot reflect the full needs of each customer concerned. Creating more information on a 'standard' funeral for consumers risks either being meaningless (as consumers design their own, bespoke option) or standardising offerings in the market and therefore reducing consumer choice. With this caveat, Dignity considers that a clear break-down of different cost elements and a well-designed independent comparison platform could be useful in providing customers a clearer picture of costs in advance of an arrangement meeting and allow the consumer to consider in advance the elements they want to include in a funeral.

2.26 **How can we make the platform most useful for customers? How can we ensure that it is used by as many customers as possible?** Please see comments above at paragraph 2.16. It is critical that the platform reflects different operators' quality of services as otherwise this initiative could very quickly lead to a race to the bottom on quality. If consumers were to focus only on the headline price, providers would have no incentive to innovate and improve (or indeed maintain) their service offering.

2.27 For the platform to be effective and trusted by consumers, it would need to:

- (i) Be seen as fully independent and not for profit;
- (ii) Be a mandatory requirement (and/or as part of a licensing regime) for funeral directors and crematoria to list their services on the platform to provide a comprehensive services in all local areas;

- (iii) Reflect both the cost and quality aspects of the provider;
 - (iv) Be freely available and easily accessible to all bereaved families;
 - (v) Be heavily promoted through third parties and government advertising;
 - (vi) Be easy to use and not overload consumers with too much information, while allowing consumers to choose a funeral and price that suits them;
 - (vii) Produce relevant responses to the needs of the bereaved; and
 - (viii) Be dynamic, being able to adapt to future changes in the way in which funerals are delivered and to include newly emerging business models.
- 2.28 The CMA could require each funeral director to seek a confirmation from their customer (in writing, as part of the arrangement form) that they have been told about or are aware of the online platform.
- 2.29 **Should funeral directors and crematoria operators be required to adopt a standardised methodology for presenting pricing and service data as an alternative to the platform?** Dignity considers that this should be addressed irrespective of whether an independent platform is set up. While operators should be free to compete and differentiate their offerings, there should be a standardised methodology for presenting pricing and service data (including the quality of service being provided) to facilitate value for money comparisons across operators. By way of example, cremation fees quoted should, as required by consumer law, be inclusive of all mandatory fees and charges for the service being offered, and not exclude compulsory charges e.g. doctors' fees, environmental levy and suitable ashes container. The fee should also clearly state the duration of the service being purchased (60 minutes, 45 minutes, 30 minutes, etc.) with a comparable unit price-per-minute metric. Again, Dignity considers that its interactive crematorium comparison tool featured on its website is a good reference point for the key details on crematoria.
- 2.30 **Should crematoria availability be incorporated into the platform?** Dignity considers that information about crematoria pricing and facilities, including slot length, different prices offered for different time and day options and price-per-minute for chapel time, should be made available on the platform. However, see comments above at paragraph 2.19 in respect of the practical issues associated with providing 'live' availability information on the platform.
- 2.31 **What will be the likely costs of this remedy?** Dignity is not in a position to estimate these costs, but thinks they would be significant. The CMA should reflect further on the likely costs and consider how this could be funded fairly and reasonably by the funeral sector. Some variants of the remedy (for example including live availability and booking from the outset) would increase the cost burden and may well be disproportionate given there is no certain consumer demand for such features, in which case the CMA should consider adopting a lighter touch option. Dignity expects that the benefits to consumers of a light touch platform providing pricing and quality information would outweigh the costs of implementation.

- 2.32 **Will this remedy give rise to any potential unintended consequences?** Please see comments above at paragraph 2.16 regarding the repercussions of incentivising competition based purely on price and the likely impact on quality and innovation if the platform is not appropriately scoped and implemented.

Remedy 2: Intermediaries to encourage shopping around (covering Para 66 questions)

- 2.33 Dignity considers that third parties such as hospitals, care homes, NHS trusts, GPs, will drafting services, family lawyers, registrars of deaths, consumer advice forums, etc. could play an instrumental role in increasing consumer awareness in respect of the choice available to them and also acceptance of new funeral options. In addition, third parties could play an important role in encouraging consumers to think about funeral arrangements before the point of need.

