

# Funerals

A report of the OFT inquiry into the funerals industry

July 2001

## FOREWORD

This report presents the results of our comprehensive investigation of consumer issues in the funerals industry. Initial indications were that the funerals market might not be functioning well for the bereaved. A particular concern was that, as well as the obvious distress, the bereaved might not have the right information to enable them to make good purchasing decisions.

We found the industry to be generally both caring and considerate. But our survey work and research into the influence of emotional factors on funeral purchases found that many people don't know what to expect, spend little time thinking about their purchase, and quite understandably feel under pressure to sort everything out quickly.

The key to overcoming these difficulties is better and more timely information. We recommend ways in which funeral businesses should be more open about their charges, about the options that are available to customers, and about disclosing who they are owned by. In turn, the OFT will be working with other organisations to strengthen independent information in the sector.

Most people will arrange a funeral some time during their lifetime. About £800 million is spent annually on funeral services in the UK. With an ageing population, potentially vulnerable older people are becoming increasingly prominent among purchasers of funerals and may even be making arrangements for the first time. Especially in these circumstances, it is important that the recommendations in this report are acted upon without delay. With the co-operation of everyone to whom our recommendations are addressed, the aim of making the funerals market serve the bereaved better will be realised.

John Vickers  
Director General of Fair Trading  
July 2001

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# CONTENTS

<i>Part</i>		<i>Page</i>
1	Summary and recommendations	1
2	Introduction	5
3	The market for funerals	7
4	Information for the purchasers of at need funerals	12
5	Issues affecting customer service	23
6	Issues affecting consumer choice	25
7	Self-regulation and redress	30
 <i>Annexes</i>		
A	List of respondents	38
B	Methodology	41
C	Summary of the OFT consumer survey	45
D	Summary of the OFT funeral director survey	48
E	Summary of academic research project – The psychology of death: An exploration of the impact of bereavement on the purchasers of at-need funerals	49
F	Template	53

# 1 SUMMARY AND RECOMMENDATIONS

- 1.1 The former Director General of Fair Trading announced an inquiry into the funeral sector on 27 March 2000. Views were invited from the funeral trade and other interested parties including burial and cremation organisations, bereavement and counselling groups, local authorities, NHS trusts, and consumer/community representatives. One hundred and eighty eight submissions were received. This was complemented by a survey of 400 individuals with recent experience of arranging a funeral, and a survey of funeral directors, in which approximately 2,000 outlets responded.
- 1.2 Our survey revealed that the vast majority of those arranging funerals were content, with 96 per cent of respondents saying they were satisfied or very satisfied. The number of complaints reported to official sources is very low and funeral directors were generally perceived to be sensitive, flexible and patient. However, due to complex emotional factors, particularly the desire to 'move on', the actual level of dissatisfaction may be understated. A funeral is a classic 'distress' purchase – people don't know what to expect, spend little time thinking about their purchase and feel under pressure to sort everything out quickly. Those involved often have little experience of arranging a funeral and show a reluctance to shop around or seek out information. This acts as a dampener on competition making it all the more important for there to be measures in place which provide the consumer with adequate protection and encourage long term changes to increase the overall competitiveness of the market.
- 1.3 Clear, reliable information is important in any sector of business. People place value on information from official sources and we found a wealth of information produced by a wide variety of organisations. What tends to be lacking is information on the practical aspects of arranging a funeral such as choosing a funeral director, the range of options available and what to do if you are unhappy with the level of service. There is also a need to ensure that the information produced is understandable, accessible and provided when needed. The industry produces a wide variety of literature, which is good, but it often fails to inform consumers about prices and the ownership of the business they are dealing with, which is bad. Failure to provide adequate information on these matters means that people have to make decisions without seeing the full picture.

1.4 There are changes taking place within the market place that could inhibit choice if people are not made aware of their rights. These changes include:

- the increasing use by local authorities of individual funeral firm contracts for the removal of bodies on behalf of the coroner; and
- contracts between hospitals and funeral directors for mortuary facilities.

These can affect choice if people are not made aware that they still have the choice over the funeral business that arranges the funeral and the type of funeral.

1.5 People arranging funerals are generally not aware of costs. Once they have entered a funeral director's premises they rarely make efforts to find the prices offered by other firms. The basic funeral should provide a yardstick against which comparisons can be made, yet it does not appear to be fulfilling its intended role. This is partly due to a failure by funeral firms to present it as a valid option, but also because it does not appear to provide the sort of service which most people want.

1.6 Compliance with industry codes of practice is often patchy. People are still failing to receive price lists, clear written estimates or details of the basic funeral, and while compliance monitoring takes place, it relies heavily on trade association members putting right any breaches without follow-up checks.

1.7 The inquiry clearly shows that people are vulnerable to unfair trading practices. However, recommending new legislation is seen as a disproportionate solution to the problems that have come to light. Instead we believe that consumer safeguards can best be achieved by building upon the Office of Fair Trading's (OFT) new initiative for encouraging trade associations to develop robust industry codes of practice. The trade associations should seek to obtain OFT approval for their codes under the new regime.

1.8 During the course of the inquiry we came across instances where businesses appeared to be supplying credit. With limited exceptions, businesses that offer credit are required to obtain a consumer credit licence and comply with the Consumer Credit Act 1974 and various Consumer Credit Regulations.

1.9 The principal recommendations of our inquiry are:

**RECOMMENDATION 1:** Price lists should be prominently displayed and made available for people to take away. This includes making them available during home visits. The price of each coffin should be given in the brochure produced by the funeral firm. (Paragraphs 4.30 and 4.31)

**RECOMMENDATION 2:** Written estimates and invoices should be provided for all transactions, with the principal services provided, including those provided by third parties, clearly itemised on both the estimate and the invoice, using descriptions that the public will understand. This should apply even where the funeral supplied is part of a package. (Paragraph 4.38)

**RECOMMENDATION 3:** Written estimates should be given out during the initial interview when the services available are discussed. Consumers should then be asked to confirm if they wish to proceed with the funeral arrangements. (Paragraph 4.39)

**RECOMMENDATION 4:** Every funeral outlet should publicise, in a prominent place, details of the organisation which has ultimate control of the business, preferably on the outside of the premises and on all promotional material relating to that business including that published in local directories. This requirement should be incorporated into the funeral industry codes of practice. (Paragraph 4.23)

**RECOMMENDATION 5:** Local authorities should strive to ensure that, when it comes to removals of bodies on behalf of the coroner, the contracted funeral business does not seek to influence the individual's choice of funeral director. The funeral business should be contractually obliged to provide information in a written form which sets out the consumers' right to choose another funeral business to carry out the funeral. This information should be produced or, at the very least, be overseen by the local authority, which should also take steps to monitor compliance. Similar mechanisms should be put in place by hospitals and nursing homes where contracts are also employed. (Paragraphs 6.6 and 6.7)

**RECOMMENDATION 6:** The trade associations should seek to obtain OFT approval for their codes under the OFT's new approach to codes of practice. Compliance monitoring and complaints systems need particular attention. (Paragraphs 7.5, 7.13 and 7.24)

**RECOMMENDATION 7:** Funeral businesses that offer credit should take steps to find out whether they are required to obtain a consumer credit licence and comply with the Consumer Credit Act 1974 and the various Consumer Credit Regulations. (Paragraph 7.14)

**RECOMMENDATION 8:** The literature produced by local authorities and NHS trusts, as well as that produced by cemeteries and crematoria, should be made more widely available in places where those arranging funerals are likely to visit, particularly the Registrar's Office, and in institutions where deaths are likely to occur. (Paragraph 4.12)

#### 1.10 THE OFFICE OF FAIR TRADING WILL:

- (a) In partnership with the National Funerals College (NFC), make available to those publishing advice on funerals, particularly local authorities and NHS trusts, a template which sets out information for people on the practical aspects of arranging a funeral, such as choosing a funeral director and details of complaints procedures. Organisations should produce an insert to accompany the leaflet setting out local information on funeral directors and related facilities. (Paragraph 4.11)
  
- (b) Seek to encourage local directories to publish succinct guidance for people in order to ensure that information is available prior to the making of funeral arrangements. (Paragraph 4.5)



## 2 INTRODUCTION

- 2.1 The Director General of Fair Trading announced on 27 March 2000 that the OFT was to carry out an inquiry to establish the scale and nature of problems faced by consumers arranging funerals. This is in accordance with his duty under section 2(1) of the Fair Trading Act 1973 to review commercial activities in the United Kingdom which may adversely affect the economic interests of UK consumers. This is the report of that inquiry and it is published under section 125(4) of the Act.
- 2.2 The inquiry's terms of reference did not include pre-paid funeral plans. References to 'funerals' throughout this report therefore exclude pre-paid funerals. References to 'stakeholders' throughout the report describe parties with an interest in the funerals market, be that from a purchaser or trade perspective. Annexe A provides details of stakeholder organisations that contributed to the inquiry.
- 2.3 While an earlier inquiry into competition in the market had concluded that there were insufficient grounds to warrant reference to the Competition Commission, the former Director General was concerned that, as people may be more vulnerable at the time of a funeral purchase than they would be with other transactions, they may not have access to the information they need to make informed and unpressured decisions. Accordingly, he recommended that a further inquiry be undertaken to establish the scale and nature of the problems facing people at the time of arranging a funeral, and find means of addressing these issues. As an interim measure the Director General made guidance available to the public via the Office's website, [www.oft.gov.uk](http://www.oft.gov.uk)
- 2.4 During the present inquiry views were sought from a wide variety of organisations including trade associations, the Funerals Ombudsman, burial and cremation organisations, religious organisations, bereavement groups, care organisations, consumer and community representatives, local authorities, NHS trusts and government departments. A press release dated 22 August 2000 was also issued to a wide variety of trade and 'care' journals in order to reach the widest audience.
- 2.5 The Office also commissioned a survey of consumers in order to measure their satisfaction with, and experience of, funeral arrangements. A further survey was carried out to gather the views of individual funeral businesses. We wish to thank all those consumers and funeral businesses who co-operated in this exercise, the findings of which are summarised in annexes C and D.

In addition a study was commissioned on the psychological impact of bereavement on the purchasers of funerals. A summary of the findings of this study can be found at annexe E. Full details of the three reports can be found on the OFT website at [www.offt.gov.uk/html/rsearch/reports/oft346.htm](http://www.offt.gov.uk/html/rsearch/reports/oft346.htm)

2.6 The inquiry sought to establish:

- The scale and nature of the problems facing those arranging funerals.
- The psychological impact of bereavement on the individual as a consumer and whether this increases vulnerability.
- The quality and accessibility of information available to people concerning the choices open to them.
- Whether there is an awareness of complaints procedures, and if these procedures are adequate.

2.7 Numerous written submissions were received and several meetings held with interested parties. The Office is very grateful to all those who contributed.

2.8 The methodology employed in conducting the inquiry is described at annexe B.

2.9 Since the start of this investigation, two significant developments have taken place. First the Environment Sub-committee of the House of Commons Select Committee on the Environment, Transport and Regional Affairs completed their inquiry into cemeteries. Their report was published on 30 March 2001. The issues examined included long-term planning, management and provision of cemeteries, the condition, funding and economic viability of cemeteries, and public policy on cemeteries and crematoria. Given the subject matter it is inevitable that some of the issues explored by that inquiry overlap with OFT's work. The Select Committee's recommendations have been taken into account in the analysis that follows. Second, the Office issued a consultation paper in February 2001 outlining proposals for a new approach to voluntary codes of practice. The response to that consultation was published on 11 July 2001 incorporating details of the final criteria for new codes. Details can be found on the OFT website at [www.offt.gov.uk/html/rsearch/reports/oft344.htm](http://www.offt.gov.uk/html/rsearch/reports/oft344.htm). The funeral industry has been identified as a potential priority sector for the new regime. Given that the proposals are likely to impact on our recommendations for the funeral industry, reference is made to the new approach on codes of practice throughout this report.

