

## **COMPETITION AND MARKETS AUTHORITY FUNERALS MARKET INVESTIGATION**

### **Summary of hearing with the National Association of Funeral Directors held on 8 October 2020**

1. The NAFD in its introductory comments noted that the market was not working as effectively for all consumers as it might. It explained that the funerals market was a complex market, made up of two or three large players, but the majority of funeral directors were relatively small, family run organisations. NAFD commented that ‘one size does not fit all’ and that the CMA’s proposed reporting requirements could be ‘very onerous for small organisations’.
2. NAFD urged the panel to closely consider the potential costs of any reporting requirement before setting out clearly in its final report what the estimated costs and benefits of this remedy will be.

#### ***Response to the proposed remedies***

3. The NAFD said it supported all funeral directors being registered, especially those that did not belong to a trade association. The NAFD commented that the experience of a small independent funeral director would be different from a Dignity or Co-op funeral director and that the regime, therefore, needed to be proportionate and that a co-regulatory system would, therefore, be preferable to an expensive statutory regulator, not least because it could be implemented in a shorter time-scale.
4. The NAFD said that the current system regulating quality in the sector needed to be better and that a greater emphasis should be put on back-of-house standards. The NAFD said it had commissioned work to conduct an independent review of its own inspection regime with the aim of moving to a new risk-based inspection regime, to be implemented in 2022.
5. On price transparency, the NAFD said that it welcomed any steps to improve information for consumers, while noting that too much information or the wrong information would overwhelm consumers. The NAFD confirmed that all of its members should formally set out their prices on their business website

and the NAFD's funeral-directory website, as well as in their premises and is making the publishing of pricing information online a mandatory requirement of membership from 15 October 2020, to be enforced from 15 April 2021.

6. The NAFD said that it was doing a lot to improve the education of its members and to introduce continuous professional development.
7. The NAFD said that ongoing monitoring and implementation costs on the sector would impact more on smaller businesses, and that the CMA should look at these further to evaluate both the proportionality and benefits that continued and ongoing monitoring would bring.
8. The NAFD said that the consumer detriment figure in the PDR was arrived at incorrectly by making unjustified assumptions, such as using data from the few big players in the market and applying it across to the significantly larger proportion of the market, which is made up of much smaller companies.
9. The NAFD explained that COVID had changed the market as consumers were buying simpler funerals and this change should be reflected in the final report. It also noted that a second spike may mean that it would be difficult for funeral directors, faced with increased workloads and additional costs, to engage with any orders that the CMA may make during the next six months.

### ***Quality regulation***

10. The NAFD outlined in more detail its proposals for setting up an independent regulator - the Independent Funeral Standards Organisation (IFSO). It saw this as a cost effective, easier to implement alternative to statutory regulation. The NAFD noted that IFSO would be sufficiently independent of the trade association to carry out their regulatory role.
11. The NAFD asked the CMA to recognise IFSO as a viable alternative to the creation of a new statutory regulator, which Government should consider when deciding how the sector could be regulated in accordance with any recommendations made by the CMA.

### ***Information transparency***

12. The NAFD said that its management committee had agreed that members will be required to display their prices in a standardised format on the NAFD's Funeral Directory website in addition to their premises.
13. The NAFD presented a slideshow highlighting its online Funeral Directory and mandatory pricing and information requirements for its members under its new code of practice to be implemented from 15 October 2020. It noted that

the tool would fulfil the CMA's requirement for online pricing and transparency around terms and conditions of business.

14. The NAFD said that consumers do not want packaged services. What they wanted was flexibility, choice and personalisation. Further, many NAFD members did not sell packages. Where they were sold, they may be called many different things, which would be confusing for consumers.
15. The NAFD said that it supported a different approach. As an alternative to packages, the NAFD described what was involved in the Funeral Service Consumer Standards Review's 'Key Information Form' (KIF), explaining how it worked and how it would align with existing government guidance and requirements. The KIF will be incorporated into the NAFD's Code of Practice (which will be known as The Funeral Director Code) from 15 October 2020.