- 2.34 Dignity considers that:

- (i) The CQC is well placed and equipped to inform customers not only on the need to compare and consider multiple funeral directors and choose one that fits their requirements, but also on the differences in funeral directors' qualitative offerings. Further, a licensing regime followed by inspections and enforcement against poor providers, overseen by the CQC, could provide customers with a reliable independent view (see further comments below at paragraph 3.1(ii) below).
- (ii) There is a need for more guidance material for customers. Intermediaries such as care homes, hospices, hospitals, medical practitioners, family lawyers, will drafting services and other stakeholders like the CMA, Government, CQC religious institutions, charities that provide support for bereaved families (e.g. Cruse Bereavement Care), the Department for Work and Pensions, etc. could help disseminate such guidance.

- 2.35 There should also be controls in place to ensure that no one provider is recommended or pushed over another, except for objective reasons. It is critical for building customer trust that intermediaries maintain their independence and the CMA should guarantee this by ordering strict controls against any commercial dealings between funeral operators and such intermediaries, unless coupled with complete fair disclosure to the bereaved.

Remedy 3: Funeral planning awareness before point of need (covering Para 77 questions)

- 2.36 Beyond the increasingly significant number of people who purchase a pre-paid plan, Dignity considers that traditionally, seeking engagement prior to the point of need has been difficult. The most plausible touch points are where a person has recently suffered a bereavement, where an individual has suffered a severe health issue or perhaps when a person is drafting a will or engaging in estate planning. Some but not all nursing homes and care homes ask about funeral director choices at the time of admission itself. Being more up-front, consistent and structured in discussing such end of life planning issues would allow for another touch point for engagement with this question.

- 2.37 In any event, the funeral industry has been advertising pre-need funeral plans for a number of years and increasingly direct cremation services are advertised nationally. Dignity considers that this advertising has had an impact on the uptake of pre-need plans and direct cremation services (as evidenced by the CMA's own analysis of changing funeral mix of independent providers), as well as more generally boosting awareness of alternative options. Dignity expects that further promotion and awareness campaigns by the Government in this regard will also influence customer behaviour.

Remedy 4: Mandatory 'reflection period' (covering Para 90 questions)

- 2.38 Dignity provides customers with a full written quotation prior to, or at the time of, proceeding with the arrangement contract.² Dignity does not prevent customers from switching to another funeral director and cancelling their arrangement with Dignity at any point in time. Dignity therefore does not consider that a mandatory reflection period would significantly change the experience of most of its customers. It may actually damage consumer well-being, as a mandatory delay before the contract can be signed may prevent consumers who are sure of their choice of funeral director from being able to sign the contract and have the comfort of knowing that the funeral arrangements are finalised, adding to their distress at what is already a difficult time. To the extent that the CMA has concerns that other funeral directors do not follow Dignity's good practice, Dignity supports in principle a mandatory "reflection period" giving contractual rights to customers to cancel arrangements and switch funeral directors.
- 2.39 Dignity however requests the CMA to consider the following practicalities of such a remedy:
- (a) After collection of the deceased, any decision to use an alternate funeral director (whether before or after signing an arrangement form) should be subject to recovery of reasonable costs for services provided, such as collection and storage of deceased and embalming, at the discretion of the funeral director. Dignity at present does not levy such a charge or seeks to recover it from the new funeral director, but considers that any remedy that the CMA designs should not bar the collection of such reasonable fees. This is particularly the case if preventing funeral directors from recovering such costs reduces the offer of collection, storage or embalming services until a contract has been signed.
 - (b) Before signing the arrangement form, the decision to take time to reflect should be at the option of the customer. Forcing a mandatory reflection period at this stage is unnecessary because there is no formal contract in place and the customer is indeed free to look at various options. Further, a mandatory reflection period could cause issues for families who wish to arrange a funeral quickly due to religious or practical considerations. After signing the arrangement form, customers should also have the

² This is also a relevant requirement under the NAFD code, Section 5: "*Members shall, in all cases, provide a written confirmation of the funeral arrangements and a written itemised estimate of all funeral charges consistent with the price list, and all disbursements known at the time of making the arrangements*"; "*In circumstances where disbursements may not be known in advance of the funeral, the member shall give a best estimate of such disbursements on the written estimate. The actual amount of such disbursements shall be detailed and shown in the final account*".

ability to waive the reflection period and allow the funeral director to proceed with all arrangements, for the same reasons.

