



Response to draft order

The Funerals Market Investigation Draft Order 2021

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Introduction

We are delighted the CMA has conducted its market investigation and proposed regulation in the funeral market, despite the huge challenges posed by Coronavirus. We believe the funeral market needs transparency, innovation and competition to drive significant improvements in consumer outcomes.

In our response, we've focused on areas where we - as a new entrant to the funeral market, specialising in unique funerals arranged online - can offer a new perspective to the industry.

Before addressing the questions that the draft order raises we thought it would be helpful to introduce Farewill. Finally, we'd prefer to keep the contents of this response confidential, but we'd be happy to consider any specific requests for publishing extracts.



Introducing Farewill

Our mission is to change the way the world deals with death. For most people in the UK, the processes around death are complicated, costly and intimidating. We're trying to make this better.

Since opening our doors in 2015, we've been voted the UK's best-rated death experts on Trustpilot and we won National Will Writing Firm of the Year 2019 and 2020 at the British Wills and Probate awards. The public also recently selected us for the 'Best Social Innovation' award at the 2020 Europas.

We started our journey with an online will writing service. In 2019, we moved into simplifying the process of probate applications, allowing our customers to bypass more traditional estate-planning services.

In our conversations with customers about death, we saw a clear need to improve funerals, too. We set out to provide greater choice at a more affordable cost, supported by great customer service. Together, we believe these things will help people to make better decisions about their funerals. In late 2019 we started to offer at-need direct cremations, and earlier this year we extended our funeral services to include attended cremations too.

In 2020, over 1,200 families trusted us to arrange an at-need funeral for them. 70% of them arranged a direct cremation, and all of them found us online.

We're backed and supported by some of the best investors and entrepreneurs in Europe, from the founders of Zoopla, TransferWise and Headspace, to Kindred Capital, JamJar, DMGT, Keen Venture Partners, Augmentum Fintech, Broadhaven Capital and SAATCHIINVEST. Our last fundraise, announced in July 2020, was led by growth-stage experts, Highland Europe.

Response summary

We welcome most of the provisions in the draft order, but we'd like to take this opportunity to highlight areas which we feel the order hasn't fully addressed and why we think they are important areas for the CMA to consider in any regulatory framework.

For generations, the processes for dealing with death have been the same. It's cold, complex and incredibly stressful – and people often end up with a traditional, expensive service arranged by a locally-focused funeral director. That happens because there is low awareness and support for other, more suitable, options.

We believe that through the right regulation, the CMA can:

1. Represent the growing portion of consumers who don't want a traditional funeral ceremony

We launched our cremation service because over 70% of our wills customers were asking their loved ones to arrange a cremation for them when they died. There were overwhelming themes in people's wills of simplicity, affordability and choice for their funeral.

These needs were not matched by the services typically available for making the arrangements locally. Arranging funerals online through a national company like Farewill, gives people far greater choice across both costs and service.

With this in mind, we propose that the pricing regulation is made with a changing market in mind - a market which increasingly includes national, online, and innovative funeral directors.

We think the CMA should consider whether the following provisions in the draft order are fit for this changing market:

- Specifying the format of price information, for example .pdf - these may not be the best format for people to access information to compare like-for-like services, especially online.
- Local references in pricing - we don't think the definition of 'big' companies should be based on the number of branches (for example, we have none!)
- Ensuring that the CMA funeral packages can be sold online to create greater choice and accessibility for customers.

We've explained these in more detail later in our response.

2. Improve price transparency in the crematorium market

Cremation fees make up between 20% and 50% of the cost of a funeral. As a national online provider of direct and attended funerals, we've built a database of all cremation fees in the country. In doing this, we've seen first hand the lack of price consistency between crematoria, with a clear link between presence of competition and cremation fee charged.

This clear separation of cost and quality represents a huge cost to consumers, particularly those living in smaller, more isolated areas of the country.

- Crematoria should provide pricing information to local *and* national providers.

We've recently undertaken customer research with YouGov to understand current funerals preferences. We've - confidentially - shared some of the topline findings of this in our appendix in case it's helpful for the consultation.

Draft order responses

1. Is the Standardised Price List (see Part A to Schedule 1 of the draft Order) appropriately presented?

Yes.

But we do not think the Order should prescribe a particular digital, or other, format, such as .pdf.

Government guidance is to publish content in html rather than pdf, as summarised here:

<https://gds.blog.gov.uk/2018/07/16/why-gov-uk-content-should-be-published-in-html-and-not-pdf>.

It has also been our experience that customers do not find pdf a particularly usable or readable format. It can be particularly difficult and in-accessible for customers who rely on assistive technology. Further PDFs are hard to view on mobile devices as the content won't resize to fit the screen and a large proportion of visitors (35-60%) to our site use mobile devices.

