

The complaint

Mr J complains that Dignity Funerals Limited will not refund him the money he paid for his funeral plan, following cancellation. Mr J's also unhappy about poor service regarding his questions and enquiries.

What happened

To summarise, Mr J held a funeral plan with a company I'll call C. The plan cost £3745 and had been fully paid for. When Mr J bought his plan, the sale and administration of pre-paid funeral plans wasn't subject to compulsory regulation. But this changed in July 2022, when it became a requirement for firms in the pre-paid funeral plan industry to be regulated by the Financial Conduct Authority (FCA). C originally applied to become regulated, but later withdrew its application and transferred its plans to Dignity. This was an automatic process, whereby C's customers had their original plans matched, as closely as possible, to a Dignity plan, at no additional cost. This offered continuity of provision when their original provider C left the funeral plans market. Customers were able to opt out of the transfer, but Mr J did not.

Sadly, in August 2023, Mr J's wife died. He contacted Dignity about redeeming her funeral plan. However, Dignity explained it wouldn't be possible for Mr J to use his preferred funeral directors, as that firm was not part of Dignity's network. Mr J wanted to use his chosen funeral directors, so was told the plan would need to be cancelled. Mr J said he'd like to be reimbursed for both his wife's and his own funeral plan. He was told Dignity hadn't received any funds from C and couldn't confirm when he'd receive a refund or how much that refund would be. Both plans were then placed in cancellation status.

Mr J subsequently made some further enquiries about the next steps regarding his plan. He was then told no funds would be received from C and therefore no refund would be issued.

Mr J contacted Dignity again (the second letter), but when he received no response, he complained. In its final response letter, Dignity relied on its terms, saying it couldn't refund what it hadn't received from Mr J's previous provider. However, it acknowledged it was told in February 2023, it would not receive any funds from C, and therefore, the information Mr J was told during his call with Dignity in August 2023, was wrong. It apologised for the misinformation, saying feedback had been provided to the agent.

Dignity also said it had treated Mr J's second letter as an enquiry about the transfer process and, due to the volume of queries being received, there was a delay in responding. It apologised for any inconvenience caused. Dignity also invited Mr J to make contact if he wished to reconsider the cancellation of his plan.

Mr J remained unhappy, so came to the Financial Ombudsman Service. Our investigator upheld his complaint, saying he'd been given wrong information about the situation regarding a refund. She also said Dignity hadn't responded to Mr J's enquiries within a reasonable timeframe. These errors caused distress and inconvenience, for which she awarded £100 compensation. But she didn't think Dignity should refund Mr J the money he

paid for his plan, because no funds had been received from C, to whom the money was paid.

Mr J didn't accept our investigator's view, so the complaint has come to me for 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 so, I'm upholding this complaint. I'll explain my reasons, focusing on the points and evidence I consider material to my decision.

When C left the funeral plans market, Mr J, like all C's customers, was left in an unfortunate position with, through no fault of his own, limited options. He could not have exactly what he'd bought from C. But he could have a closely matched plan from Dignity, without additional cost.

One of the significant changes was that Dignity has its own network of funeral directors. The terms of Mr J's transferred plan with Dignity did not allow for the use of an independent funeral director. I appreciate the choice of funeral director is often something of great significance to people, as it was for Mr J. He was clear with Dignity that he only wanted to use his chosen funeral directors. But having reviewed Dignity's terms, I don't think Dignity acted unfairly in saying that if Mr J wanted to use his own funeral director, his plan would need to be cancelled.

However, Dignity accepts Mr J wasn't given accurate information when he talked this through with call handlers in August 2023. Although caveats were mentioned regarding the timing and amount of any refund, by this stage Dignity had been told it would not be receiving any funds from C. Mr J has said he should've been told months earlier about the situation regarding funds, to enable him to prepare for the unexpected expense. Mr J wants Dignity to pay him the money he paid to C.

I've not seen the original terms of Mr J's plan, but I'm aware that C's plans commonly didn't require any refund to be made following cancellation. I'm also aware that both C's and Dignity's terms are relevant here. And Dignity's terms include a clause that caps any refund to the customer at the amount Dignity receives from the original provider, as referred to in Dignity's final response letter. I think it's fair for Dignity to rely on these terms in Mr J's case, where funds haven't been received from C.

Mr J has faced further frustration in not receiving adequate information about what happened to the money he paid to C. Dignity didn't respond to his enquiries in a timely manner, although I acknowledge Dignity was facing considerable challenges in dealing with customer enquiries regarding the large number of plans it had taken on post-FCA regulation, where the original providers had failed and/or chosen not to become regulated. I'm also aware our investigator has subsequently forwarded to Mr J a response from Dignity to some of his questions. I appreciate this may leave Mr J with outstanding queries, but I think Dignity has attempted to provide what information it can.

Putting things right

I do, however, think the misinformation during the August call to Dignity, ongoing confusion and lack of timely response to his enquiries caused Mr J some additional distress and

inconvenience at an already challenging time. In the circumstances, I think the proposed award of £100 compensation in recognition of the upset caused is appropriate.

So to put things right, Dignity should pay Mr J £100 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and require Dignity Funerals Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 4 July 2024.

Jo Chilvers
Ombudsman