- (c) Funeral directors could be mandated to inform customers that they have the right to reflect and move to another provider should they wish to do so and that they will not be obstructed or prevented in any manner from doing so, subject to payment of reasonable fees for the services provided to the point of switching supplier.
- (d) It is inevitable that some services would be provided by the funeral director immediately or soon after first contact with the customer (for instance, collection and storage of the deceased). If the bereaved wants to organise the funeral quickly, embalming may also need to be carried out quite quickly. The 'reflection period' ought not to be an impediment to the provision of these services. If there is a long mandatory reflection period, depending on the trigger point for such period, funeral operators may not be able to respond until the period has expired and may need to delay embalming, even if it would be advisable to start the process sooner. This could however be addressed through allowing reasonable compensation for the services provided.
- (e) In Dignity's experience, most hospitals require a consent form signed by the family before the deceased is released to a funeral director. This could be made a mandatory requirement to ensure that in such situations the bereaved have indeed considered their options.
- (f) The duration of the 'reflection period' should be carefully considered. Given the timescales involved and the practical difficulties, there may be grounds for keeping this relatively short, for example 48 hours, which would allow enough time to consider other options but not be so long as to result in significant switching costs being incurred by the consumer.

Remedy 5: Potential cap on the level of charges incurred for the collection, transportation and storage of the deceased (covering Para 97 questions)

- 2.40 At paragraph 94 of this paper the CMA suggests that, "*the activities of collection, transportation and storage of the deceased are relatively homogenous services in that they are not characterised by quality differentiation or reflect the personal wishes of the deceased or their friends and family.*" Dignity disagrees with this. A funeral director may not be able to respond to collection requests where they do not have suitable, specialist equipment or resource (e.g. for out of hours collection or challenging recovery locations) to do so. In Dignity's experience it is asked to provide these services where another funeral director has not been able to meet the requirements itself. The storage of the deceased, the use of cold rooms vs. use of individual refrigeration units could also lead to very different costs and are reflective of different levels of quality. There are also differences in staff quality - some may be trained and others not, differences in vehicle safety, differences in the way in which the deceased are collected and the dignity with which they are treated (see example at paragraph 2.16(i)) above).
- 2.41 Dignity strongly believes that the imposition of a price cap on collection, transportation and storage of the deceased will not in practice lead to more customers switching funeral directors. At present, customers are free to switch funeral operators and Dignity itself will

either not levy any charge, or levy a very reasonable charge on the new funeral director to recover its costs for the services provided.

2.42 Dignity therefore considers that instead of introducing any formal price caps, a more effective approach would be to require funeral directors to inform customers proactively about the right to switch funeral directors and the cost implications of doing so through publishing the way in which the charge would be calculated, so that consumers are aware that this is an option if they wish to do so. This could be achieved through guidance and mandatory sign-posting via funeral directors. This would be more effective in encouraging customers to take their time to seek out alternate options for a funeral director and could adequately and proportionately address the goal of encouraging customers to review their options and choose a service that fits their quality and budgetary requirements. The CMA has itself recognised at paragraph 137 of its working paper on funeral director sales practices that, “[r]esults from the CMA Market Investigation consumer survey indicated that the low propensity for customers to switch funeral directors does not appear to be driven by switching costs”.

