

- **Drivers for change:
Threats and
opportunities facing
the funeral sector**
- Jon Levett, Chief Executive,
National Association of Funeral
Directors





About the NAFD

- Largest trade association for funeral sector in the UK
- 850+ funeral firms, covering 4500 funeral homes (circa 80% of all funeral homes)
- Membership includes Co-op Group, 11 Co-op Societies, Dignity, Funeral Partners as well as independent funeral firms
- One other main trade association (Society of Allied and Independent Funeral Directors) which represents independents only
- Membership of a trade body is voluntary





What we do

- Set a Code of Practice that members must abide by
- Have a consumer complaints resolution scheme
- Inspect funeral homes to check compliance with the Code of Practice
- Award qualifications in funeral arranging and funeral directing
- Represent the interests of funeral directors with governments and policy makers
- Provide information to the public on funeral services, and the benefits of using a NAFD member



Three key drivers for change

- Statutory regulation in Scotland: The appointment of an Inspector of Funeral Directors. Recommendations from the Inspector currently with Ministers as to what the future shape of regulation in Scotland should look like
- Competitions and Markets Authority (CMA) market study (published November 2018) and likely full market investigation
- HM Treasury investigation into pre-paid funeral plans, likely outcome that funeral plans will fall under Financial Conduct Authority regulation

CMA Market Study: Headlines

- Arises from a concern about rising funeral costs: 6% annual increases over the past 14 years (twice the rate of inflation)
- The poorest disproportionately affected
- Large firms have implemented high annual increases, without reference to underlying operating cost pressures, with high profit margins by international standards, not justified by better quality of service
- Bereaved, because of their emotional state and time pressure, not able to exercise some of the most basic commercial judgements displayed in normal circumstances: only 14% compare more than one funeral director, only 4% search for funeral director on internet

CMA Market Study: Headlines

- ‘Extreme vulnerability’ of customers has enabled high annual price hikes
- Conclusion: ‘the average price of funeral director services is well above what could be expected in a well functioning market...Therefore, we consider that there are reasonable grounds for suspecting that there are features which prevent, restrict or distort competition in the markets for services by funeral directors...and that the legal test for making a (market investigation) is met’.



CMA Market Study: Possible remedies

- Price transparency: Requirement for price lists to be published online, in a standardised format
- Regulation of standards/quality: Statutory Code of Practice, licensing of funeral directors, establishment of a regulatory body
- Price regulation: 'our current view is that transparency measures alone may not be sufficient...and there may be a need for a more direct intervention in relation to pricing. A regulator could design, implement and enforce some form of safeguard price regulation which could, for example, control the core elements of a funeral or provide protection for the most vulnerable customers.'



NAFD Response: Getting our own house in order



- Review of NAFD Code of Practice, including a requirement to publish prices online in a standardised format
- Relaunch of Funeral Arbitration Scheme as NAFD Resolve, with all fees abolished and move from arbitration to adjudication
- Review of inspection regime

NAFD position on CMA remedies

- Support proportionate system of statutory regulation of standards and quality
- Oppose price regulation
- Reform of the Funeral Expenses Payment (£700 since 2003)
- A well regulated pre-paid funeral plan market is part of the solution