

1. Introduction

Golden Charter Limited, a leading provider of pre-paid funeral plans in the UK, submits this document as part of the Competition and Markets Authority (CMA) consultation on the research and working papers, published on 30 January 2020, as part of the CMA's Market Investigation into Funeral Director and Cremation Services.

Wholly owned by an association of 785 independent funeral directors, with over 3,000 funeral directors accepting its prepaid plans, Golden Charter's overarching purpose is to help people plan in advance for the funeral of their choice. In pursuit of its purpose, Golden Charter works in partnership with local, often family-owned businesses to protect and enhance the choice and diversity they offer their communities, and the contribution they make to the local economy in villages, towns and cities across the U.K.

While noting that the CMA requests views on all thirteen published research and working papers, Golden Charter's response primarily focuses on the *'information and transparency remedies'* working paper, particularly proposed remedy three (funeral plan awareness before the point of need), given that this intersects directly with Golden Charter's sphere of activity and responsibility.

Considering this, before presenting its substantive comments on this matter, Golden Charter would like to share with the CMA the following definition of a prepaid funeral plan, which Golden Charter submitted to HM Treasury in response to its call for evidence into the funeral plan market.

'A funeral plan is an arrangement that allows a customer to pay in advance for theirs or another person's funeral. The plan is a contractual arrangement with a provider who, assuming the plan has been paid for, is then required to provide the funeral when the plan holder dies and to provide those elements covered by the plan. Pre-paid funeral plans allow customers to choose and agree the arrangements for the sort of funeral they wish to have in advance, lifting the burden of choosing arrangements for the funeral from their loved ones. Funeral plans also allow customers to fix the cost of most elements of the funeral, and hedge customers from the impact of future inflation of funeral director related costs.'

Golden Charter hopes that this definition illustrates the value that funeral plans, as a mechanism for pre-payment of a future service, can offer consumers, both financially, by locking-in the cost of future funeral services at today's prices, and emotionally, by reassuring planholders, that, at a time of familial distress, their funeral arrangements will already be in place.

2. Proposed remedy three: Funeral planning awareness before the point of need

While the consumer survey indicating that only 17 per cent of customers compared the services of two or more funeral directors¹, Golden Charter notes that the large majority of customers felt that they had received the right amount of information at the right time², and that nine in ten consider that their funeral director either met or exceeded their expectations³. This apparent contradiction – between low levels of 'shopping around', yet high levels of consumer satisfaction - has led the CMA to hypothesise that *'sales practices that result in a lack of transparency may therefore be driven by customer preferences'*⁴.

With more than a quarter (27%) of families who purchased a Golden Charter a plan in 2019⁵ making a comparison with another provider, Golden Charter believes that having earlier conversations on death and dying and planning funerals before the point of need, allows customers the time and emotional space required to better engage with and consider their funeral market options. Considering this, Golden Charter believes that a concentrated, coordinated effort to change the societal culture around death and dying, to one of open conversations and early engagement, is as fundamental to addressing at-need vulnerability as market reform, and, therefore, supports the CMA's proposed remedy: *'funeral planning awareness before the point of need'*⁶.

Noting that the CMA has invited interested parties to share their views on five specific questions related to this remedy, Golden Charter sets out, below, its view on each:

¹ CMA. (30 January 2020). *'Funeral Market Investigation: Consumer survey results'*. Page 11. HM Government.

² CMA. (30 January 2020). *'Funeral Market Investigation: Funeral director sales practices and transparency'*. Page 2. HM Government.

³ CMA. (30 January 2020). *'Funeral Market Investigation: Consumer survey results'*. Page 2. HM Government.

⁴ CMA. (30 January 2020). *'Funeral Market Investigation: Funeral director sales practices and transparency'*. Page 2. HM Government.

⁵ CJM Research. (2019). *'Consumer Survey'*. Golden Charter.

⁶ CMA. (30 January 2020). *'Funeral Market Investigation: Information and transparency remedies'*. Page 17-18. HM Government.

a) Are there particular circumstances prior to the point of need at which consumers are likely to be receptive to the idea of preparing for their funeral or that of a loved one?