### 3 THE MARKET FOR FUNERALS

- 3.1 In 1999 around 630,000<sup>1</sup> deaths were reported in the United Kingdom. These figures broadly equate to the number of funerals. Mintel indicated in a 1999 report on the Funeral Business<sup>2</sup> that three-quarters of funerals in 1998 were cremations and one-quarter burials. The cost of cremation is significantly lower than burial, a factor which helps to explain the growth in recent years in the proportion of cremations. Mintel indicated that the value of the UK funeral market in 1998 was £806 million.

#### The supply of funeral services

- 3.2 On the basis of trade association figures, and businesses listed in the Yellow Pages, we estimate that there are around 3000 funeral directors operating out of 4,200 outlets. The majority are members of one or more of three trade associations.<sup>3</sup> Research by Mintel for their report showed that the majority of funeral directors, around 65 per cent, are independently owned (including small independent co-operatives). The Co-operative movement has the largest number of 'funeral homes' (outlets), with a single brand name in the UK, although some co-operative societies operate autonomously. Service Corporation International (SCI) is the only other sizeable company in the market, owning both funeral homes, crematoria and cemeteries. SCI entered the UK market in 1994, with the acquisitions of the Great Southern Group and Plantsbrook and currently has approximately 14 per cent of the market.
- 3.3 Funeral directors are not subject to any licensing or control, nor are they required to have professional qualifications or be registered. Entry into the market is, in consequence, not difficult, but a steady decline in the death rate means the only scope for growth in the market is the provision of additional or higher value services. This may discourage significant new entry in a market where reputation is an important factor.
- 3.4 Funeral directors offer a full range of services, including those for which they take direct responsibility and those where they act as co-ordinator for services provided by others and make payment on behalf of their client. The latter are known as disbursements and include cemetery and crematoria services. The services provided directly by the funeral director include, for example, provision of a coffin, hearse and bearers for the coffin, provision of facilities

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<sup>1</sup> Office for National Statistics, General Register Office (Scotland) and the General Register Office (Northern Ireland).

<sup>2</sup> The Funeral Business, Mintel Marketing Intelligence September 1999.

<sup>3</sup> The National Association of Funeral Directors (NAFD), the National Society of Allied and Independent Funeral Directors (SAIF) and the Funeral Standards Council (FSC).

for viewing of the deceased and the management of the funeral. In some cases funeral directors have their own operations involved in the supply of flowers, catering and headstones/memorials, or market these services under their own name in conjunction with sub-contractors. Some funeral directors offer bereavement counselling, usually provided under contract by a third party. Most funeral directors also offer an embalming service.

### **Funeral directors' clients**

- 3.5 Private individuals form the largest group of clients. Other organisations that use the services of funeral directors include local authorities, which have a duty under the Public Health (Control of Disease) Act 1984 to arrange a burial or cremation where it appears that no suitable arrangements for the disposal of a body are being made (generally because the deceased has no family or friends).
- 3.6 Coroners' offices employ the services of funeral directors for the transfer of bodies from the place of death to an appropriate mortuary in the case of sudden deaths. Coroners in England and Wales ordered post mortem examinations in 124,800 cases in 1999.<sup>4</sup>
- 3.7 Some hospitals have contracts with individual funeral directors for the removal of the bodies of people who die in hospital. NHS trusts undertake a similar role to that of local authorities for arranging the funeral of certain people who die in hospital or in NHS community care homes. Guidance was published in 1997 on minimum standards for funerals of patients who die in hospital where the NHS trust takes responsibility. Although the guidance applies to all NHS trusts, it is particularly relevant to large, long-stay psychiatric hospitals where there may be particular difficulties in tracing the deceased's next-of-kin.

### **The price of funerals**

- 3.8 A number of surveys provide information on the price of funerals in the UK. A survey of telephone quotations for a simple funeral<sup>5</sup> commissioned by the National Society of Allied and Independent Funeral Directors (SAIF), and conducted in September 1998, compares funeral prices for the Co-op group, SCI and independents. The survey included prices for one of each of the aforementioned in 50 towns. The average prices (excluding disbursements<sup>6</sup>)

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<sup>4</sup> Statistics of Deaths Reported to Coroners: England and Wales 1999 – Home Office.

<sup>5</sup> The specified elements covered by the prices quoted included: cremation; a hearse and one limousine; an opportunity for the family to view the deceased; and a simple veneer coffin.

<sup>6</sup> Fees for cremation, doctors and a minister but excluding floral tributes and obituaries.

for the various groups are given in the table below. The average amount of the disbursements was similar for all three groups at an average of £351 to £358 and represented between a little over one-quarter and nearly one-third of the total cost of the funeral.

**Table 1. Average price quoted for cremation by Co-op, SCI and independent establishments**

	<i>Co-op</i>	<i>Independent</i>	<i>SCI</i>
Outlets	(49)	(50)	(50)
Average price (inc disbursements)	£1,278	£1,142	£1,358
Average price (excl disbursements)	£920	£791	£1,031

Source: SAIF/Colin Brown Research 1998

- 3.9 The Mintel report on the funeral sector indicated an average increase in the cost of a funeral (including all disbursements) over the period 1994 to 1999 from £1,115 to £1,347.<sup>7</sup> In real terms an increase of 2 per cent per annum.<sup>8</sup> The 'Oddfellows' survey of Funeral Costs in Britain 2000 found that the average cost of a funeral including burial in Great Britain in 2000 was £2,048, compared to £1,215 for a cremation. The survey results also revealed significant regional differences in the cost of burials and some difference in the cost of cremations. Prices for burials varied from an average of £2,646 in London to £1,545 in the south west. Prices for cremations varied from an average of £1,362 in London to £959 in the north. A significant factor accounting for large differences in the cost of burials is the higher cost of burial plots in some regions.
- 3.10 In 1991 the 'Oddfellows' survey found that the average cost of a funeral including burial was £893, cremation £726. The 2000 figures represented a 129 per cent and 67 per cent increase, respectively, over a time when the Retail Price Index<sup>9</sup> increased by only 23 per cent. Many in the trade attributed this increase to the cost of disbursements rising well above inflation.
- 3.11 Analysis of our consumer survey data by registration district found considerable price variation for ostensibly similar services. For emotional reasons people do not approach the purchase of a funeral in the way they might any other purchases of a comparable price. If they had, and had shopped around and compared prices and services, it appears that they could have made considerable savings.

<sup>7</sup> estimated 1999 figure.

<sup>8</sup> OFT.

<sup>9</sup> All items excluding mortgage interest payments and indirect taxes.

## Cemeteries and crematoria

- 3.12 The majority of cemeteries and crematoria are municipally operated either by district, parish or borough councils. Private companies such as SCI own a small proportion, although this is less common for cemeteries than for crematoria. A small number are operated by a Trust or group of 'Friends'. There are around 242 crematoria in the UK.<sup>10</sup> While the total number of burial grounds is unknown, statistics from the Chartered Institute of Public Finance (1998) suggest that local authorities are responsible for approximately 1,124 cemeteries. The Church of England is thought to be the largest single owner of burial grounds (churchyards) in the UK, however most are disused as the majority of burials now take place in cemeteries. Funerals in the UK are split around 72 per cent cremation and 28 per cent burial.
- 3.13 Graves are usually 'leased', thereby reserving them for the burial of specific persons for a specified period not exceeding 100 years. Often the period is less, for example, 50 or 75 years. The ground itself remains in the ownership of the landowner. Most graves allow for two or three person burial. Purchase of a grave also gives the right to place a memorial, although there will be a fee for the right and restrictions placed on the type of memorial permitted. In the past, cemeteries offered a wide choice of grave types, with a variety of memorials. However, the lawn type grave (which consists of a headstone with mown grass in between) is now the only option available at most cemeteries. A woodland burial is available in some parts of the country. This 'return to nature' concept allows the graves to form a woodland nature reserve, without routine maintenance or the use of chemicals. Some private, farm based schemes are now developing and other alternatives may begin to arise. Such schemes may not allow any memorial on the grave.
- 3.14 Current charges frequently reflect the historical level at which they were originally set (i.e. not related to overall cost), periodic increases being implemented as labour and other costs have increased. One representative organisation suggested that, while crematoria were either self-financing or profitable, cemeteries operated at a loss, being subsidised by the local authority, either from income from cremations, or by other means as a service to the community. If charges were to reflect the full cost of a grave, its subsequent maintenance over the period for which the ground is leased and the costs of the burial, in most cases they would be much higher.

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<sup>10</sup> The Daily Telegraph Guide to Funerals and Bereavement – Sam Weller.

3.15 In 1998 the majority of cremations cost between £150 and £250. Prices have increased at about three times the rate of inflation over recent years. A factor in this is environmental improvements to reduce emissions as required by the Environmental Protection Act 1990. The cost of burials can vary enormously, even between cemeteries in the same town. A rough guide for a national average would be £400-600 for 75 years for a two-person grave for a local resident.<sup>11</sup>

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<sup>11</sup> The Daily Telegraph Guide to Funerals and Bereavement – Sam Weller.

## **4 INFORMATION FOR THE PURCHASERS OF FUNERALS**

- 4.1 Clear, reliable and accessible information is the key to helping people make the best choices. Knowledgeable people are in a better position to purchase what they need at the best price, which leads to a more competitive and efficient market. The funeral sector is no exception, but is unusual in that funeral arrangers will often have little or no experience of making the purchase and therefore will have little idea of what standards to expect and the procedures involved. A funeral is the classic 'distress' purchase. People are unlikely to spend a lot of time thinking about the purchase prior to the need. In these circumstances the funeral director is able to price at the level which the ill-informed person is prepared to pay, rather than a price set by competition. This makes information immediately prior to and at the point of sale all the more important. This chapter reviews the information gaps that exist and looks at ways of addressing them.
- 4.2 The Office found a wealth of information produced by a wide variety of sources, including local and health authorities, voluntary organisations concerned with counselling and bereavement, burial and cremation authorities, the trade itself and OFT, through its funerals website. The content, quality and accessibility of this information varies enormously, it doesn't always reach the funeral arranger at the time of purchase and is often unwieldy. This is compounded by a general reluctance on the part of the public to seek out information on this subject. Our psychological research shows that people prefer human support, advice and compassion.

### **The need for independent local information**

- 4.3 Despite a reluctance by the public to seek out information we found evidence of a desire for information from official sources such as local and central government, as having this to hand means, at least in theory, owning a solution to the problem. This is particularly the case for those organising a funeral without friends or relatives for support.

*"It could help some people..."*

- 4.4 In our discussions with the trade they provided many examples of good information which they produce. But, however valuable this information is, by its very nature it is not independent and there is obvious scope for funeral directors to influence people.



- 4.5 Our survey of the trade found that local directories are a good source of information. Many funeral directors advertise and virtually all will have entries in local directories. After family and friends, directories were cited in our survey more often than any other sources as places where information was either used or available, ahead of hospitals, doctors and citizens advice bureaux. Given directories such as Thomson Local and Yellow Pages already carry general consumer advice, **the Office recommends that local directories build on this by publishing succinct guidance on making funeral arrangements, in a prominent place within the listings.** This will ensure that information is available before the funeral firm is contacted. The Office has already entered into discussions with these organisations.