We would prefer, and think it would be in consumers' interests, for the CMA to focus regulation on outcomes: prescribing what information must be provided to customers, when and where, rather than prescribing a particular digital or other format.

For example, you'll be aware of how the SRA (Solicitors Regulatory Authority) have implemented changes following your 2016 legal services market study and the similar harms to consumers that lack of competition and price transparency in the legal market those rules seek to mitigate - those rules prescribe that solicitors must "publish on its website cost information" and further that costs information must be

“in and accessible and in a prominent place on your website” but do not go so far as to prescribe a particular digital format.

2. Does the Standardised Price List appropriately describe the items that are included under the Attended Funeral?

In part.

A hearse should also be an optional service - they represent a significant cost, and a recent national YouGov survey we conducted suggests that they're only expected by [§<] funeral customers.

3. Do you agree with the items that are included under the Attended Funeral and Unattended Funeral (see Part B and Part C to Schedule 1 of the draft Order)?

No.

An attended service should not include either a hearse or a viewing by default.

In a recent national YouGov survey we ran, over [§<] of people either didn't want or didn't care about having a hearse. Over [§<] of people didn't want or care about a viewing. As such, these should be optional rather than compulsory.

Both of these services are also operationally complex for companies like Farewill. We've built our business to arrange funerals people genuinely want, at an affordable price, online. As a result we don't always keep the person local to their family - that helps to keep our prices low.

As we mentioned in our summary cremation fees make up between 20% and 50% of the cost of a funeral. As a national online provider of direct and attended funerals, we've built a database of all cremation fees in the country. In doing this, we've seen first hand the lack of price consistency between crematoria, with a clear link between presence of competition and cremation fee charged. Where customers do not want a viewing we can leverage regional price differences to offer lower prices.

Including viewings and hearses in the basic attended package increases prices unnecessarily for families, and damages the opportunity for innovation, and competition, in the industry.

- 4. Funeral Directors must maintain a register of any material charitable donations, contributions or payment of gratuities. Material has been defined as any individual or cumulative donation, contribution or payment within any 12-month period of £250 or more (see Article 7 of the draft Order and paragraph 71 of the draft Explanatory Note). Is £250 an appropriate de minimis figure**

Yes.

- 5. Crematorium Operators must provide price information to local funeral directors and customers on a Crematorium Standard Fee Attended Service; a Crematorium Unattended Service if offered by the Crematorium Operator; and a Crematorium Reduced Fee Attended Service if offered by the Crematorium Operator (see Article 8(5) of the draft Order). Do these names appropriately identify the three services?**

Yes.

As mentioned in our summary, we would suggest that crematoria should also supply pricing information to national funeral providers. As a national provider we can provide aggregated price information to customers, highlighting regional differences.

Customers are increasingly looking for alternatives to traditional funerals - including direct cremation - and they're more open to moving beyond their locality in search of arranging the funeral they actually want.

A concentration on making only local information routinely available to customers doesn't enable customers to make true comparisons beyond their locality and

choose services which challenge localised anti-competitive pricing. We would refer again to our summary and our response to question 3 which highlights this in relation to cremation fees.

- 6. Articles 9 and 10 of the Order require Funeral Directors with five or more branches and ten or more branches to provide certain information to the CMA. Schedule B and Schedule C to the Explanatory Note list funeral directors with five or more branches and ten or more branches respectively. Please inform us if you consider your own or another Funeral Director business is erroneously included or excluded from the lists in these schedules.**

Farewill would be excluded on the basis that we do not operate any local branches.

In 2020, over 1,200 families trusted us to arrange an at-need funeral for them and so far in 2021 we've helped 650 more families.

We believe that we (and other online providers like us) should also be included, given the number of funerals that we arrange.

Therefore, we would respectfully suggest that an alternative measure of scale, for example one based on the number of funerals a funeral director arranges, is implemented.

- 7. If a party is aware that it is not compliant with any part of the Order, it must report this non-compliance to the CMA within 14 days of becoming aware that it is not compliant (see Article 11(6) of the draft Order). Is 14 days sufficient time for parties to report non-compliance to the CMA? If not, please give reasons.**

Yes.

- 8. The substantive requirements of the Order will come into force three months after the Order is made. Does this allow sufficient time for parties to make the necessary changes to their systems and processes so that they are in a**

position to comply with the requirements of the Order? If not, please give reasons.

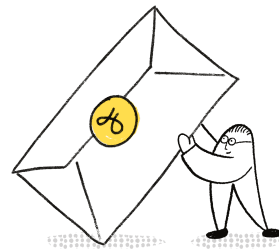
Yes.



Thanks for reading our response. If you'd like to chat to us about any of the issues raised, please get in touch, we'd love to hear from you.

Matt Morgan • Head of Funerals

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Appendix

YouGov Data on Funeral Preferences

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