Research, commissioned by Golden Charter in 2016, indicates that experiencing a bereavement is the most common trigger for a person to inquire about a funeral plan, with a significant proportion having acted as the funeral organiser in the aftermath of the bereavement as indicated in the following excerpt:

Personal experience of the death of someone close enough to them to have been involved in their funeral arrangements/aware of their funeral provision was a strong motivating factor in the decision to take out a plan (and could affect provider choice).

Some in this group had witnessed the distress caused to relatives by the expense and organisation of a funeral after the death of someone who did not have a funeral plan. A few had received advice from funeral directors of the existence of funeral plans during this time; and, if this was the case, had often gone on to organise their own plan.

Some had been executors for parents or older relatives and had become aware of funeral plans in this way; funerals arranged well for these family members often led to them also choosing the same funeral plan provider for their own funeral'.⁷

Golden Charter's analysis of planholder feedback further indicates that protecting bereaved family members from additional stress at the point of need is a significant driver in consumer's decision-making process, as illustrated by the quotes below⁸:

"Good system for making sure your relatives are not burdened unnecessarily after a death".

"Relieved that I have made these plans for my family".

⁷ James Law Research Associates. (2016). 'Motivations for buying a funeral plan'. James Law Research Associates.

⁸ Trust Pilot. (2019-20) 'Golden Charter Reviews'. UK.trustpilot.com.

"Peace of mind for my son".

"My children would find it impossible to raise the monies for funeral expenses should we die without making these arrangements".

"We know our family will be well looked after through the very emotional experience of burying/cremating their parent/s."

With the plan in place the burden is lifted from my immediate family".

In-depth interviews with research participants gave further insight into planholders prior experience with funeral arranging, as indicated by the following quote⁹:

"It was so hard watching my family having to be practical at a difficult time when my husband died – I didn't want it to be the same when I passed away"

– Golden Charter customer, female, age 65.

As such, Golden Charter believes that, as well as having more time to consider their options in their habitual emotional state, customers in the preneed funeral market are also more likely to have knowledge of the services offered by funeral directors and the costs attached to those services.

Furthermore, with independent funeral directors responsible for almost 75 per cent of Golden Charter's funeral plan sales in 2018/19, Golden Charter believes that consumers will be more receptive to the idea of preparing for their funeral when they are able to engage directly with the funeral director that will ultimately deliver the end service.

b) What interventions (if any) are likely to encourage funeral planning and how might they be delivered?

Golden Charter notes that the CMA proposes that the government could invest in and run media campaigns, and produce literature about funeral planning, as a

⁹ James Law Research Associates. (2016). 'Motivations for buying a funeral plan'. James Law Research Associates.

means of encouraging consumers to consider and prepare for their funeral needs, ahead of the point-of-need.

While broadly supportive of such a public health campaign, Golden Charter believes that any campaign must offer tangible, unambiguous advice, in the form of concrete steps that people can take to prepare for their funeral. Considering this, Golden Charter asks that the government consult widely with the funeral profession before any campaign launch, to ensure a coordinated delivery of key messages.

Golden Charter notes that, even with a coordinated campaign in place, changing societal attitudes to death, dying and bereavement will require a multifaceted, intergenerational, long-term approach. Considering this, Golden Charter further recommends that the Government review the place of death, dying and bereavement on the school curriculum, and considers making additional resources available for innovations such as death cafe's coffin clubs, which encourage people to discuss death and dying, and plan for their own funeral.

c) Should this remedy target particular types of consumers?

As noted above, Golden Charter's own research suggests that, following a bereavement, people become more aware of the need to plan their own funerals, often motivated by a desire to alleviate their loved-ones from additional burden at a time of loss. Furthermore, given the average age at which a Golden Charter plan holder purchases their plan, bereaved persons of pensionable age may be the most likely group to respond positively to a campaign encouraging funeral planning.

d) What are the likely costs of the remedy?

Golden Charter believes that the costs for a campaign encouraging funeral planning should be in line with other public health campaigns that seek to encourage behavioural change. Comparators may be public health campaigns encouraging cervical screening, prostate cancer screening, or uptake of common vaccinations.

Furthermore, Golden Charter believes that a well-executed campaign, which successfully encourages more people to plan for their funeral, could see initial costs offset by the subsequent reduction in public health funerals and bereaved persons applying for funeral benefit when a loved one has not made provisions.