### **The role of local authorities and NHS trusts**

- 4.6 Current literature on funerals provides detailed advice on legal requirements and on dealing with grief, but tends to lack advice on the practicalities of arranging a funeral such as selecting a funeral director and the role of the trade associations. This was a key concern of many stakeholders who wanted a local information source.
- 4.7 On a practical level, local authorities and NHS trusts seem best placed to provide independent information, being in an ideal position to reach the bereaved immediately following a death. The level and quality of information provided by individual local authorities varies enormously, ranging from in-depth advice leaflets covering all aspects of death and funerals, including prices, to no advice at all. Information on complaints procedures tends to focus on local authority procedures, rather than trade association complaint systems. Some authorities are willing to give oral advice, but others rely on funeral directors.
- 4.8 Local authority cemeteries and crematoria generally produce information on their facilities, with funeral directors often providing the primary means of circulation of such information. Where information on these facilities is produced, we encourage funeral directors to pass it on, not least because all of the cemeteries and crematoria consulted were more than willing to provide advice and assistance when requested.
- 4.9 The Office was impressed with a leaflet produced by the London Borough of Croydon Trading Standards, which offers clear concise advice about arranging a funeral, including details of the trade associations and the Funerals Ombudsman Scheme. It also provides information on local funeral directors in the area.

- 4.10 We found that the literature supplied by NHS trusts is generally very good, typically including contact details of organisations that provide support for the bereaved, details of local funeral firms, the legal procedures surrounding death, and advice on coping with grief. As with material from local authorities, it tends not to include advice on the selection of a funeral director and arranging the funeral. Few mentioned the trade associations or explained that a funeral could be conducted without a funeral director, although in many cases trusts do advise people to phone for quotes and to shop around.
- 4.11 Given that many local authorities and NHS trusts already produce literature, the Office believes that relatively small changes are required to achieve a consistent approach to funeral advice. In partnership with the National Funerals College (NFC), and inspired by the work done by the London Borough of Croydon Trading Standards, the Office has prepared a template, a copy of which can be found at annexe F of this report and also on the OFT's website at [www.oft.gov.uk](http://www.oft.gov.uk). **We recommend that local authorities and NHS trusts employ the template in preparing their own leaflets, or incorporate it into the literature already produced by them. We also recommend that an insert to accompany this leaflet is produced which sets out local information such as details of funeral directors, crematoria and cemeteries with brief details on the services/prices available.** The Croydon leaflet referred to above contains an insert along these lines. The template is also available to other organisations that publish consumer literature on funerals. Future amendments will be reflected on the OFT website.
- 4.12 **It is also recommended that the literature produced by local authorities and NHS trusts, as well as that produced by cemeteries and crematoria, is made more widely available in places where those arranging funerals are likely to visit or where deaths are likely to occur.** The most obvious place would be the Registrar's Office, as, in most circumstances, deaths have to be registered within five days, in person, by someone who knew the deceased. Residential homes for the elderly, hospitals and GP's surgeries could also be encouraged to provide information. While websites are growing in popularity, the bereaved are more in need of human contact. The internet may, nevertheless, serve to raise awareness.

### **Local authority promoted funerals and accreditation schemes**

- 4.13 In addition to producing information on funerals, some local authorities actively seek to provide further assistance for local residents, by operating funeral director accreditation schemes and/or promoting fixed price funeral packages.

- 4.14 Accreditation schemes are fairly common in respect of memorial masons, but less so for funeral directors. A few local authorities promote such schemes as a service in their area. In operating these schemes the local authority usually requires the funeral director to meet certain standards, often those laid down by one of the industry codes of practice. In return the local authority publishes an 'approved list' of firms and distributes the list throughout council offices. There is no active monitoring of the firms on the list; rather the local authority relies on enforcement of codes and complaints they receive about the business.
- 4.15 A smaller number of local authorities such as Crewe and Nantwich, Hounslow and Cardiff, promote fixed price funeral packages, or 'community funerals' to residents in the local area. The operation of these schemes varies slightly between authorities. The most common approach is for the local authority to award the provision of the local funeral package to one funeral firm, by means of competitive tender. The council sets out the services to be provided and a fixed price is agreed. The funeral is given a name by which it can be easily recognised and the local authority takes steps to publicise its availability.
- 4.16 Similar schemes operate whereby all local funeral directors are open to join, provided they can supply the specified service at the agreed price. Monitoring of these schemes varies from authority to authority, with some local authorities carrying out spot checks and visiting premises and others relying solely on complaints to identify problems.
- 4.17 If they are actively monitored, these schemes provide a useful service, particularly to customers who want a low cost funeral with an acceptable quality of service.

### **Independent funeral adviser**

- 4.18 People welcome human support and compassion at the time of bereavement. Recognising this need the NFC recommends that a funeral adviser is appointed in institutions in which deaths occur, such as hospitals, hospices, nursing and residential homes. Their role would be to provide independent advice and practical help to those who need it. We await the outcome of the NFC's pilot study, but, provided the adviser's independence could be assured and they are subject to minimum training standards, we support this suggestion as a practical step forward and a further means of addressing the public's disinclination to seek information. The Office does not believe that there would be a major cost burden involved, as the funeral adviser could simply be an existing member of staff or volunteer. The funeral adviser should make available the information recommended earlier in this chapter.

## Transparency of ownership

4.19 The 1995 Monopolies and Mergers Commission (MMC) report into the merger of SCI and Plantsbrook Group Plc expressed concern about the failure of SCI to disclose to customers the ownership of its branches. It found that those arranging funerals, seeking an alternative quote to that provided by one SCI branch, unwittingly approached another branch of the same company trading under a different name. The MMC regarded this as particularly unsatisfactory, given the stressful circumstances surrounding the purchase of a funeral. SCI was required to give undertakings to disclose its ownership of funeral directing businesses in the area covered by the merger, in all documentation presented to customers and in all advertisements and other promotional material. SCI was not alone in this practice and the report went on to say that it was highly desirable that the disclosure of ultimate ownership of funeral directing branches should be general practice throughout the UK.

4.20 Many people genuinely seem to have a preference for either large or small businesses. Our survey showed that large businesses were often seen as offering experience and professionalism, more choice and options, with greater capacity to handle requests, while small family firms were seen by many as offering a more personal touch. These perceptions played a part in the choice of funeral director.

*“What really mattered to me is that they were a small family business. I don’t know why, but it was very important”*

4.21 The need for the bereaved to be clear about the ultimate ownership or, in the case of the Co-ops, the co-operative nature of the business, is further underlined by the fact that most people base their choice on personal recommendation and/or previous family experience. If the firm has changed hands in the interim period then this information should be easily available to people. We are reassured that SCI has taken steps to show ownership of individual branches, primarily through prominent plaques on the wall at the branch reception.

4.22 However, our trade survey suggests that the majority of funeral businesses rely on their stationery to enlighten people. This information comes too late for the customer. If they are to be in a position to make an informed decision, then they must have the opportunity to determine the nature of the business before they enter the premises. Furthermore, the inclusion of such information in all promotional material, including that published in local trade directories, would assist those wishing to shop around for quotes using the telephone.

- 4.23 A business sector which prides itself on its willingness to offer care, compassion and commitment to the bereaved should find no problem in seeking to ensure that its clients are not labouring under a misapprehension. **We therefore recommend that every funeral outlet publishes details of the organisation which has ultimate control of the business in a prominent position, preferably on the outside of the premises, and on all promotional material relating to that business, including information published in local directories. This requirement should become part of the trade associations' codes of practice.**

### Price transparency

- 4.24 Twenty eight per cent of funeral arrangers interviewed during our survey admitted to having little or no idea about the cost of a funeral before the event. Also, in the consumer survey the cost of the funeral was reported not to be an issue by some 64 per cent of respondents. It is generally secondary to obtaining a trouble free and dignified service.

*"You don't usually shop for coffins"*

*"I really tried to handle things in a business sort of way, but I was a bit out of it"*

- 4.25 Only 4 per cent of arrangers had felt any pressure from the funeral director to choose a funeral that was more expensive than they really wanted, and only 1 per cent felt that the funeral director had taken advantage of their emotional state to sell a more costly package than they would otherwise have chosen. However, our study of the emotional and psychological effects of bereavement found the general view that there is a strong need to feel that people are 'doing the right thing' by the deceased person, as well as a desire for approval by the rest of the family. Many people are easily persuaded to spend more for these reasons. It is therefore essential that they have access to explicit price information.

*"Both Betty (deceased wife) and I had considered money spent on funerals to be a waste, but in the event nothing was too good. Whatever was going to be spent, I didn't care how much it was going to be"*

- 4.26 The funeral trade argues that clients generally do not want to talk about prices, and to an extent this was confirmed by the consumer survey. But around one third (34 per cent) considered cost to be an important issue. In a market economy, an argument that the industry is protecting clients by not being open about costs lacks credibility. The impact on the client where prices are needed, but not shown, can be distressing.

*“He did not tell me the prices immediately and this was very embarrassing. I think I would have liked to see a price list without having to ask.”*

*“Price is the sort of last thing you want to mention. You’re plunging in feet first, but you’re too upset to ask any more questions than you have to.”*

- 4.27 The industry codes of practice require members to display price lists and make them available for clients to take away, although neither code specifies where price lists should be displayed. While the survey of the trade suggests that a significant majority of the trade do make price lists available for clients to take away, this was not confirmed by the consumer survey.
- 4.28 Only half of respondents were provided with a copy of a price list, with 17 per cent being given the prices orally, together with explanations. A fifth were not given printed or verbal information on the prices of the various items or services offered. Among those who saw price lists only 76 per cent reported that all services had been covered and itemised. A further 13 per cent reported that they saw a list that just contained details and prices of coffins and caskets. Almost everyone (96 per cent) who saw a price list reported that it was easy to understand.
- 4.29 Even assuming that price lists are available on the premises, once someone approaches a funeral director, on almost all occasions some form of funeral is usually sold. Few people get up and leave before arrangements are agreed and the consumer survey found that 92 per cent of people visited just one funeral director. It is therefore important that a minimum level of price information is available both prior to and during the making of funeral arrangements.
- 4.30 **We recommend that price lists should be prominently displayed and available on the business premises for people to take away, and given out during home visits. Where businesses are trade associations members, compliance officers should ensure that this occurs.**

*“He gave me a document where I found all the costs. There was also a page on the ‘economy funeral’. In this document I had everything I wanted”*

*“It should be an accepted requirement that undertakers should give clear prices”*

Price lists enable people to see exactly what they will be expected to pay for each element of the funeral, and, in time, may encourage greater shopping around. This situation will be reviewed nine months after publication of the report. If evidence is found that the recommendation is not being followed, the OFT will consider advising the Secretary of State for Trade and Industry on whether to make regulations under s26(1)(a) of the Consumer Protection Act 1987, or under the Prices Act 1974.

- 4.31 One item over which the funeral arranger can and does exercise choice is the coffin. Prices vary enormously and many funeral directors produce catalogues or brochures with photographs of the coffins so that the arranger can make their choice. **We recommend that funeral directors provide price details next to each coffin as part of this brochure.** Clients can then note prices without fear of embarrassment. Wherever possible clients should be free to examine the brochure at their leisure.
- 4.32 Over 80 per cent of funeral directors in our survey indicated that customers are becoming more cost conscious. Providing better price information may be seen by some as insensitive during a time of bereavement, but people have just as much right to a fair deal in respect of a funeral purchase as they would with any other purchase. In many other market sectors people are becoming more demanding, and the funeral firm which has the foresight to prepare for this by increasing price transparency will benefit in the long run. In time it is hoped that the provision of price information will be seen by the public and the trade as the norm.

### **Written estimates, invoices and confirmation of funeral arrangements**

- 4.33 The industry codes of practice specify that clients should be supplied with a written estimate at the time of arranging the funeral, or as near as possible to that time. Such written estimates and confirmation of funeral arrangements were generally positively received by people not least because they act as a 'check list' to reassure them that they had not forgotten anything. Stakeholders also agreed. Written estimates also give people the chance to change their minds about a particular item. Yet strong reservations were expressed by some members of the trade, who argued that the public were not interested in this level of information. This was despite the fact that an estimate should act in the funeral director's favour as it sets out what the client has agreed to prior to the funeral.
- 4.34 There have been improvements in this area in the last ten years, with two thirds (63 per cent) of respondents receiving a written estimate (compared to 36 per cent in 1989) and a further 17 per cent given a verbal estimate. However, in 16 per cent of cases no estimate of costs was given before the funeral went ahead.
- 4.35 Although 13 per cent of respondents reported that the final bill was more than the estimate, in two out of five cases the additional cost had been agreed beforehand. In a further one out of five, the additional cost had been agreed in principle. Where an estimate was provided, the number of times the final bill exceeded the estimate without authorisation from the customer was low.

