

Searching for the 'best' funeral plan product

Background

Last year, Matter Communications conducted some research on behalf of Dignity, to look at the growing number of 'comparison' websites, purporting to offer the best deal for the consumer from a range of funeral plans on offer:

- we explored and mapped the advice and recommendations given by funeral plan comparison sites, including the diversity and range of plans recommended
- we monitored and recorded the frequency and nature of the 'after sales' contact made by these organisations

The results showed that many sites were lead generation vehicles, passing consumer details to third party call centres. These call centres often called back within minutes, with agents unable to confirm which website they were calling from. They tended to offer only one product, suggesting it was the best in the area, when pricing is national and there is no regional or local differential.

There were inconsistencies and inaccuracies in the detail of the funeral plans portrayed, especially around the issue of the 'guarantee' of the product. Most of those recommended were contribution style plans which guarantee funeral director costs, but not the third-party costs, such as crematorium fees, ministers' fees and doctors' fees. Agents often referred to the plan as guaranteed – which could mislead the consumer into thinking their product carried no future risk. There was also some confusion around which funeral directors could be used, especially where the Dignity is concerned.

Approach

This year we revisited the work, primarily to understand what had changed; whether the same players and tactics were active in the market and, if

not, to identify the tools and techniques used to sell funeral plans and the type of companies engaged in the process.

Using search terms such as 'low cost funeral plans', 'top ten funeral plans' and 'compare the market funeral plans', a day was spent searching and logging all sites found. In all, 70 websites were found, using words such as 'compare pre-paid funeral plans', 'a leading funeral plan comparison service' or 'compare our pre-paid funeral plans'.

These were then researched to understand ownership and where multiple sites were owned by the same companies, thus narrowing down the fieldwork.

Seven customer scenarios were used for the shop, spread countrywide, both male and female, with an age range 67-75.

Results

Overall 44 sites were tested, by entering customer details into the online form.

- 18 yielded no responses
- 26 responded allowing for a mystery shop to be completed

The calls came from different business types, from small owner managed companies such as will writers, funeral plan sales agents and insurance brokers, where the Company Director was the person making the call, through to call centres, using scripts and screening tactics. This is different to last time, where virtually all responses were from call centres.

The following funeral plan providers were recommended across the calls received, although in the case of three calls, more than one provider was discussed. These were three smaller companies, who seemed to have arrangements with more than one funeral plan provider.

Provider	Number of times recommended
Safe Hands	8
Pride Planning	6
Prosperous Life	5
Capital Life	5
Golden Leaves	3
Empathy Funeral Plans	1
Memoria Funeral Plans	1

It is worth noting at this point, that only one of these providers is registered with the Funeral Planning Association (FPA) the voluntary regulatory body for the funeral planning industry.

Findings

- A good number of the websites contacted did not work or did not respond
- Some of the sites are more sophisticated than others, using mechanisms to show providers, plans and prices, that suggests more of the comparison site experience, although this was not necessarily the case once the plan was discussed and a preference by the agent for a specific plan was shown. Plans tended to be recommended based on cheapest price, rather than product specifics.
 - “We’re like the meerkats, we shop around”
 - “My job is to get the cost as low as possible”
 - “I have all the information I require and can compare against other companies”
- This time, rather than most of the responses coming from call centres, just under half came from smaller, owner-managed businesses, whose names when given matched those of the directors listed at Companies House
 - Some of these businesses took longer to respond than before, perhaps taking a couple of days to call back
- There are still call centres operating slicker sales processes, with very similar approaches, whereby the call would be returned in as little as 5 mins or in some cases taking up to 1.5 hours
- The sales calls tended to follow a similar pattern, regardless of who made them
 - Focusing on the rising costs of funerals – again suggesting an environment where costs could spiral out of control and out of the reach of many to afford
 - “horrible fact, funeral costs have increased 88% in the last decade, looking likely to do so in the next decade. They could be £7K in 2028”

- “costs are going up by 10% each year, in the next 5 years, funerals will be between £5-7K, ridiculous price to pay for a funeral”
- “the average costs have increased 92%, and will increase to £7-8K in the next 10 years”

- Asking if the consumer understood what a funeral plan did and the need to ‘fix or freeze the price’
 - “the whole idea of what a pre-paid funeral plan stands for is that there are no costs left to pay”
 - “freezing the cost at today’s prices - doesn’t matter how far in advance you buy before you die, it’s paid for”
- Asking if any other products in place which would help cover the costs

As before, the idea of fixing the price only really relates to fully guaranteed plans, because all but one of the plans we came across are contribution plans, meaning they will cover the funeral directors’ costs, but not necessary third-party fees. For these there is a contribution of between £940 and £1200 put aside, to rise in line with inflation (either CPI or RPI). There is no guarantee this will be enough.