2.43 Dignity is concerned that the introduction of such a price cap would attract the following issues:

- (i) **Elements to be considered.** A fixed cap across the industry and applicable in every scenario would be extremely difficult to calculate, as it must factor in at least the following parameters (which are not a comprehensive list):
 - (a) Location at which service is provided: ease of access (e.g., flats without lift access), distance travelled from funeral home;
 - (b) Time: whether the collection was during working hours or out of hours, weekends or bank holidays. Dignity offers a 24 hour, 365 days a week service, but this is not replicated by all funeral directors;
 - (c) Resources used, which might depend on the requirements in a particular case: e.g. need for extra personnel, need for larger coffin;
 - (d) Length of time the deceased is in care prior to the switch;
 - (e) Facilities used in providing the service: individual fridges are more expensive than cold rooms; and
 - (f) Whether additional services have also been provided at the customer’s request, such as embalming.
- (ii) **Misuse by low cost operators.** If a fixed fee is set, some funeral directors may refuse to service ‘out of hours’ removals or restrict this option to commercially viable removals, such as only deceased persons that can be carried by two people or hospital and nursing home locations only rather than third floor flats, etc. Further, the imposition of a cap with no oversight on quality standards on removal vehicles and handling equipment could lead to a serious reduction in both the quality and care taken when performing this initial phase of the service. Much like the current practice prevalent amongst some operators of using

hospital mortuaries instead of their own facilities, a cap could give rise to parallel business models whereby some operators rely on others to provide the initial service, and then solicit customers with low cost options for merely making arrangements on the day of the service or just a few days before the service. Dignity has had experience, based on accounts from branch managers, of new low cost start-up funeral directors in London asking customers to contact Dignity to effect a removal, knowing that the customer can then arrange the funeral with the low cost funeral director.

- (iii) **Misuse by a sub-set of customers.** For instance, using one funeral director to undertake these services until a couple of days before the funeral and then reimbursing them only a very basic fee (which may not reflect the true costs of each provider) and then using another “cheaper” funeral director for the day of the service. Any reflection period tied to such ability to recoup costs will therefore need to be sufficiently short (for instance, 48 hours) to prevent such misuse of the system.

Remedies 6 and 7: Managing Conflicts of Interest and Disclosure of Business Ownership and Other Commercial Relationships

- 2.44 Dignity welcomes the CMA proposals regarding managing conflicts of interest and disclosing business ownership and other commercial relationships. Dignity itself is making considerable efforts to ensure complete transparency in this regard.

3. Comments on the quality regulation remedies proposed

- 3.1 Dignity supports the introduction of quality regulation for funeral directors in the UK on the following basis:
 - (i) It is focused on **‘back of house’ services** as these are generally not observable by consumers. Since ‘front of house’ services are observable by consumers, the CMA should focus instead on increasing transparency to consumers of the quality of the ‘front of house’ services that would be provided to them through information and transparency remedies;
 - (ii) It is run by a **fully independent body** with **powers to monitor and enforce** standards across the whole industry – not by an existing trade association (such as NAFD or SAIF) or commercial body (such as Good Funeral Guide). Given the costs and time required to introduce a new sectoral regulator, Dignity supports the extension of the CQC’s powers to take on such a role for England (with equivalent bodies elsewhere);
 - (iii) It ensures that **minimum quality standards** are met whilst allowing funeral directors to continue to compete on providing higher quality levels;
 - (iv) It uses a **principles-based approach** but provides sufficient guidance through the **desired outcomes** and **indicative behaviours** listed as to what minimum standards of service are acceptable. An outcomes-based model would allow funeral directors to continue to compete on the quality offered to consumers above the minimum acceptable level of quality. It is also appropriate given the

diverse nature of the sector (with different types of funeral directors and differing customer requirements) which would result in challenges in adopting a 'one size fits all' set of prescriptive rules;

- (v) The regime is enforced through **inspections and monitoring** of standards so that funeral directors not meeting minimum standards are not able to offer services unless and until they have made appropriate improvements;
- (vi) The regime covers the **whole of the UK** with the desired outcomes, indicative behaviours and minimum standards of service applying nationwide. There is scope for the independent body responsible for enforcing and monitoring the remedy to be different entities in England, Wales, Scotland and Northern Ireland. There is a specific need to achieve appropriate harmonisation with the new regulatory approach being spearheaded by the Scottish Government; and
- (vii) There are **links to any information and transparency remedies** adopted by the CMA so that consumers are made fully aware of the quality levels provided by each funeral directors (covering both 'front of house' and 'back of house' services) to ensure that consumers can compare the value for money offerings of different funeral providers when assessing pricing information provided to them (e.g. on an independent platform or other format). It will be important to allow funeral directors to continue to compete on the quality offered to consumers above the minimum acceptable level of quality. In order to maintain an incentive to do so, it will be important that the level of quality provided is publicised to consumers rather than simply an acknowledgement that minimum quality standards are achieved.