The emotionally charged, time pressured nature of an at-need purchase can often result in additional stress for the bereaved; consequently, an uplift in funeral planning ahead of the point-of-need may result in some reductions in stress and poor mental health following bereaved, as bereaved families are better prepared.

e) Will this remedy give rise to any potential unintended consequences?

Golden Charter notes that, as well as owning and controlling much of the UK's cemetery and crematoria infrastructure, several local authorities across all nations and regions of the UK have entered the at-need funeral market. This includes direct provision of in-house funerals services (Brent Council) as well as direct provision of a direct cremation service (Kettering Council; Wrexham Council – including prepaid direct cremation plans). Other local authorities have established an arms-length body that directly offers both at-need and pre-need funerals (Gateshead), while several local authorities offer a 'white label' simple funeral product, marketed by the local authority at a fixed-price, but delivered by a commercial funeral director (Liverpool, Nottingham, Cardiff and Salford City Councils).

In spite of this significant activity in the funeral market by local authorities, under HM Treasury's draft proposals for the regulation of the prepaid funeral market, the Treasury recommends that local authorities active in the prepaid funeral market be exempt from regulation.

Given local government's current position and interrelationship with the funeral market, and the Treasury's proposals to exempt local authorities from funeral plan regulation, Golden Charter would be apprehensive of any remedy that moves beyond local or national government promoting funeral planning, and encourages local government to enter the prepaid funeral plan market. Golden Charter believes such action could increase the likelihood of local government gaining market

monopolies across all elements of the funeral market in many localities across the nation, reducing competition and consumer choice.

3. Other comments

3.1. Upgrading of funeral plans upon redemption.

The Funeral Planning Authority (FPA) bounds all registered providers – delivering approximately 95 per cent of market volume according to HM Treasury – to a code of practice that specifies that registered providers *'must provide potential customers...with the type and cost of funerals and other services which can be provided under the funeral plan including what is specifically included by each plan type'*¹⁰. Considering this, Golden Charter believes that, in the vast majority of cases, planholders with FPA registered providers will be fully aware of those products and services included within their plan, at the point of purchase.

Golden Charter notes, however, that the CMA has identified 'a material minority' of families that, upon redeeming prepaid funeral plans, paid an additional sum of money to 'upgraded elements'. While acknowledging the CMA's hypothesis, that *'this could indicate potential problems with the funeral services provided within funeral plans'*¹¹, Golden Charter believes that, in the majority of cases, this will simply reflect the unique nature of the prepaid funeral plan market, whereby customers who purchases plans (the deceased) are by definition different from the customer-representatives who redeem the plans (the bereaved). In essence, as the funeral director is providing a service to both the planholder at the point of purchase and, upon the planholders death, to their bereaved friends and family from time-to-time, the next-of-kin may request alterations and embellishments to funeral arrangements, as detailed in a funeral plan, and at a cost.

It should also be noted that for some customers where the main motivation in purchasing a funeral plan is financial provision, they may choose a basic funeral plan

¹⁰ FPA. (01 January 2020). 'Code of Practice'. Funeral Planning Authority.

¹¹ CMA. (30 January 2020). 'Funeral Market Investigation: Funeral director sales practices and transparency'. HM Government.

product and exclude other elements which the family will choose and pay for at the time of need, such as flowers, wakes or memorials.

3.2. An independent price comparison platform.

Golden Charter notes that, the CMA is considering proposals to develop an independent platform, whereby providers could be required to produce a list of all available standard products and services that they offer, to make it easier for customers to compare fees and charges. The CMA further suggests that such a platform could allow customers to configure a funeral service to their own requirements.

Before progressing with such a remedy, Golden Charter asks that the CMA consider the emerging competition in the existing digital market. For example, websites such as Local Funeral, Beyond, and both the SAIF and NAFD directories assist consumers in identifying funeral directors within their locality, and often offer wider support. For example, Localfuneral.co.uk provides an online 'Help and Advice' section, with guides to coping with bereavement and arranging a funeral, along with definitions of standard, classic, premium, and tailored funerals.

Golden Charter further asks that, if the CMA does progress with the development of an independent price comparison platform, that the CMA consults with the existing online platforms, funeral directors, trade bodies, funeral plan providers, crematoria operators, and consumer groups, at the earliest opportunity.

To submit questions or for further information please contact:

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