

The complaint

Mrs F's complained – on behalf of her late father's (Mr C's) estate – that she was unable to contact Co-op Funeral Plans Limited when Mr C died. So she couldn't redeem the pre-paid funeral plan Mr C had bought and had to pay for his funeral herself.

What happened

Mr C bought a funeral bond from Co-op in 1993. He paid £870. Information sent to Mr C at the time confirmed that it covered funeral directors' charges, which were detailed in the brochure. The £870 included an optional £50 for "prior reception into church".

Mr C passed away in late 2022. Mrs F tried to contact Co-op at several of their branches and via their central team to make arrangements for the funeral. Despite chasing a response over a number of days, Mrs F says she received only a call from Co-op offering probate services and details of how to make a complaint. So she felt her only option was to make alternative arrangements herself – which she did, at a cost of £4,409.16.

Mrs F complained to Co-op. Co-op couldn't identify why Mrs F hadn't been able to get in touch, nor why she'd not been contacted by a funeral home. So they offered her a refund on Mr C's plan. Mrs F asked how much this would be. Co-op didn't respond, despite Mrs F contacting them several times. So Mrs F brought the estate's complaint to our service.

When the complaint was allocated to our investigator, she was able to confirm the value of the proposed refund was £1,263.04 and that, under Co-op's terms and conditions, a cancellation fee of £250 should be deducted.

Initially our investigator concluded that Co-op should pay the refund to Mrs F without deduction of the cancellation fee. She had only the plan terms provided by Co-op on which to base this.

However, in response to her view, Mrs F was able to produce documentation which showed the services Mr C had paid for, and that these were guaranteed to be provided, regardless of any price increases between the purchase of the funeral services and when they were needed. Having reviewed the documentation, the investigator said Co-op should refund Mr C's estate what had been paid for the services which were included in the plan. These totalled £3,535.

Co-op didn't agree with the investigator's view. So I've been asked to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done that, I'm upholding the complaint Mrs F's made on behalf of Mr C's estate. I'll explain why.

My role is to decide whether businesses have treated their customers fairly and reasonably. If I think they haven't, I need to consider what they need to do to put things right. The usual starting point is to think about what needs to happen to put a customer back in the position they would have been, had the business done nothing wrong.

In this case, had nothing gone wrong, Mrs F would have been able to contact Co-op to arrange Mr C's funeral and Co-op would have provided the funeral in line with the provisions of the bond Mr C bought in 1993. The bond entitled him to those services because he'd paid for them in full – irrespective of what they cost at the end of 2022. Given the length of time between purchase and redemption, I think it's inevitable it would have cost Co-op more to provide those services than Mr C paid for them. But that's the nature of the pre-paid funeral plan contract.

I can see Co-op acknowledged they didn't deal with Mrs F as they should have done. They've not been able to explain why. And they offered Mr C's estate a refund of the value of his plan – which at that time stood at £1,263.04.

I've thought carefully about this. And I've read Co-op's final response to the complaint Mrs F made. That response refers to Mrs F deciding not to redeem the plan. Had that actually been the case, I agree the refund would have been a fair outcome.

But that's not what happened here. Mrs F has provided testimony that she repeatedly tried to contact Co-op to redeem Mr C's funeral plan. She tried different offices and made contact by phone and email – all without success. She concluded she had no alternative but to make other arrangements. I think that was a reasonable conclusion to draw in the circumstances. And it's one Co-op haven't been able to refute. So it's fair for them to redress the situation.

Putting things right

Had Mrs F been able to contact Co-op, they would have provided the funeral services Mr C had bought in 1993. Mrs F has provided copies of the funeral bond documentation and an itemised invoice for the funeral she had to arrange for Mr C. Comparing those two documents shows Mr C's estate was charged £3,535 for services which were covered by the funeral bond. As Mrs F was unable to contact Co-op for them to provide these services, I think it's fair for Co-op to reimburse the estate £3,535.

And, because Mr C's estate has been without that sum since the invoice was paid, I think it's fair Co-op should pay simple interest on that amount, calculated at the rate of 8% per annum, from the date the funeral director's invoice was settled (which Mrs F has evidenced as 2 February 2023) until the date Co-op pay the estate.

My final decision

For the reasons I've explained, I'm upholding the complaint Mrs F's made about Co-op Funeral Plans Limited on behalf of Mr C's estate and directing Co-op to:

- Pay the estate £3,535 to reimburse the cost of services included in Mr C's funeral plan;
- Pay 8% simple interest on £3,535 from the date the invoice was paid (2 February 2023) until they reimburse the estate.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr C to accept or reject my decision before 2 November 2023.

Helen Stacey
Ombudsman