3.2 The quality regulation regime should be supported by a **licensing regime** or another arrangement to ensure that funeral directors not meeting the minimum standards are unable to trade. An inspection scheme will form a necessary part of the regime. Dignity supports the introduction of licensing and inspection for business premises and would suggest that all funeral directors should be required to register with the regulator within a specific time frame (for example, for existing operators this could be within four months after the regulator has set up the registration process and is accepting registrations, and going forward for new operators, they could be required to register within two months after they begin trading). Dignity notes that there would be significant costs with introducing a licensing regime for individuals and considerable practical challenges. For example, there may be confusion as to which individuals within a business need to be licensed as a 'funeral director' and it would be necessary to define who will be regarded as being in a 'funeral director' role or to consider regulation for any individuals who come into contact with deceased persons. Whichever licensing regime was introduced, information would need to be disseminated to consumers on licences that have been refused or revoked, as well as on licence holders. An up to date licence could be a requirement before a funeral director branch can be displayed on the proposed comparison website.

3.3 If the CMA decides to introduce a price control for funeral directors (which Dignity does not consider necessary or appropriate), then it is particularly important that a quality regulation remedy with minimum quality standards is put in place at the same time as the price control is introduced to avoid a 'race to the bottom' on quality. However, there is a

strong case for a quality regulation remedy in the absence of a price control remedy, particularly if price transparency remedies are introduced.

3.4 Dignity supports the CMA's suggested focus for the regulatory regime as set out in paragraphs 13 and 14 of the working paper. Dignity has some specific comments on the list of desired outcomes in Table 1:

- (i) The Governance processes and procedures should track the deceased's personal effects and ashes management, as well as the identity and location of the deceased;
- (ii) There should be minimum standards for private ambulances and other vehicles used for the removal or transportation of the deceased; and
- (iii) Under Collection and Transportation of the Deceased, there should be minimum standards for the 'care of the deceased' packs and equipment used for the removal of a deceased.

3.5 Dignity suggests that the list of desired outcomes and indicative behaviours is developed by the sector through the FSCSR initiative, which would allow for cross-sector input by relevant stakeholders.

3.6 Whilst waiting for the long-term system of regulation to be put in place, Dignity supports the FSCSR developing and agreeing with the industry the desired outcomes, indicative behaviours and minimum standards for the quality regulation regime. This will ensure that the new regulator already has in place agreed standards at the outset of the quality regulation regime. Funeral directors would also have some time to ensure compliance with them in advance of the new regulatory regime coming into force.

3.7 The cost of the CMA's remedies package as a whole (including the quality regulation remedy) should be assessed in order to ensure that this is proportionate, especially if it is to be funded by funeral directors.

Responses to the CMA's Consultation Questions

Para 108. Do you agree with our proposal to focus quality regulation on the services provided by funeral directors or do you think we should also regulate the quality of services provided by crematoria operators? Please explain your answer.

3.8 Dignity agrees that the CMA should focus quality regulation on the services provided by funeral directors. Currently there is no regulatory regime for funeral directors and Dignity has provided clear evidence of issues surrounding the quality of back of house facilities offered by some funeral directors.

3.9 By contrast, crematoria are regulated by local environmental health officers and are subject to an annually renewable 'permit to operate' scheme. Failure to monitor or comply with the terms of the permit would mean the crematorium is unable to operate. There is accordingly no need for a quality regulatory regime for crematoria.

Para 109. Do you agree with our proposal to focus quality regulation on back of house standards? Please explain your answer.