4.36 Concerns were raised that written estimates and invoices can be unclear about the services to be supplied. For example, it is not uncommon for reference to be made to 'disbursements', a term with which many people will not be familiar. Furthermore in the consumer survey, the degree of itemisation on the estimates and invoices was very variable. Some clearly itemised costs for specific services, but at the other extreme some bills covered the whole of the funeral director's services under a single undifferentiated phrase making it difficult for the customer to work out what they are paying for. For example, in many cases we found that the term 'funeral director services' was all encompassing, including services such as embalming and viewing the body with no indication of the cost of each service.

*"What exactly does it mean, 'professional services'?"*

4.37 Only half of bills itemised the coffin despite this being the item over which the customer has most choice and where the widest variation of cost can be seen. Some bills simply showed a coffin package with the cost of the funeral director's services lost in the overall cost. This is unacceptable.

4.38 **The Office recommends that the industry strives to ensure that written estimates and invoices are provided for all transactions, with the principal services provided by both the funeral director and third parties (i.e. disbursements) clearly itemised using descriptions that the public will understand. This should apply even where the funeral supplied is part of a package.** We strongly encourage the trade associations to unite to develop a model or guide for estimates and invoices, setting out clearly the services to be supplied, which can be applied across the whole sector.

4.39 A clear written estimate should assist those who wish to shop around for several quotes for a similar service, but to do so **we recommend that it *must* be provided to people during the initial interview when the services available are discussed.** The funeral arranger should subsequently be advised to confirm that they wish to proceed with the services set out in the estimate.

## **The basic funeral**

4.40 The introduction of a basic simple funeral resulted from a 1977 Price Commission report on funerals. The intention was to enable people to compare prices and to ensure the availability of a low cost funeral with an acceptable level of quality. A requirement for funeral directors to provide a basic funeral has since been incorporated into the industry codes of practice. Briefly, the definition includes the provision of the funeral director's services and all necessary arrangements, a simple coffin, all necessary disbursements and removal of the body from within a prescribed distance.



- 4.41 The basic funeral does not appear to be fulfilling its intended roles. This may be due to a number of reasons. Our survey found that it was common for customers not to receive information about it; 36 per cent of respondents indicated this to be the case. Also, in many cases the services provided do not reflect what people actually want. The trade associations point out that often the failure to show details of the basic funeral is because at an early stage many people effectively rule out an inexpensive funeral. Similarly, many also preclude this option as they seek services that are outside of the basic specification, such as viewing the body in the chapel of rest. The trade argues that while some people would like a 'simple' funeral, the meaning of 'simple' differs depending on geographical location. More often than not the individual's perception of a 'simple' funeral does not equate with that delivered by the 'basic' funeral.
- 4.42 Given these problems, the future of the basic funeral needs to be reviewed, and the industry may wish to consider giving this issue some attention. It is nevertheless, vital to secure easier price comparison. The recommendations made at 4.30, 4.31, 4.38 and 4.39, which call for better disclosure of prices, will make price comparison easier and enable people to choose services with the cost in mind, without them having to take the sometimes uncomfortable step of asking for a low-priced funeral.
- 4.43 There is, however, still a need to increase the availability of low cost funerals of an acceptable quality. A small number of local authorities successfully promote low cost, fixed price funeral packages for local residents (see paragraphs 4.13-4.17). Local authorities are well placed to determine the needs of local residents and are in a good position to promote such packages. We encourage other local authorities to consider whether they should follow this lead.

### **Summary of recommendations on provision of information**

- Every funeral outlet should publicise details of the organisation which has ultimate control of the business, outside the premises and on all promotional material including information published in local directories.
- Funeral directors should ensure that price lists are prominently displayed and available on the business premises for people to take away and given out on home visits. Details of coffin prices should be included in coffin literature.
- Written estimates and invoices should be provided for all transactions, with the principal services provided, including those provided by third parties, clearly itemised, using descriptions that the public will understand. This should apply even where the funeral supplied is part of a package.

- Written estimates should be given to people during the initial interview when the services available are discussed. The funeral arranger should subsequently be advised to confirm that they wish to proceed with the services set out in the estimate.
- The literature produced by local authorities and NHS trusts should be more widely disseminated in places where those arranging funerals are likely to visit, particularly the Registrar's Office, and in institutions where deaths are likely to occur.

## 5 ISSUES AFFECTING CUSTOMER SERVICE

### Training

- 5.1 Training can improve efficiency and help ensure that high quality standards are applied across the board. A first class service is likely to reduce complaints and raise the level of prestige of an organisation. For the individual, the experience of being able to perform a job well can provide personal satisfaction and an increased level of confidence, which in turn raises morale and encourages staff retention.
- 5.2 Funeral directors and embalmers in the UK are not legally required to have any formal qualifications or training. Almost a third of workers in the sector have no qualifications, and 39 per cent have NVQ Levels 1 and 2. Only 15 per cent have NVQ Level 4 (degree level).<sup>12</sup> This lack of formal qualifications compares poorly with other industries, and appears to be in part due to a mixture of financial and time constraints, as well as a belief that practical experience and interpersonal skills are more important. Small businesses in particular find it a strain to lose members of staff to training courses. Instead, training tends to be undertaken internally over a long period of time.
- 5.3 Despite these problems we found the industry to be pro-active in seeking to ensure that good quality and relevant training is available. The NAFD Diploma in Funeral Directing continues to be highly regarded and sought after by those in the industry (regardless of trade association membership) and the industry has continued to seek to develop training to suit all needs, based on national occupational standards. Recent introductions include the Foundation Certificate and the Diploma in Funeral Directing Higher award, as well as numerous NVQs. The Committee for Professional Development is working closely with the Distributive National Training Organisation (DNTO) to develop training suitable for small businesses, of which there are many in the funeral sector.
- 5.4 The funeral industry can benefit from training in the same way that other industries have. Ensuring that the workforce meets minimum standards in customer service can reap rewards for an industry that relies on goodwill and reputation. We hope that this approach will continue and that those responsible for policy and development on training, particularly the Committee for Professional Development and the British Institute of Funeral Directors, continually seek to promote the benefits across all levels so that uptake is high.

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<sup>12</sup> Skills Foresight Report, DNTO: Funeral Services April 2000.

## **Institute of Burial and Cremation Administration Charter for the Bereaved**

- 5.5 Drawn up in 1996 as a response to the government's Citizens' Charter Initiative, the Charter for the Bereaved is designed to provide guidance for all local authorities and those providing burial and cremation facilities. Essentially it is a commitment to improving service, setting out standards of best practice that allow people to judge the quality of the service they receive from cemeteries and crematoria. It is intended to promote a more customer-focused service.
- 5.6 Burial and/or cremation authorities must show that they are able to satisfy 33 basic rights connected with funerals. The Charter also contains objectives and helps authorities to set priorities for future development. Of the examples we have seen, authorities that adopt the Charter appear to provide a superior level of service for consumers. For example, the quality and accessibility of information on the services provided tends to be higher, with a strong commitment to continual improvement. Adoption of the Charter seems to go a long way towards achieving best value.<sup>13</sup>
- 5.7 While it has been adopted by approximately 50 burial and cremation authorities in the UK, the Charter has not been officially supported by either funeral directors or the government. We strongly encourage other burial and cremation authorities to look into the merits of adopting the Charter principles.

### **Benefits Agency funerals**

- 5.8 Where the family of the deceased are unable to meet the cost of the funeral, and there are no other immediate family members able to do so, those on qualifying benefits (and with savings of not more than £500, or £1,000 for people aged 60 and over) can apply for a funeral payment from the Social Fund. The maximum payment under the scheme for the funeral itself is £600. The burial or cremation costs will also be met. In 1999/2000 44,000 awards (some 7 per cent of total deaths) were made under the Funeral Payment Scheme. Total net expenditure on the Scheme was £37 million. The average award was £866. Funeral directors generally supply a specific coffin for the purposes of 'Benefits Agency clients', which is generally a lower price than other coffins in their range. Funeral directors have suggested that the current limit of £600 for their services is not sufficient to meet the full cost of the funeral. However, no estimate has been made as to what a more appropriate figure might be. A number of consumer organisations also expressed concern about the limit.

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<sup>13</sup> see paragraph 6.5 for further information on best value.

## **6 ISSUES AFFECTING CONSUMER CHOICE**

- 6.1 The industry seeks to cater for all denominations and preferences. Some businesses specialise, for example, in Jewish or Sikh funerals, and there has also been growing publicity for environmentally friendly 'green' and 'woodland funerals' as well as 'DIY' funerals. While there isn't a huge demand for such services, some of the trade seems to be responding to such requests. In turn the Natural Death Centre set up the Association of Nature Reserve Burial Grounds, which encourages the development of woodland burial grounds. It also publishes advice and guidance for the public on all aspects of death and dying.
- 6.2 Despite the broad range of options, our inquiry has highlighted a number of issues within the sector, which may act to restrict consumer choice. These are set out below.

### **Coroners' contracts**

- 6.3 It has become increasingly common in recent years for coroners to move away from using a rota of local funeral directors to transfer bodies from the place of death to an appropriate mortuary, to an exclusive contractual arrangement with one business. A 1997 Home Office survey showed that in 25 per cent of coroners' districts the contract had been let to a particular firm or firms of funeral directors.
- 6.4 One implication of this is the commercial advantage that it can bring to the company operating the contract – i.e. follow-on business. The contracted funeral firm will often be the first point of contact with the person making the arrangements, providing it with the ideal opportunity to offer details of its services. In many instances the family will be unaware that they are under no obligation to retain the services of the firm which removed the body or, in any event, will be unwilling to move the body from one firm to another. Most people are charged for having the body removed from the contracted funeral director to another of their choice (see paragraph 6.8 below). The significance to a funeral business of getting a coroner's contract is demonstrated by the fact that tenders are often submitted below the costs of the services provided. Our belief is that firms are only prepared to offer this service to the coroner at such low tenders in the expectation of obtaining profitable funeral business for those they transfer to the mortuary.

- 6.5 Coroners themselves have a limited role in the selection of a funeral business. Exclusive contracts are negotiated by local authorities, which are required to make adequate provision for the coroner service. The Local Government Act 1999 places a duty on local authorities to secure continuous improvement in the way their functions are exercised having regard to a combination of economy, efficiency and effectiveness ('best value'). The likelihood is that in these circumstances, the number of individual contracts awarded will rise over the coming years.
- 6.6 While we recognise the pressures on local authorities to secure best value, we are concerned that without proper safeguards this practice potentially acts to reduce consumer choice. Information is key to enabling people to make informed decisions and they should be aware of all of the facts. **We recommend that local authorities ensure that the contracted funeral firm is obliged to inform the consumer in writing of their right to choose who carries out the funeral.** This written information should be drawn up or, at the very least, overseen by the local authority. This, and the extent to which choice is exercised, will need a degree of monitoring by local authorities, something we are informed does not tend to happen at present.