- When asked about third party costs, there was more acknowledgement than last time that they might not cover all the costs. However, no-one knows what the differential will be at the point of use, as it depends how far in the future this occurs and where the individual lives, and so what local charges will apply.
 - “I generally recommend this plan because their allowance is large. It’s £1,200. That increases every year, so it’s very unlikely there will be more to pay – but it might be £50-100”
 - “All plans guarantee funeral director fees and services. Some funeral plans include an allowance to cover fees, if they don’t for any reason, there is the balance for family to pay. Some plan providers do guarantee this as well”

- There is also an effort to create a separation of costs, whereby they are described as ‘out of the funeral director’s control’, which is true, but they are costs the funeral director would incur on the family’s behalf and would pay on the family’s behalf.
 - *“In layman’s terms, it’s the cost of the cremation, minister and doctor’s fee. They’re upfront costs that the funeral director doesn’t deal with – the family usually pay them. They’re CPI linked”*
 - *“The plan doesn’t cover disbursements, but you get £940 to pay for those, which will pretty much cover it. There might be some medical certificates to pay for. The family will get £940 back to pay for the crematorium, ministers fees and doctor’s fees – it will pay for most of that”*
- Most agents described all funeral plans as being the same. Again, this is not accurate. Some guarantee the whole price, others make contributions to third party costs, some use CPI to grow their trust fund, others use RPI, some use one type of funeral director, others another – there are many differences between them. In short, some are simply better products for the consumer than others.
 - *“Whichever plan you go for, it’s all covered, all paid for when the time comes”*
 - *“What varies is what they’re called and what’s charged and what the payment terms are”*
 - *“Are you nicely confused by it all? All plans are similar in concept, what differs is the time you pay over and what they’re called”?*
 - *“All plans are really the same, so it doesn’t matter whose you buy, you want the least expensive one”*
- As mentioned previously, the plan is therefore judged on price alone, rather than the actual product attributes.
 - Last year as mentioned, there were mainly two types of product – contribution and guaranteed. This year there are more alternatives, with some covering the funeral directors’ costs only and not the third-party costs, or others where the service is the equivalent of a direct cremation. Where these products were recommended, it was not always clear what was covered and whether the plan, whilst cheaper, represented good value.
 - *“Do you think the same as me – that you don’t really need a church service. Just a standard coffin at the crematorium? £2,695 – our simple plan. Be aware everything is fully covered. The children won’t ever incur any costs”
(Direct cremation equivalent)*
 - When trying to end the call, all agents were keen to set a time and a date for a follow-up conversation. Not all were necessarily pushy but were keen to keep in regular contact. The call centres however, tended to be more assertive in their approach and suggested that prices need to be locked down that day because the price could rise within hours. This is not accurate for the industry as a whole, where costs generally increase annually.
 - *“We wouldn’t take the balance in full. We wouldn’t take £3,645 today. Need to give you time. You pay the balance in 30 days, and just pay a £50 deposit now. People sometimes pay a bigger deposit, but I think you need a bit longer. I’ll get the paperwork out to you once you’ve paid the £50”*
 - *“I can hold this price, £3,645, definitely for you until Tuesday but after that I’ll have to put you back into the system and see the prices in your area. The price is frozen once you’ve paid the deposit”*
 - *“Can’t lock that cost in for you without paying £10 deposit. I can’t email it – I can get it out in the post for you for £10 – it’s a refundable deposit. I can reassure you, this price won’t be beaten. Other companies might send you brochures, but their plan is not tailored to yourself and they’re not*

locked down. I don't want it to increase. People who call back always think they should have done it sooner"

- Or they focus on the fund growth as a sensible investment mechanism

- *"People moan about the rate of interest for savings, but if you put it into a trust fund, you can watch funeral costs rise and feel confident. There's nowhere I'm aware you'll get between 5.5-8% interest – it's a cracking way of making your money work harder"*

- For some companies, the purpose of the call was to arrange a home visit to discuss the funeral plan. This was declined. Around a fifth of all calls were focused in this way.

Summary

- Overall, similar findings were made, during the repeat of the web comparison website shop.
- Of the providers recommended, many were new names and new providers to last year, however, many of the tactics employed and the sales calls themselves were largely unchanged.
- Although less misleading in relation to third party costs being guaranteed, the discussion around their rise and the mechanisms for funds to meet those costs, were often misleading, as CPI and RPI are inflationary measures which may or may not keep pace with third party costs. The agents tended to position it as very likely, but in truth, it is not clear what will happen in the future.
- Some agents suggested that funeral director costs were the ones rising quickly and third-party costs were only increasing at around inflation. Dignity has provided proof that the exact opposite is the case. This suggests the third-party costs may present more of a problem than suggested at the point of need.

- Overall the general lack of clarity in relation to what is and what is not covered by the different plan providers, due to the vagaries of how they are described vs what they actually do cover (third party fees or not) could make it hard for someone who is not technically conversant with the industry to make the decision as to the most appropriate product for them.