- 3.10 Dignity supports the focus on back of house standards given that generally these are not observable by consumers, whereas front of house standards are observable. Dignity notes that the technical nature of some back of house facilities mean that, even if they were to be observable by consumers, bereaved families are unlikely to have the expertise required to judge the quality of the offerings and so may be regarded as credence goods.
- 3.11 The back of house regulatory regime should also cover removal and transfer vehicles/equipment to ensure that the deceased is cared for in a dignified manner during removal and transport. This is particularly important given the growing importance of direct cremations, where it is increasingly likely that the deceased will be taken to the crematorium in a non-specialist vehicle (i.e. not a hearse).
- 3.12 Dignity notes that it is however important that consumers are given full information on front of house standards, such as the type and age of hearses/vehicles that will be used, so that they can assess and compare the value for money of the services being offered by a funeral director in advance of the arrangement meeting.

Para 110. What are your views on the likely effectiveness and proportionality of the remedies outlined in this working paper in addressing our initial concerns?

- 3.13 Dignity generally supports the CMA's proposals for the quality regulation remedy and views the potential remedies as proportionate to the issues raised. The effectiveness of the remedy will be dependent on it being backed up by an effective inspection and enforcement regime to ensure compliance.
- 3.14 It is important that funeral directors remain free to compete on quality and are incentivised to do so through this quality being visible to consumers e.g. through a quality rating relating to back of house standards on an independent platform. The CMA should also ensure that information on front of house quality standards is provided to consumers (e.g. through customer reviews and/or survey results) so that consumers can compare the value for money provided by different operators.

Para 111. Are there any other potential remedies that we have not considered in this working paper that may address our initial concerns (as set out in our working paper on the quality of back of house funeral director services)? Please explain what those remedies are and why they would be more effective than, or suitable in addition to, our proposed remedies.

- 3.15 Dignity would also suggest that all funeral directors should be required to signpost consumers to free and independent dispute resolution in those cases where a complaint cannot be resolved between the business and the consumer. While those funeral directors who are members of a trade association will have access to such a scheme through this membership, consideration should be given to how those funeral directors who are not a member of either trade association can provide access for their customers to such a scheme.

Para 112. Would a predominantly outcomes-based or a rules-based regulatory model (see paragraphs 39 to 40) be more appropriate for monitoring and upholding the back of house standards of funeral directors? Please explain your answer.

- 3.16 Dignity considers that a predominantly outcomes-based regulatory model with minimum quality standards would be more appropriate. This would allow back of house standards to be upheld, whilst providing flexibility on the way in which quality may be delivered by funeral directors with different business models. This is important in a dynamic sector, where funeral director offerings and consumer preferences are changing. It would also allow funeral directors to compete on the standard of quality provided above the minimum level. There may be some limited areas (for example, the handling and transportation of clinical waste – areas often covered by existing legislation) where rules are more appropriate.
- 3.17 In Dignity's view, a rule-based regulatory model would be overly prescriptive and would unnecessarily restrict funeral directors from flexing their back of house services to suit their business model.
- 3.18 The outcomes should focus on key items that ensure the dignity and proper care of the deceased, so that bereaved families can be confident that the collection, transportation, preparation and storage of the deceased is carried out to a minimum standard. The outcome-based model should ensure that providers who wish to exceed the minimum standard or provide a more tailored proposition are not deterred from doing so.

Para 113. Which of the services provided by funeral directors should be included under the scope of any quality regulatory regime, including statutory minimum standards, and why? We are particularly interested in your views on the regulatory standards set out in Table 1 and the following specific issues:

(a) Is refrigeration necessary for the appropriate care of the deceased?

- 3.19 Refrigeration or embalming is necessary for the appropriate care of the deceased. Given that some families will not agree to embalming, it is necessary for a funeral director to have refrigeration or access to refrigeration in the form of either cold rooms or body fridges.
- 3.20 The use of refrigerated storage has become increasingly important as the duration between death and funeral has become longer - both on an average across the year and at times of peak demand (e.g. winter months). It is also appropriate to use refrigerated storage before a direct cremation.

(b) Is the ratio of one refrigeration space for every 50 deceased persons taken into the care of the funeral director on average per year (as proposed in the draft Code of Practice for Funeral Directors in Scotland) an appropriate ratio? If not, what is?