### **Other contracts**

- 6.7 Our research found evidence of other contracts, which could also restrict choice. Of the NHS trusts who responded to our enquiries, 13 per cent have contracts with local funeral directors that allow the use of the funeral business's mortuary facilities when the hospital's facilities are full. It has been suggested that similar contracts operate between nursing homes and funeral firms. **We recommend that NHS trusts and nursing homes should put in place similar consumer protection mechanisms to those recommended for coroners' contracts.**
- 6.8 We are also concerned that even when an individual has exercised their right to move the body from the contracted funeral business to one of their choice, they are often charged for doing so by the business chosen to carry out the funeral. This charge is unfair on the individual, who had no say in the original removal of the body to either the coroner's facility, or out of the hospital mortuary. The industry should also bear in mind that this charge could serve to discourage people from moving the body to another funeral director for fear of additional costs, thus disadvantaging those businesses that do not operate a contract. In these circumstances we strongly encourage the trade to consider removing the body at no cost to their client.

## Cemeteries and crematoria

- 6.9 The state of the nation's cemeteries has recently been subject to an inquiry by the Environment Sub-committee of the House of Commons Select Committee on the Environment, Transport and Regional Affairs. The Select Committee examined a number of issues, including the condition of existing cemeteries, long-term planning for new cemeteries and burial space (including proposals for the re-use of graves) and the management and provision of cemetery services. The report by the Select Committee stressed the need to respect the (significant) minority preference for burial, and called upon local authorities to ensure the widest possible access to the option of burial, encouraging them to find ways to ensure that local accessible burial space is provided. Cemetery managers who sought to improve the services they offer for the bereaved were commended and others encouraged to follow suit. The Select Committee recommended that local authorities manage their cemetery services within a 'bereavement services' or similar department.
- 6.10 We wish to avoid duplicating the work of the Select Committee, but our research has highlighted a number of issues in this area that are worthy of note.
- 6.11 **Lack of co-ordination on the part of burial authorities** – There appears to be a lack of long-term co-ordination between burial authorities in respect of planning, provision and operation of cemeteries and burial space, as well as crematoria. This could impact on choice in a number of ways:
- (a) new cemeteries are increasingly sited at a distance from town and city centres, and space in existing cemeteries is commonly believed to be short. In the long term people could be under pressure to choose cremation over burial or use cemeteries some distance from where they live. For example, a third of London boroughs operate 28 per cent of London's municipal cemetery space outside their own boundaries. Burial authorities are not required to provide land for burial and some London boroughs such as Tower Hamlets no longer manage any burial provision, thereby restricting the choice of people in that area;
  - (b) lack of burial space means local authorities are forced to discourage non-residents from purchasing graves by charging significantly higher prices, regardless of both the deceased and the person who is arranging the funeral's proximity to the borough. For example, we were told that the price can be three times higher if the deceased or funeral arranger did not reside in the borough, yet either could reside in streets actually facing the cemetery. The higher price of burials is thought to be the main reason for the rise in cremation.

- 6.12 We support the call by the various burial and cremation organisations for a more co-ordinated approach by burial authorities to the planning, provision and management of cemeteries and crematoria. A regional approach would enable the authorities involved to take account of the bigger picture and, it is hoped, would reduce some of the inconsistencies which exist between adjoining boroughs in respect of the huge variations in the services offered and the prices charged. These variations cause confusion to the funeral directors, let alone the public, and need to be addressed.
- 6.13 Charges for burial and cremation usually amount to a significant proportion of disbursements which funeral directors pass on to their clients. Variation in the level of these charges, which are determined by local authority regulation rather than market forces, is therefore likely to distort the market as a whole.
- 6.14 **Re-use of graves** – The Select Committee Report indicated that if the public are to continue to have access to affordable burial in cemeteries, there appears to be no alternative to grave re-use. This is an issue on which the Home Office proposes to consult; accordingly we do not propose to enter the debate other than to welcome informed discussion.
- 6.15 **Memorials** – Concerns have been expressed by stakeholders that there is limited choice in the type of memorial which people are allowed to place in cemeteries. A recent article by the Institute of Burial and Cremation Administration<sup>14</sup> indicated that 59 per cent of cemeteries have only lawned graves available. We support the proposal in the Charter for the Bereaved (see Chapter 5) that Charter members should, where possible, extend the range and variety of memorial options giving the bereaved greater control over costs and design.
- 6.16 **Length of service** – Concerns were expressed that there is a lack of allotted time for cremation services, sometimes only 20 minutes, and limited availability of services over weekends and public holidays. We are told that some crematoria are seeking to provide longer service periods, but this is not consistent throughout the sector, and people are not always made aware of their options by either the funeral director or the crematoria. Both the crematoria and the funeral director should give thought to whether the services they provide meet the needs of their clients in all respects.
- 6.17 Funeral directors should ensure that people receive information at an early stage in the funeral arrangements on the full range of services provided by both cemeteries and crematoria, including the availability and cost of longer ('double slots') services, available memorials, woodland or green burial provision, and religious or non-religious services.

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<sup>14</sup> The Journal, IBCA Winter 2000.



## **Summary of recommendations on issues affecting choice**

Local authorities should ensure that the contracted funeral firm which acts on behalf of the coroner, is obliged to inform the consumer in writing of their right to choose who carries out the funeral. This written information should be drawn up or, at the very least, overseen by the local authority. The local authority should also take steps to monitor compliance. Similar precautions should be taken by NHS trusts and nursing homes that enter into contracts with funeral businesses for the supply of mortuary facilities.

## 7 SELF-REGULATION AND REDRESS

- 7.1 Currently there are no laws specific to the funeral industry, but there have been numerous calls from various sectors, such as consumer representatives and parts of the trade itself, for statutory regulation of the 'at need' funeral industry. Our survey of the trade showed that 65 per cent of respondents support increased regulation, varying from statutory licensing for individual funeral directors, to setting down minimum training requirements. In determining whether statutory regulations are required it must be shown that the reduction in consumer detriment will outweigh the burdens on business and society as a whole. This inquiry clearly demonstrates that people are vulnerable to unfair trading practices. However recommending new legislation is seen as a disproportionate solution to the problems that have come to light. Instead we believe that consumer safeguards can best be achieved by building upon the OFT's new initiative for encouraging trade associations to develop robust industry codes of practice.
- 7.2 OFT believes that self-regulation has the potential to provide an effective, but lighter touch alternative to statutory regulation. At its best, self-regulation provides greater flexibility and speed than Government regulation, in addressing specific problems which cause detriment to consumers and risk tarnishing the image of whole sectors of the trade. Codes of practice can, over time, offer a higher level of consumer protection and service than the basics set down in law and, because they offer increasingly high standards of service, should attract new custom. This is all the more important in the funeral sector, where businesses are often small and customer recommendation is the primary source of business.
- 7.3 Over four fifths of funeral businesses belong to at least one of the three trade associations, all of whom require their members to comply with a code of practice. The NAFD operates its own code of practice, while SAIF and the FSC have both adopted the same code, titled the Funeral Profession code of practice. The following sections examine the effectiveness of the current situation, whether there is a need for change and the possible benefits that might come about.

### **The new OFT codes regime**

- 7.4 The Director General of Fair Trading has a duty, under Section 124(3) of the Fair Trading Act 1973, to encourage trade and professional associations to prepare, and to disseminate to their members, codes of practice for guidance in safeguarding and promoting the interests of consumers in the United Kingdom. On 11 July 2001, following a consultation process, the Director

General announced his intention to proceed with a new approach to voluntary codes of practice. Details of this can be found on the OFT's website [www.offt.gov.uk](http://www.offt.gov.uk). In the past the OFT gave formal support to codes of practice that it believed would deliver real benefits to consumers to best effect. However, there was concern that this system was not fulfilling its true potential and working to the benefit of consumers. The new approach aims to reduce consumer detriment by strengthening codes of practice. In order to be effective, codes are expected to satisfy a number of core criteria.

- 7.5 As might be expected, some of the key issues to come out of our investigation of the funeral sector codes of practice reflect the core criteria, so it makes sense to look at the issues in the light of the new approach. These are discussed below. In addition to the specific recommendations arising from our inquiry, **we recommend that the funeral industry seeks to obtain OFT approval, as detailed in the new approach, for their codes of practice.**

### **Code of practice – single or multiple?**

- 7.6 During the course of the inquiry a number of consumer organisations and trade organisations indicated their support for a single code of practice covering all funeral directors. Our survey suggests that around 65 per cent of the industry supports a single code.
- 7.7 On first inspection, it would seem that the existence of three trade associations with two codes of practice is not sustainable in a relatively small industry. On the face of it this would not appear to be of benefit to the public, who would probably find it easier to take on board one set of standards than two. A single code of practice would establish common standards and might facilitate closer working between the three trade associations. However, on closer examination, the case for a single code or practice is less clear. The public may well *benefit* from competition between different trade associations. Also, given that public awareness of codes of practice in this market is currently low, it is unlikely that people pay attention to which code has been adopted by the funeral director, so it is doubtful that they will be aware of the differences between the two codes. The differences between the two funeral codes are, however, small, and the industry is characterised by high trade association membership with comprehensive coverage of both codes. In other industries multiple trade associations exist, with varying degrees of uptake, compliance monitoring and dispute resolution. Multiple codes of practice in the funeral sector do not appear to present an obvious problem to the public.

## Publicity

- 7.8 Previous work by the Office found that the public is generally unaware of the existence or role of trade associations and their codes of practice. Even when there is awareness, people are often unclear whether codes act on behalf of the consumer or trade or both.

*"I would have thought their duty would be to regulate the industry and reinforce standards of conduct and, in extremes, to expel bad members."*

- 7.9 The funeral industry is no different, and it needs to think about raising the profile of its codes and the work of the trade associations in order to demonstrate to people the standards that members are expected to attain. Our survey revealed that over 70 per cent of trade association members publicised their membership outside their premises, 81 per cent in the reception area and 84 per cent on documentation. This is generally done using the association's logo. Nevertheless our consumer survey found that more often than not the logo was not seen or not understood. Most people did not know if the funeral director they used was a member of any trade association at the time they chose to use them. This lack of awareness and understanding comes despite the requirement in the funeral profession code of practice that copies of the code should be given out with the written estimate, and is as much to the disadvantage of the funeral director as it is to the consumer. Membership of a trade association could be used to create a marketing advantage over those who are not. Note also that trade associations able to demonstrate that they meet the criteria required by stage two of the OFT's new approach to codes, will find their codes publicly endorsed by the OFT, putting them at an advantage over businesses subscribing to codes that do not gain approval.

*"I was not aware of any funeral director trade associations. It might have made a difference."*

- 7.10 In addition to raising the profile with the public, the trade associations could usefully consider finding ways of more actively promoting the benefits of membership to non-trade association firms. Our survey of the trade found that 38 per cent of non-trade association businesses did not perceive there to be any benefits of joining.

## Compliance

- 7.11 For codes of practice to be effective, a first-rate system for monitoring compliance and ensuring enforcement is essential, and is at the heart of the OFT's new approach. The three trade associations currently operate their own individual systems for monitoring compliance, two of which employ independent compliance monitoring officers, while the third allocates the responsibility to members of the association executive who carry out inspections on members who trade in different geographical locations to their own businesses. Inspections vary from annual to ad hoc and the member found not complying with the code is expected to correct the breach within a set period of time. Each association has its own disciplinary committee to deal with persistent breaches and the ultimate sanction is expulsion from the organisation. Only one association (SAIF) has taken such steps in recent years.
- 7.12 Despite these procedures, the industry itself seems to accept that it is some way off full compliance. Only 27 per cent of those who responded to our trade survey felt that the level of code compliance was high, while 25 per cent indicated that compliance is low. Our survey confirmed that the level of compliance with the codes is often patchy, though some elements of the code were better handled than others (see Chapter 4 for information on supply of price lists and estimates). Furthermore, there are weaknesses in compliance monitoring procedures, which depend heavily on trust. On the whole, members are simply required to confirm in writing to the trade association that breaches have been rectified, with limited follow-up by compliance officers to check that that is in fact the case.
- 7.13 **We recommend that compliance monitoring is tightened up, with the trade associations seeking to comply fully with the guidelines in the new approach to codes. In particular, more emphasis needs to be placed on follow-ups by the compliance monitoring officers to check that breaches have been rectified.** We encourage the trade associations to publish compliance statistics more widely, for example in the trade journals, and produce guidance for their members on best practice. Other proposals set out in this report, for example drawing up a model form for estimates, may prove useful in assisting the trade to ensure compliance.

