



# Farewell to Failures

Will the CMA's investigation into funeral pricing be a death knell for poor governance in the sector?

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A long overdue review into the funeral sector has been launched by the Competition and Markets Authority (CMA). The investigation will look at funeral pricing after costs rose 6% each year for the past fourteen years. This represents a growth cost at twice the rate of inflation.

High costs of funerals place a burden on grieving families at an already difficult time. The CMA say that funerals typically cost between £3,000 and £5,000, with the average cost in 2018 being £4,271. The

competition watchdog accused some funeral directors of artificially inflating the figures. A cremation costs less than a burial, with the average cost being £3,744.

It is probable that this in some way accounts for the popularity of the service with three-quarters of services in the UK now being a cremation. It is worth considering the religious and cultural reasons why this may not be available to everyone, even if it is not financially viable to have a burial service. Societal conventions often cause us to want a less than basic send off for our nearest and dearest; *The Cost of Dying 2018* report, authored by the financial

services firm SunLife, found that sundries such as catering and flowers could add another £2,000 onto these figures.

Even though cremation may traditionally have been seen as the 'cheap option', the CMA findings show that this is no longer the case, with crematoria fees having risen by a staggering 84% over the past ten years. There is government assistance available for those in receipt of certain benefits, known as the Funeral Expenses Payment, but this does not cover the full costs. Instead leaving a shortfall that needs to be paid for by relatives.

The CMA initially looked at this issue

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last year, but following an interim report in November, decided to launch a full investigation. This is due to concerns over the effectiveness of competition within the sector. The findings of the investigation are likely to be completed within eighteen months and focus on funeral director and cremation services.

### Competitive Market

The CMA was particularly critical of larger funeral firms and criticised the difficulties new businesses have when looking to break into the market. The watchdog also highlighted the sparsity of crematoria

providers in local areas, and said it was difficult for new companies to enter the market due to the planning regime and high fixed costs.

Chief executive of the National Society of Allied and Independent Funeral Directors (SAIF), Terry Tennens, said: 'it's important that a distinction is made between the behaviour of family run firms and large chains and crematoria operators'.

'We're working with partners across the funeral sector to agree a website price template which will provide the public with a format that enables easy comparison of funeral director prices. In the meantime, we urge all our members with websites to display their prices online'.

Pippa Wicks, deputy chief executive for the Co-op, said: 'We welcome the CMA's

transparency surrounding funeral fees, with many prices not being listed online. This is despite the fact that funeral directors who belong to the National Association of Funeral Directors (NAFD) or SAIF are required to make these available.

This leads to a situation where people have to make appointments with funeral directors and have face to face meetings before finding out costs. This emotionally draining exercise means that people are less likely to put themselves through the experience more than once and are likely to take the services of the first company they meet with.

This is in addition to the fact that many people have an innate distaste for 'shopping around' for a funeral, feeling that it is in some way disrespectful to their loved ones.

## There also appears to be a lack of transparency surrounding funeral fees, with many prices not being listed online.

decision to launch a market investigation and we hope it will lead to improved protection for families through access to consistently high standards of funeral care and a range of services that offer value at an affordable price. We're pleased to see that the CMA investigation will also look at ways in which competition and prices in relation to crematoria services can be improved for the benefit of customers. We'll continue to work with the CMA as they progress with the market investigation'.

The UK's only publicly listed funeral services firm, Dignity, agreed with this sentiment and said it supported an investigation because it could improve standards across the sector. The Co-op has already dropped its prices since 2016. This resulted in its rival Dignity retaliating by dropping prices of its cheapest funeral package by 25% in January 2018. This package costs well below average figures at £1,995, plus third-party fees, in England and Wales and £1,695, plus disbursements, in Scotland.

However, the CMA has stated that the profit margins at the biggest firms were still high by international standards, with Dignity's in particular 'well above' those of similar businesses in other major countries.

### Lack of Transparency

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There is also a lack of information about the quality and range of services available, which makes creating a meaningful comparison more or less impossible.

There are alternatives to a traditional service. Direct cremations are growing in popularity with Pure Cremation, who specialise in these services, estimating that there will be 20,000 direct cremations in the UK this year. Catherine Powell, the Berkshire firm's co-founder, said: 'The traditional funeral is still the majority choice. People tend to default to the familiar. But there is rapid growth in the number of people choosing direct cremation for their loved ones and for themselves'.

A direct cremation with Pure Cremation costs £1,195. The Co-op also offer these services for £1,395 and claim to be the leading provider of direct cremations with one in twenty-five of its cremations now being one. However these services are extremely basic with no ceremony or mourners present. Being able to say a final farewell is a ritual that many find healing, bringing loved ones together and offering closure to many. There is a risk that grieving families may choose this option based purely on financial factors.

The CMA's investigation is a good start but there needs to be tighter regulation to ensure that people are not being exploited when at their lowest ebb. [n](#)