- 3.21 As mentioned in our response to the RFI dated 10 October 2019, Dignity has 3,952 body spaces, most in permanent refrigeration but also in temporary refrigeration and temperature-controlled environments (cold rooms), which are used when permanent

spaces are not available. In 2018, Dignity brought at least 72,275 into care.³ On this basis, the ratio of one refrigeration space for every 50 deceased persons appears to be an appropriate ratio. However, Dignity notes that the need for refrigeration space varies by region; for example, the ratio will be smaller in Scotland and Northern Ireland where there are on average shorter wait times for funerals than in England and Wales. Dignity also notes that some branches in its network do not have refrigeration capacities, instead using the facilities of branches allocated to the same cost centre. There would therefore need to be some flexibility on the ratio adopted by the CMA, perhaps with this representing a guideline amount of storage that should prove adequate overall.

(c) Is it appropriate to require that each deceased must be stored individually in separate compartments within the unit (as proposed in the draft Code of Practice for Funeral Directors in Scotland)?

3.22 It would not be appropriate to require that each deceased must be stored individually in separate compartments within the unit. The desired outcome should be that the deceased's body is preserved appropriately through storage in a refrigerated unit. This could be achieved through storage in communal racking, as well as through separate compartments. Many installed fridges are likely to have communal racking and significant costs would be incurred if these needed to be replaced to comply with a new standard. Storage in individual refrigerated compartments could be listed as a higher quality option, giving the bereaved a choice of opting for a funeral director that offers this level of storage - a good indicator of the quality of services provided.

(d) Should training and/or education be mandatory? Please explain your answer. In the event that training and/or education was made mandatory, please comment on:

(i) Which members of staff require formal education and to what level (ie A Levels (or equivalent) or a degree or professional qualification) and to what extent can formal education be substituted by experience or other forms of training?

3.23 Dignity does not consider it appropriate to specify a minimum level of formal education for staff. Sector-specific experience and training may be equally valuable.

(ii) Is it necessary to create a nationally accredited professional education programme or allow funeral directors to choose from the currently available qualifications?

3.24 Dignity considers that training requirements should be part of an 'outcome based model' with the expectation of funeral directors to have a trained workforce but without the need for mandatory prescribed minimum qualifications for each individual.

3.25 Various forms of training and experience should be recognised, whether through accredited training, qualifications or experience gained in post. Any training and

³ Dignity carried out 72,725 funerals. It does not record instances of the removal of deceased where it did not conduct the funeral.

qualifications undertaken should be specific to each role since the needs would vary, for example with funeral arrangers needing training on customer service and money laundering; funeral directors needing training on conduct at a funeral and manual handling of the deceased; and embalmers needing specialist training. Where a role requires administrative and organisational knowledge it may be appropriate for a greater focus to be placed on classroom-based learning in addition to practical skills and experiences.

3.26 Where an individual has worked in the industry for a period of time, it is important that consideration is given to this experience and that it is recognised.

(iii) Should there be a number of specified hours of training, and any other form of CPD, that staff should be required to complete each year, or should staff or their employers self-assess their professional development needs?

3.27 Dignity would support a system of CPD requirements provided that the training requirements were reasonable and training on in-house training programmes is recognised.

(iv) Are there any other requirements that should be imposed on staff, owners and controllers of funeral directors to ensure their technical and professional competence (eg age, conduct or experience restrictions)?

3.28 Dignity considers that some form of 'fit and proper person' test may be appropriate, together with DBS (criminal record) checks.

(e) Is there a need to establish an independent ADR scheme and/or complaints adjudicator in addition to the funeral directors' own complaint handling and customer redress?

3.29 Dignity considers that the current two tier process it uses for resolving client complaints ensures that disputes are settled in a timely and appropriate manner. The vast majority of Dignity's customers are satisfied with the level of service provided to them. Where a customer has a complaint, Dignity first seeks to resolve this with the customer. If the customer is not satisfied with Dignity's response, the customer has the right to escalate the complaint to the Funeral Arbitration Scheme administered by the NAFD. Arbitration is provided by IDRS Ltd, a wholly owned subsidiary of the Centre for Effective Dispute Resolution.