## Consumer credit

- 7.14 During the course of our survey we came across occasions where businesses appeared to be supplying credit to the consumer. With limited exceptions, businesses that offer credit to their customers are required to obtain a consumer credit licence and comply with the Consumer Credit Act 1974 and the various consumer credit regulations. **We recommend that funeral businesses that offer**

**credit take steps to find out if they are required to obtain a consumer credit licence and comply with the Consumer Credit Act 1974 and the various consumer credit regulations. Trade associations should bring this recommendation to the attention of their members.** The booklet 'Do you need a credit licence?' offers guidance on this subject and can be obtained free of charge from the address on the back of this report. The Office also provides a helpline number 020 7211 8608, and information on its website.

## **Making complaints and seeking redress**

7.15 The funeral sector attracts relatively few complaints. Last year out of over 600,000 funerals the Funeral Ombudsman Scheme received only 172 complaints and the NAFD scheme 23. It was no surprise to discover that overall satisfaction with the service was high, with 96 per cent of respondents saying they were either satisfied or very satisfied. Funeral directors were found to be sensitive, understanding, patient and tactful.

*"The funeral director was excellent, I was very pleased with the job that he did"*

*"They treated me with all the care and compassion you would hope for"*

7.16 Only 1 per cent of respondents showed dissatisfaction with the service as a whole, while 7 per cent had found cause for dissatisfaction with some part of the service. There is a tendency for the industry to take comfort in low complaints figures, but there are risks from doing this. No industry can afford to be complacent when it comes to addressing clients' complaints.

7.17 The qualitative consumer research determined that because of the great emotional investment made by the customer arranging the funeral, in some cases even minor deviation from the correct arrangements could be upsetting. However, only nine out of 31 arrangers with some cause for dissatisfaction actually made a complaint, all complaining directly to the funeral director. The reasons for not complaining were that it was "not the right time", that "it was not appropriate" or that "they did not expect anything could be done to redress the wrong".

7.18 The research also suggested that people may be reluctant to complain as many have a strong need to believe that the funeral provided was the best in order to minimise further distress. There is an almost unconscious sense that a 'good' funeral is necessary to initiate the healing process of the bereaved. If anything goes wrong it will be remembered forever, as there will be no second chance.

*"It's not a rehearsal, and we can't do it again."*

To complain may simply prolong the grief. Hence the actual level of customer dissatisfaction is likely to be under-stated by the level of complaints.

7.19 There are benefits to the industry in being proactive when it comes to establishing customer satisfaction, rather than assuming that a lack of complaints means the service met all the clients' needs. One means of doing this is by asking for client feedback. Many businesses already produce customer satisfaction questionnaires, which are usually sent to the customer shortly after the funeral. The results are used to determine whether the services provided met the needs of all customers and any problems identified can be addressed. Response rates to these surveys are high. The benefits will be threefold:

- First, they will assist the trade associations to detect areas where compliance with codes of practice is weak, allowing for industry wide initiatives.
- Second, they will demonstrate statistically the quality of service levels to interested parties including Government Departments.
- Third, the businesses themselves will benefit by using their own results to determine service and resource levels and to satisfy unmet needs.

All businesses should give some thought to this approach. Trade associations should, wherever possible, collate the results and publish them in both trade journals and their annual reports.

## **Complaints systems**

7.20 Where people do make complaints in this sector, their emotional vulnerability dictates that anyone dealing with their complaint should do so fairly, efficiently and with regard to the complainant's circumstances. Much discussion has taken place within the industry and by stakeholders, over the merits of the two industry redress systems. The NAFD code of practice allows for complaints that cannot be dealt with by the member firm to be referred to the NAFD conciliation service, which is part of the trade association. If complaints are not settled within six weeks of referral, the dispute may be referred to independent arbitration provided by the Chartered Institute of Arbitrators. The client will be required to compile all relevant documents and submit them to the arbitrator, who will then reach a decision on the case. The decision is legally binding on the parties and ends the case.

7.21 SAIF and the FSC belong to the Funeral Ombudsman Scheme (FOS). Their code also allows for the complaint to be dealt with initially by the firm itself, but if the client is not willing to accept the explanation or offer of a settlement by the

member, it may be referred to the FOS. The FOS aims to resolve complaints by conciliation, a process whereby a settlement is negotiated between the client and the company. The client retains the right to take the dispute to court.

- 7.22 During the course of this inquiry a significant number of stakeholders, including consumer representatives and burial and cremation organisations, expressed support for industry-wide membership of the FOS. The main reason for this is that the FOS is perceived to be more independent than the NAFD scheme which, in the first instance, calls for the trade association to adjudicate in a dispute between its own member and a funeral arranger.
- 7.23 The NAFD has expressed concern about the cost to its members of joining the existing FOS, but in an industry of this size we believe it would be sensible for all of the trade, including those outside the trade associations, to participate in a single scheme. This would enable the entire industry to work together to achieve economies of scale and make the single scheme recognisable to consumers.
- 7.24 Irrespective of whether there are single or multiple schemes, it is essential that the system or systems are effective and seen to be effective by those who wish to use them. The OFT's new approach to codes sets out criteria on complaints handling, specifying that procedures should include:
- A requirement that members shall have in place speedy, responsive, accessible and user friendly procedures for dealing with consumer complaints. A specific reasonable time limit for responding to complaints shall be agreed.
  - A requirement that code members shall offer maximum co-operation with local consumer advisers or any other intermediary consulted by the consumer.
  - The availability of conciliation services directed at arranging a decision acceptable to both parties.
  - Availability of a low-cost, speedy, responsive, accessible and user friendly independent redress scheme to act as an alternative to seeking court action in the first instance. Independence is vital in any redress scheme. Any such scheme shall take into account possible breaches of the code where relevant to the complaint.

**We recommend that the trade seeks to comply fully with the above criteria.**



- 7.25 The FOS allows non-trade association businesses to participate in the scheme and we understand that it proposes to take steps to actively encourage non-members to join.
- 7.26 The benefits for funeral directors of participating in any complaints system need to be set out clearly, publicised widely and a fair and transparent charge for non-trade association members established. Wherever possible, complaints procedures should also seek to deal with all aspects of the funeral, therefore the trade should work towards encouraging membership of the scheme/s by third parties such as crematoria, cemeteries, the clergy, florists and such like.
- 7.27 In the same way that the profile of codes of practice needs to be raised, people need to know what to do if they want to complain. One means by which this can be achieved is for the industry to produce a leaflet, which outlines clearly and concisely details of the complaints procedure. This should be separate from information about codes of practice and given to the consumer with the bill. The FOS produces a leaflet along these lines, similar advice leaflets should be drawn up for all complaints systems and distributed widely.

### **Summary of recommendations on self-regulation and redress**

- The trade associations should seek to obtain OFT approval, as detailed in the new approach, for their codes of practice.
- Compliance monitoring needs to be tightened up, with the trade associations seeking to comply fully with the compliance criteria in the new approach to codes. In particular, more emphasis on follow-up checks by compliance officers is needed to ensure breaches have been rectified;
- Businesses that offer credit should take steps to find out whether they are required to obtain consumer credit licences and comply with the Consumer Credit Act 1974 and various consumer credit regulations.

## ANNEXES

### A LIST OF RESPONDENTS

Alzheimer's Disease Society  
The Association of Burial Authorities  
The Association of Charity Officers  
Association of Directors of Social Services

British Association for Counselling  
British Federation of Care Home Proprietors  
British Health Care Association  
The British Home and Hospital  
for Incurables  
British Humanist Association  
The British Institute of Funeral Directors  
British Medical Association

Cancer BACUP  
The Church of Scotland  
The Churches' Group on Funeral Services at  
Cemeteries and Crematoria  
Churches together in Britain and Ireland  
City of London Crematorium  
Confederation of Burial Authorities  
Coroners' Society of England and Wales  
Cremation Society of Great Britain  
Cruse Bereavement Care

The Department for Social Security  
The Department for Trade and Industry  
Dispute Resolution Services – CIA  
Distributive National Training Organisation

The Federation of British Cremation  
Authorities  
Finale – Independent Funeral Consulting  
Services  
The Free Churches' Council  
The Funeral Ombudsman  
Funeral Standards Council

Green Undertakings UK Ltd

Help the Hospices  
Home Office

Institute of Burial & Cremation  
Administration  
The Inter Faith Network for the UK

Leeds Hospital Fund Limited

Marie Curie Cancer Care  
Methodist Homes for the Aged

National Association of Bereavement  
Services  
National Association of Citizens Advice  
Bureaux  
The National Association of Funeral  
Directors  
National Association of Widows  
The National Council For Ageing  
– Age Concern  
National Council for Hospice and Specialist  
Palliative Care Services  
The National Funerals College  
The National Society of Allied &  
Independent Funeral Directors  
Natural Death Centre

Dr Brian Parsons  
Pembroke Palliative Care Centre

St Barnabas Hospice

Union of Liberal and Progressive  
Synagogues  
United Synagogue

Warwickshire Care Services Ltd  
Welsh Consumer Council

#### **Particular thanks to the following firms who participated in our pilot questionnaire exercise**

A E Lymm Funeral Directors  
Alistair Turner Funeral Services  
Anderson Maguire Limited

Cambridge Funeral Service  
Chiltern Funerals Ltd  
Co-operative Funeral Services Association

D T Coughlan & Sons  
Dean Brothers (Formby) Ltd

Lodge Brothers

Midlands Co-operative Funeral Services  
Midlands Co-operative Society Limited

P & S Gallagher Independent Family Funeral  
Directors  
Phillips Funeral Directors

S C I Funerals Ltd

West & Coe Funeral Directors

### **Local authorities**

Ashfield District Council

Bath & North East Somerset  
Borough of Charnwood  
Borough of Crewe and Nantwich  
Bristol City Council

Caradon District Council  
Chelmsford Borough Council  
Cheshire County Council  
Chesterfield Borough Council  
City of Nottingham  
City of Salford  
City of Stoke on Trent  
Cornwall County Council

Darlington Borough Council  
Daventry District Council  
Dover District Council

Elmbridge Borough Council  
Epping Forest District Council  
Epsom & Ewell Borough Council  
Erewash Borough Council

Gateshead Council  
Gravesham Borough Council  
Gwynedd Council

Harlow Council  
Havant Borough Council

Kent County Council

Leicestershire County Council  
Local Government Association  
London Borough of Barnet  
London Borough of Brent  
London Borough of Ealing  
London Borough of Hounslow

Mid Beds District Council  
Mid Devon District Council

North Shropshire District Council  
Nottinghamshire County Council

Pembrokeshire County Council  
Portsmouth City Council

Ribble Valley Borough Council  
Runnymede Borough Council

Solihull Metropolitan Borough Council  
South Ayrshire Council  
South Tyneside Metropolitan Borough Council  
Staffordshire (South) District  
Suffolk Coastal District Council

Taunton Deane Borough Council  
Test Valley Borough Council  
Tonbridge & Malling Borough Council  
Trafford Metropolitan Borough  
Tunbridge Wells Borough Council

Wealden District Council

### **NHS trusts**

Alder Hey – Royal Liverpool Children’s NHS  
Trust  
Ashworth North West NHS Trust

Birmingham Children’s Hospital  
Birmingham Heartlands & Solihull NHS Trust  
(Teaching)  
Birmingham Specialist Community Health  
NHS Trust

