

The complaint

The estate of Mrs R complains that Dignity Funerals Limited won't reimburse the cost of a funeral carried out by a non-Dignity funeral director.

The estate is represented by relatives of Mrs R. I'll refer to one, Mrs L, as she first brought the complaint to our service. References to Mrs L include the other representatives.

What happened

To summarise, in July 2017, Mrs R took out a funeral plan with a company I'll call P. The plan cost £3,895 and was fully paid for up front. She also nominated a specific funeral director to deliver the funeral.

When Mrs R purchased her plan, the sale and administration of pre-paid funeral plans wasn't subject to compulsory regulation. 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. P originally applied to become regulated, but later withdrew its application and went into administration. Customers were contacted with details of a proposal Dignity was offering, whereby they could obtain a Dignity funeral plan that matched their original plan as closely as possible at no additional cost.

In November 2022, Mrs R opted into the Dignity proposal. Dignity says it sent Mrs R an email confirming the transfer and enclosing plan documentation. Dignity also sent Mrs R a letter in December 2022 confirming the transfer had been successful.

Sadly, in September 2023, Mrs R died. The family arranged for Mrs R's nominated funeral director to carry out the funeral. Dignity was contacted afterwards. When Dignity learned that the funeral had been delivered by a funeral director that wasn't part of its network, it told Mrs R's family that the plan would need to be cancelled. However, as Dignity hadn't received any funds from P, it couldn't provide a refund.

The estate complained. They said Dignity hadn't made it clear that it had changed the funeral director. They said the funeral director had agreed to accept the cost of a Dignity funeral, and they wanted Dignity to pay for this.

Dignity didn't uphold the complaint. It said it could only cover the costs of a funeral performed by a Dignity funeral director. It said it had made this clear to Mrs R in its paperwork. It also said a refund could only be issued once funds were received from P's administrators. It confirmed that nothing had been received to date.

Mrs L didn't think this was fair so she brought the estate's complaint to the Financial Ombudsman.

Our investigator looked into what happened but didn't think the complaint should be upheld. Mrs L didn't agree and asked for an ombudsman to review everything and issue a final decision. So, the complaint has been passed to me.

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 not upholding the complaint for broadly the same reasons as our investigator. I know this will be disappointing for Mrs R's family, but I'm satisfied Dignity has acted fairly and in line with its terms. I've explained why below. I've focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

When P left the funeral plans market, Mrs R, like all of P's customers, was left in an unfortunate position with, through no fault of her own, limited options. Mrs R couldn't have exactly what she'd bought from P. But she could have a closely matched plan from Dignity, without any additional cost.

One of the significant changes to the plan was that Dignity has its own network of funeral directors, and the terms of Mrs R's Dignity plan do not allow for the use of non-Dignity funeral directors. The funeral director that carried out Mrs R's funeral is not part of Dignity's network.

I appreciate the funeral director has offered to accept the cost of a Dignity funeral. But Dignity has said it can't pay for this because it hasn't received any money from P for Mrs R's plan. It has said it can absorb costs within its own network, but it can't do this with independent directors. I don't think that's an unreasonable position for Dignity to take.

I've also reviewed the information Dignity provided to Mrs R in the welcome pack. I think Dignity made it reasonably clear to Mrs R that it had assigned a new funeral director for her. This was shown on the plan schedule. The pack also included the plan terms which made it clear that a Dignity funeral director had to be used.

The estate doesn't believe that Dignity sent the welcome pack to Mrs R. They said nothing was received by post and they've checked Mrs R's email account and couldn't find the email. They want Dignity to provide proof that it sent the welcome pack.

Dignity has provided a recording of the transfer call that took place in November 2022, which I've listened to. Dignity asked Mrs R whether she wanted to receive her welcome pack by email or by post. Mrs R chose email. Dignity has provided a screenshot from its system to show that the welcome pack was sent – and the estate has confirmed the email address Dignity used was correct. Dignity has said it doesn't have anything further it can provide.

I've considered what both sides have said and I'm more persuaded by the evidence from Dignity's internal system. On balance, I think it's more likely that the email was sent. Dignity also sent a letter to Mrs R to say the welcome pack was on its way. If the welcome pack wasn't received, I can't see that Dignity was informed – as Dignity wasn't contacted again until after the funeral was carried out.

When Dignity was contacted, I think it acted fairly by treating the plan as cancelled, as there was no longer a funeral for it to provide. I've reviewed Mrs R's plan terms to see what they say about cancellation. I found as follows:

“Upon receiving your notice of cancellation, we will refund all the money paid within 30 calendar days of us receiving your notification. For the avoidance of doubt, where your plan was previously held by another provider, the refunded sum shall be capped

at the amount of money received by us in relation to the plan from your previous provider and any subsequent payments made directly from you to us.”

To date, Dignity hasn't received any payments from P's administrators in relation to any of P's customers' plans – meaning Dignity hasn't received any money to refund to the estate.

This is a very unfortunate situation. I can understand why Mrs R's family are frustrated that Dignity won't pay for the funeral. But I'm satisfied Dignity made it clear that it changed Mrs R's funeral director and that it wouldn't pay for a non-Dignity funeral. And while Mrs R paid money for her plan, this was paid to her original provider, not Dignity. As Dignity hasn't received any money in relation to this, I don't think it would be fair for me to require Dignity to pay for the funeral or to provide a refund.

I'm sorry this isn't the answer Mrs L and her family were hoping for. But I think Dignity has acted fairly and in line with its terms. So, I don't require Dignity to do anything further.

My final decision

For the reasons I've given, I don't uphold the estate of Mrs R's complaint about Dignity Funerals Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs R to accept or reject my decision before 1 January 2025.

Chris Woolaway
Ombudsman