3.30 The new regulatory regime should require a two tier system of complaints, but allow funeral directors to continue with existing arrangements (such as the Funeral Arbitration Scheme) where these are in place.

Para 114. Who is best placed to monitor and enforce compliance with quality regulation?

(a) Is a single UK-wide body or a different body in each part of the UK more appropriate, and how should either arrangement take account of the emerging regulatory regime in Scotland? Please explain your answer.

- 3.31 Dignity supports the establishment of a quality regulation regime covering the whole of the UK with the desired outcomes, indicative behaviours and minimum standards of service applying nationwide. There is scope for the independent body responsible for enforcing and monitoring the remedy to be different entities in England, Wales, Scotland and Northern Ireland. There is a specific need to achieve appropriate harmonisation with the new regulatory approach being spearheaded by the Scottish Government.
- 3.32 The quality regulation regime should be backed up by an inspection and licensing regime, with licences renewed on an annual basis. The independent body or bodies should ensure that minimum quality standards are consistent across the UK. Otherwise consumers will face challenges where, for example, the deceased dies in Scotland but the funeral will take place in England, or where they need to arrange a funeral in another part of the UK. The regime will need to allow for varying national, community or religious beliefs to be catered for within the regulatory regime.

(b) What role, if any, should the existing trade associations (ie NAFD and SAIF) and other relevant organisations, such as the Good Funeral Guide, play in relation to the quality regulatory regime? Please explain your answer.

- 3.33 Trade associations and other organisations could advise their members on how to comply with the new regime. It could also be a condition of the new regulatory regime that funeral directors should be a member of one of the trade associations to access such support.

Para 115. Should a licensing and inspection regime (see paragraphs 52 to 73) apply to individuals or businesses or both, and why? If both, what should be the respective obligations of individuals and businesses?

- 3.34 Dignity considers that the licensing and inspection regime should apply to businesses. There would be significant costs involved in introducing a licensing regime for individuals and considerable practical challenges. For example, there may be confusion as to which individuals within a business need to be licensed as a ‘funeral director’ and it would be necessary to define who will be regarded as being in a ‘funeral director’ role or to consider regulation for any individuals who come into contact with deceased persons. Whichever licensing regime was introduced, information would need to be disseminated to consumers on licences that have been refused or revoked, as well as on licence holders.

Para 116. What considerations should be taken into account when designing any quality regulatory regime to enable providers of all sizes to comply with that regime, and without deterring innovation, entry and expansion?

- 3.35 It will be important to ensure that all funeral directors are subject to the quality regulatory regime regardless of their size. A consumer is entitled to expect that the deceased will be treated in accordance with minimum quality standards whether they choose to use a small independent funeral director or a branch of a larger firm of funeral directors.
- 3.36 The minimum quality standards should be set at a level that is not so high as to discourage new entry or expansion.
- 3.37 It is also important that the regulatory regime does not discourage providers from competing on the level of quality they provide (i.e. by differentiating the services they offer

by exceeding the minimum quality standards). The quality regulation regime needs to be backed by a transparency remedy so that consumers are aware of the quality of services provided and the results of inspections carried out by the regulator.

(a) What would be the likely costs of quality regulation to funeral directors? This includes the costs of implementing any changes necessary to comply with the regulation and the costs of demonstrating ongoing compliance with the regime.

3.38 Provided that the minimum quality standards are set at an appropriate level, for example largely reflecting current good practice in the sector (as suggested in paragraph 83 of the working paper), and that a suitable transitional period is given, then funeral directors should be able to comply with the new regime without incurring unreasonable costs. It will be important to ensure that the new regulatory regime is set up in an efficient way so that ongoing compliance costs are minimised. Dignity is unable to estimate the likely costs of compliance at this stage when there is no information on the minimum standards that would be introduced or the compliance requirements.

(b) What would be the likely costs of implementing and running the regime and how should this be funded?

3.39 The CMA is better placed to comment on the likely costs of implementing and running the regime. Dignity would be happy to comment on any options the CMA has identified for funding the scheme.