Birmingham Women’s Health Care NHS Trust  
Black Country Mental Health NHS Trust  
Blackburn, Hyndburn & Ribble Valley NHS Trust  
Blackpool Victoria Hospital NHS Trust

Blackpool, Wyre and Fylde Community Health Services  
 Bolton Hospitals NHS Trust  
 Burnley Health Care NHS Trust  
 Bury Health Care NHS Trust

Central Manchester Healthcare Trust  
 Cheshire Community Healthcare NHS Trust  
 Christie Hospital NHS Trust  
 CommuniCare NHS Trust  
 Community Healthcare Bolton NHS Trust  
 Countess of Chester Hospital NHS Trust  
 Coventry Healthcare NHS Trust

Dorset Healthcare NHS Trust  
 Dudley Priority Health NHS Trust

East Cheshire NHS Trust  
 East Gloucestershire NHS Trust  
 Exeter and District Community Health Service NHS Trust

First Community Health (Stafford)

George Elliot Hospital  
 Good Hope Hospital  
 Greater Manchester Ambulance Service NHS Trust

Herefordshire Primary Care Trust

Liverpool – The Cardiothoracic Centre  
 Liverpool Women’s Hospital NHS Trust

Manchester Children’s Hospital NHS  
 Mid Cheshire Hospitals NHS Trust  
 Mid Staffordshire General Hospitals  
 Morecambe Bay Hospitals NHS Trust

New Cross Hospital  
 North Manchester Healthcare  
 North Mersey Community NHS Trust  
 North Sefton & West Lancashire Community NHS Trust  
 North Staffordshire Hospital NHS Trust

Oldham NHS Trust

Plymouth Hospitals  
 Plymouth Hospitals – Derriford  
 Poole Hospital NHS Trust

Preston Acute Hospitals NHS Trust  
 Princess Royal Hospital

Royal Bournemouth Hospital  
 Royal Cornwall Hospitals  
 Royal Devon and Exeter Healthcare NHS Trust  
 Royal Liverpool and Broadgreen University Hospitals NHS Trust  
 Royal Shrewsbury Hospital

Salford Royal Hospitals  
 Salisbury Healthcare NHS Trust  
 Severn NHS Trust  
 Shropshire’s NHS Trust  
 Solihull Healthcare NHS Trust  
 South Devon Healthcare  
 South Manchester University Hospitals NHS Trust  
 South Warwickshire Combined Care NHS Trust  
 Southport & Ormskirk Hospital  
 St Helens and Knowsley Community Health NHS Trust  
 St Helens and Knowsley Hospitals  
 Stockport NHS Trust  
 Swindon and Marlborough NHS Trust

Tameside and Glossop Community and Priority Services NHS Trust  
 Taunton & Somerset Hospital  
 The Robert Jones and Agnes Hunt Orthopaedic & District Hospital NHS Trust  
 The United Bristol Healthcare NHS Trust

The Walton Centre for Neurology and Neurosurgery NHS Trust  
 Walsall Hospitals NHS Trust  
 Walsgrave Hospitals NHS Trust  
 Warrington Community Health Care  
 Warwickshire Ambulance Service NHS Trust  
 West Dorset General Hospitals NHS Trust  
 West Midlands Ambulance Service NHS Trust  
 Weston Area Health Trust  
 Wirral and West Cheshire  
 Wirral Hospital NHS Trust  
 Wolverhampton Healthcare NHS Trust  
 Worcestershire Acute Hospitals NHS Trust  
 Worcestershire Community and Mental Health NHS Trust

## **B METHODOLOGY**

Preliminary work was undertaken in October and November 1999 to assess relevant developments since the 1989 OFT report on funerals and to identify potential issues for inclusion in the current inquiry. The inquiry was formally launched on 27 March 2000. A press release was issued on 22 August.

A wide range of organisations were consulted including the relevant trade associations, religious and counselling organisations, local authorities, NHS trusts, government departments and burial and cremation organisations.

**The number of submissions received was as follows:**

<b>Trade associations and burial and cremation organisations</b>	<b>18</b>
<b>Local authorities</b>	<b>51</b>
<b>NHS trusts</b>	<b>83</b>
<b>Care, counselling, consumer and religious organisations</b>	<b>27</b>
<b>Professional representatives and other government departments</b>	<b>9</b>

A full list of respondents can be found at annexe A.

### **Survey of consumers**

Following a competitive tendering process, the Office commissioned Taylor Nelson Sofres (TNS) to undertake research to establish the nature of consumers' experiences and the problems that they encountered in relation to arranging funerals.

The objectives of the survey were to determine:

- how and on what basis people selected suitable funeral directors;
- what information was currently available to funeral arrangers, in what form and from what sources;

- the level of satisfaction with the services provided;
- what choices were available to people;
- the nature of problems encountered and how effective redress mechanisms were in dealing with problems;
- whether price information was adequate and easily accessible and whether people fully understood, and were able to influence, what they got for their money; and
- funeral arrangers' emotional state at the time of the funeral purchase and whether it impacts on the choice of funeral.

With considerable help from the General Register Offices for England and Wales, and Scotland, the Office was able to make contact with, and secure the co-operation of, a randomly selected sample of people who had made funeral arrangements during a period between six and 12 months prior to the date of the survey. These limits were considered to be suitably distant so that recollection was not unduly painful, but also not to be so distant that recollection of important detail was impaired.

The research was undertaken by TNS in two stages: qualitative research involving 20 in-depth interviews in three areas of the UK, to inform and develop a questionnaire, followed by a full quantitative survey. The quantitative stage involved structured interviews with 400 individuals. Fieldwork took place between 12 March and 12 April 2001.

The Office would like to thank both the General Registrars and TNS for the work they carried out.

## **Survey of the trade**

The Office carried out its own survey of the trade in order to establish the views of the industry and identify any issues the trade felt merited further investigation.

The objectives of the survey were to determine:

- the nature of the trade and the degree, and perceived benefits, of membership of trade associations;
- compliance with, and views on, the various industry codes of practice;

- the desire for training in the industry and the form it should take;
- availability of price information;
- what information was currently provided to funeral arrangers, and from what sources; and
- the views of the trade on the current complaint systems.

The research was undertaken in two stages: qualitative research consisting of a pilot study with a number of firms in order to develop a questionnaire, followed by a full quantitative study. The qualitative stage also involved consultation with the various trade associations and the Funeral Ombudsman.

The quantitative stage involved the issue of a questionnaire to 4,100 funeral branches using the Yellow Pages Business Database. A total of 1,400 questionnaires were returned accounting for approximately 2,000 branches.

### **Academic research project – The psychology of death: An exploration of the impact of bereavement on the purchasers of at-need funerals**

As part of wider research into the extent of consumer problems encountered when arranging funerals, the Office commissioned a study to assess the emotional and psychological impact of death and dying, and the possible affect this might have on those arranging a funeral. Following a competitive tendering process, the contract for the research was awarded to The International Institute of Health and Ageing, co-ordinated by Professor Malcolm Johnson of the University of Bristol.

The objectives of the study were to provide:

- an insight into the emotional and psychological impact of death on the bereaved and whether this impacts on the individual's ability to make informed choices in relation to funerals;
- an analysis of the changing attitudes to death and dying in the UK in the last decade;
- an insight into whether, and from what source, those arranging a funeral seek information, and whether they are able to make good decisions based on the information available; and
- a comparative study with the US, where the funeral industry is regulated, in order to determine whether there is anything to be learnt from that country's approach to funerals.

A summary of the two surveys and the academic research project can be found at annexes C, D and E. Full versions can be found on the Office website at [www.oft.gov.uk](http://www.oft.gov.uk). Paper copies are available on request from Mrs J Panesar on 020 7211 8371.



## **C SUMMARY OF THE OFT CONSUMER SURVEY**

On the whole, customer satisfaction with the services received from funeral directors was very high. While this is a good reflection of the professionalism of the funeral directing industry, it may be partly due to the fact that funeral arrangers are not sophisticated customers in this area.

Compliance with codes of practice was often patchy. No examples of misconduct have been discovered within the sample of 400 funerals, but there is clear evidence that basic funeral packages are not explicitly offered to all arrangers. Furthermore, the quality and quantity of price information is variable. Some funeral arrangers do see printed price lists, receive written estimates detailing expected disbursements, and fully itemised bills, but for others, the information received is less comprehensive.

Funeral arrangers did not report any feeling that funeral directors exploit the emotional state of the arranger to sell more expensive items or services. In fact, they tend to feel that the funeral director has provided a service to them that is above and beyond what could reasonably be expected.

While complaints were few, with only nine funeral arrangers in the survey actually making a complaint, there was evidence that this did not provide a complete picture. A further 22 registered dissatisfaction with some aspect of the service but did not complain, usually on the grounds that it was not the right time or not appropriate, and they did not expect that anything could be done to redress the wrong. Only two of the nine who did complain felt the matter had been satisfactorily dealt with.

There was little evidence of final bills being higher than the quote or estimate, unless the funeral arranger had requested and authorised additional spending. Ultimately, the majority of funeral arrangers feel that they received good value for money.

### **Funeral arrangers**

Funeral arrangers tend to be a close family member, and more than three-quarters were next of kin. In most cases (54 per cent), the arranger was the son or daughter of the deceased or (17 per cent) the partner. Nine out of ten assessed their emotional state at the time the arrangements were made as not normal, but characterised it as 'sad, but in emotional control; only one in ten felt they had been 'deeply distressed' or 'distracted and unable to think straight'.

## **Information about arranging funerals**

People have very limited knowledge about how to find a funeral director and make the arrangements unless they have been through the process before. When faced with the situation, more than half (55 per cent) turned straight to friends and other members of the family who have first hand experience of arranging a funeral. Other commonly used sources of information included telephone directories (20 per cent) and various members of the medical profession (17 per cent). But overall, take up of formal information was comparatively low, as the bereaved (particularly those arranging a funeral for the first time) much preferred informal face-to-face advice and recommendations.

## **Choosing and appointing a funeral director**

Less than one funeral arranger in ten 'shopped around' for a funeral director, and 92 per cent approached only one company before commencing with the arrangements. When more than one company was approached, it was generally due to some feeling of dissatisfaction or unsuitability of the first. Funeral arrangers expect a friendly and sympathetic, yet professional and highly organised, funeral director in keeping with the dignity they wish to be brought to the funeral itself.

## **Trade association membership and other regulation**

Almost two thirds of funeral arrangers (63 per cent) did not know if the funeral director they used was a member of any trade association. Even when arrangers knew that their funeral director was a member of an association, it did not influence the decision to use them. Association membership was, however, generally viewed positively. Half (46 per cent) of consumers were aware that most funeral directors operate to a code of conduct, but only six per cent chose to check that their funeral director was abiding by one. Only half (53 per cent) recall being offered a simple basic funeral package.

## **Price information**

Half (49 per cent) recall seeing a price list while they were making the funeral arrangements; 63 per cent recall receiving a written estimate of costs and a further 17 per cent received a verbal estimate; 16 per cent of consumers were not given an estimate of costs before the funeral; 58 per cent of respondents recalled receiving a bill or invoice themselves, but in many cases the bill is sent direct to the solicitor administering the deceased's estate. The vast majority of consumers were satisfied with the price information they received: 28 per cent were satisfied and 59 per cent were very satisfied, while 13 per cent would have liked more price information.

## Costs

The average cost of a funeral in this survey was £1,517, ranging from £281 to £3,959. Half (49 per cent) of funeral bills were met in full from the estate of the deceased, 17 per cent by the arranger, 10 per cent were paid from insurance money and five per cent were paid in full by a pre-paid funeral plan. Most consumers felt that the final cost was about as expected and about the right amount. However, 13 per cent stated that the final bill was higher than the estimate and 19 per cent said that they paid more for the funeral than they had really wanted to.

## Satisfaction

Overall satisfaction was very high: 86 per cent of funeral arrangers were very satisfied with the service they received from their funeral director, and a further 10 per cent were satisfied. Few felt that they had paid for services that they had not required, or that the funeral director had taken advantage of their emotional state to sell them a more expensive package than they might have otherwise chosen. Only three per cent of funeral arrangers made a complaint about prices. All complained directly to the funeral director, and a very small number also took their complaint to other organisations such as Citizens Advice Bureaux or trading standards. Three quarters (72 per cent) of arrangers felt that the funeral they had arranged had been good value for money, including 30 per cent who felt it was very good value. Only 14 per cent felt on balance that the funeral director had given a service that was of poor value.

## D SUMMARY OF THE OFT FUNERAL DIRECTOR SURVEY

- Only one per cent of funeral directors said they would expect complaints if there were problems with a funeral; 68 per cent reported that clients rarely or never complained.
- As few as 21 per cent of funeral directors thought that their clients were aware of the various codes of practice within the industry.
- 65 per cent of funeral directors suggested that the existing codes of practice should be replaced by a single industry wide code.
- 86 per cent of respondents were in agreement with the Director General of Fair Trading's call for 100 per cent backing of the Funeral Ombudsmen Scheme and common code of practice.
- 65 per cent of funeral directors were in favour of increased regulation in the industry.
- 58 per cent of respondents believed that funeral directors or their employees should undergo formal training at a particular level of experience; 72 per cent believed a formal qualification should be necessary for certain duties and responsibilities.
- Price lists were said to be available for clients to take away by 86 per cent of funeral directors taking part in the survey.
- 85 per cent of respondents believed that their clients were price conscious and 81 per cent considered that clients had become more price conscious over time. However, only 16 per cent of funeral directors reported that people frequently shopped around.

## **E SUMMARY OF ACADEMIC RESEARCH PROJECT – THE PSYCHOLOGY OF DEATH: AN EXPLORATION OF THE IMPACT OF BEREAVEMENT ON THE PURCHASERS OF AT-NEED FUNERALS**

The Office commissioned research into the following areas:

1. Changing attitudes to death and dying in the past 10 years
2. Emotional and psychological effects of death and how they relate to funeral purchase
3. Consumer information about funerals
4. A comparative study of the funeral industry abroad: the US example

The key findings are summarised below:

### **Changing attitudes to death and dying in the past 10 years**

During the last decade attitudes to death and dying in the UK have continued to diversify and there has been a growth of goods and services, made available by traditional providers such as funeral directors, but also by local councils and charitable bodies. The UK's changing socio-demographic structure helps explain this diversification: new patterns of final illness, shifts in family structure, gendered patterns of employment, ethnic mix of the population and new trends in religious belief and practice.

- Overall the population is ageing, the proportion of people over 85 in 2001 being double that for 1985, 22.4 per cent of the population predicted to be over 60 by 2021. Increasingly, death occurs beyond retirement age, with a high proportion among those over 75.
- Elderly people will therefore be prominent among purchasers of funerals, women's greater longevity making it more likely that these purchasers will be female.
- Though a funeral only has one purchaser, it may have many consumers, each with their own agenda. The fragmentation of traditional family forms intensifies this problem.

- Buying a funeral is an example of 'distress purchasing', akin to paying for the repair of expensive goods or property after serious, unanticipated damage.

### **Emotional and psychological effects of death and how they relate to funeral purchase**

People come as consumers to an unfamiliar and poorly understood market for a 'distress purchase'. Disturbances to psyche and social functioning are well documented. People's behaviour between a death and the funeral suggests vulnerability unless they have arranged a funeral before or had opportunity to talk with the deceased about what is wanted, or have thought about it beforehand with the family.

- People look to others for advice and in doing so seem susceptible to being influenced.
- People do not understand the process of arranging a funeral, the organisations involved and their respective roles, and more significantly their own responsibilities, and are dependent on the funeral director to tell them.
- The language of shopping around, cost, prices and purchase, is incongruous with the way many bereaved people think and feel at this time.
- People do not behave like normal consumers, looking for value or exercising choice.
- The general view is that there is a strong need to feel people are 'doing the right thing' by the deceased person, to conform to a certain standard of funeral. There is reassurance in conformity and exercising minimal choice appears to be understandable behaviour.
- Money is often not a principal concern. Choosing funeral directors without reference to costs corresponds with bereaved people not seeing their meeting with the funeral director as a business transaction but in terms of a service, a continuation of care for the deceased but one for which they have to pay.

### **Consumer information about funerals**

The public is generally not well informed on the subject of funerals. This ignorance is partly due to a reluctance to think about the topic and partly due to a number of problems connected with availability of information. While some people may prefer to depend entirely on a funeral director, those who prefer a more independent approach may not find it easy to learn about their options or get all the information they need, certainly not if they leave it until the last moment.

- The point at which information is provided, and the content, is important. The information currently given to the bereaved appears to be either too long and complex, or insufficiently localised.
- Information from funeral directors needs to be easily comparable and accessible.
- Simple information listing local funeral directors prices and facilities could be produced by groups or bodies representing consumer interests and disseminated by hospitals, hospices and registrars.

### **The funeral industry abroad: the US example**

The US consumer movement, funeral industry and regulators though dissimilar to the UK may be seen to hold valuable lessons. It is for this reason that the American example was studied.

#### THE US MARKET

Each year more than 2 million funerals are arranged by some 22,000 funeral homes. Ten years ago, around 90 per cent of these businesses would have been independents, many doing only one or two funerals a week. Now, according to the National Funeral Directors Association, the number of funeral homes owned by individuals, families or privately held companies has declined slightly, leaving 13 to 15 percent in the hands of large publicly quoted companies.

Two aspects of this industry structure are seen as driving prices up for consumers:

1. The activity of the large companies pushing to increase profits: able to operate anonymously, still using the name of the former independent owner, large companies can buy several businesses in one area and fix the prices, eliminating competition.
2. Many places have more funeral homes than can be supported by the death rate: the Funeral Consumers Alliance argues that so many funeral homes can only stay in business because of high mark-ups that consumers pay – either willingly or because they don't know what their other options are.

## THE REGULATORY FRAMEWORK

The activities of the funeral industry are regulated at both the federal and the state level. At the state level the Federal Trade Commission has the power to declare unfair or deceptive acts or practices to be unlawful when they affect commerce. After ten years of public pressure, and convinced of the existence of deceptive practices, it implemented what is popularly known as the Funeral Rule in 1984.

- The Funeral Rule enables consumers to know their rights, and to make comparisons. It lays down national standards against which performance can be monitored and enforced by consumer watch-dogs as well as by the FTC. It provides a platform for consumer education.
- The cornerstone of the Funeral Rule was that a printed or typewritten General Price List be given to consumers before discussing goods or services. The same information must be given on the phone if asked. This was a major departure from practice before the rule, when all services were bundled into the price of the casket.
- At the local level, New York City's Consumer Affairs Department issued a rule requiring price lists to be visible near the entrance of funeral homes after its investigators found that it was not always easy to get a price list without a sales pitch.



## F TEMPLATE

### Arranging a funeral and choosing a funeral director

This leaflet offers information about arranging a funeral. It explains:

- Your rights and options.
- The funeral director's role.
- What a simple funeral might include.
- Funeral costs and sources of help.
- How to complain if you are not satisfied with the services provided.

### Rights and options

The main requirements in England and Wales are that the death is certified by a doctor or coroner, registered with a Registrar of Births, Marriages and Deaths, and the body either buried or cremated.

- You do not have to have a funeral ceremony.
- You do not have to use a religious minister.
- You do not have to use a funeral director.
- A ceremony does not have to take place in a crematorium or place of worship.

There are more options concerning the content of a funeral ceremony and its duration than many people realise.

Woodland burial and other green options are increasingly available.

The majority of people choose to make their arrangements through a funeral director. But some people see 'do-it-yourself' funerals as more personal and less expensive. If this approach appeals, and you have time to research and prepare, enquire at the cemeteries and crematorium department of your local authority for guidance. You could also get information from the Natural Death Centre. Some funeral directors are willing to help with such funerals.

### Choosing a funeral director

Funeral directors will manage funeral arrangements and give advice and support.

Check if the funeral director you choose belongs to a trade association. This requires them to provide full information about their services and prices.

These factors may influence your choice:

- Location of the firm's premises.
- Range of services provided.
- The way you are treated by the staff.
- Cost.
- Recommendation of those who have used the service.
- Ownership (small family business or large firm).

### A simple funeral

Most people would probably require the funeral director to provide the following services as a minimum:

- Make all the necessary arrangements.
- Provide appropriate staff.
- Provide a suitable coffin.
- Transfer the deceased from the place of death to the funeral director's premises.
- Care for the deceased prior to the funeral.
- Provide a hearse to the nearest cemetery or crematorium.
- Arrange for burial or cremation as appropriate.

Embalming, viewing of the deceased, or providing a limousine for mourners are optional extras.

### Funeral costs

Costs for the same services may vary considerably from one funeral director to another. You may wish to get more than one quote to compare costs.

'Disbursements' are fees paid to others, eg for crematorium, minister, doctors' certificates, newspaper announcements, flowers etc.

Ask the funeral director for a written quotation detailing all these fees.

- Funeral payments are normally recoverable from the deceased's estate.
- Remember the cheapest service is not necessarily the best value.

### Financial help

If you arrange a funeral you are responsible for paying the bill, so check where the money will come from first.

If you are finding it difficult to pay for a funeral that you have to arrange, you may be able to get a Social Fund Funeral Payment providing you or your partner receive one of the following:

- Income support.
- Housing benefit.
- Council tax benefit.
- Job seeker's allowance (income based).
- Disabled person's tax credit.
- Working family's tax credit.

### Complaints

Most funerals are conducted well. But if you have a justified complaint, you should contact your funeral director.

If you are not satisfied with the response, you can complain to whichever of the three trade associations listed below your funeral director belongs to:

- The National Association of Funeral Directors (NAFD).
- The National Society of Allied and Independent Funeral Directors (SAIF).
- Funeral Standards Council (FSC).

The Funeral Ombudsman Scheme (FOS) deals with complaints that cannot be resolved at trade association level. It does not deal with complaints relating to members of nafd, which has its own independent client redress scheme.

Advice may also be obtained from your local trading standards department.

### Further information

National Association of Funeral Directors  
618 Warwick Road  
Solihull  
West Midlands B91 1AA  
Tel 0121 711 1343  
www.nafd.org.uk

The National Society of Allied and Independent Funeral Directors  
3 Bullfields  
Sawbridgeworth  
Hertfordshire CM21 9DB  
Tel 01279 726777  
www.saif.org.uk

Funeral Standards Council  
30 North Road  
Cardiff CF1 3DY  
Tel 029 2038 2046  
www.funeral-standards-council.co.uk

Funeral Ombudsman Scheme  
26-28 Bedford Row  
London WC1R 4HE  
Tel 020 7430 1112  
www.funeralombudsman.org.uk

Natural Death Centre  
20 Heber Road  
London NW2 6AA  
Tel 020 8203 2853  
www.naturaldeath.org.uk

National Funerals College  
3 Priory Road  
Bristol BS8 1TX  
Tel 0117 954 5558

A Consumer's Guide to Funerals  
www.oft.gov.uk

What to do after a death  
Free booklet (D49) from Benefits Agency

This leaflet was inspired by an initiative from Croydon Council Trading Standards, and was compiled by the National Funerals College, a charity promoting better funeral practice, in partnership with the Office of Fair Trading.

Copying and distribution of this leaflet is permitted. To the best of our knowledge information was accurate at 27/06/01.

Updates available from: [www.oft.gov.uk](http://www.oft.gov.uk) and [www.helpthehospices.org.uk](http://www.helpthehospices.org.uk)