

## **The complaint**

Mrs S complains that Dignity Funerals Limited won't provide add-ons to her funeral plan that she purchased from her previous provider.

## **What happened**

Mrs S held a funeral plan with a company I'll call C. The plan was paid for in full. Mrs S also paid £2,100 for two additional limousines and a horse-drawn hearse. These were add-ons and not part of the base plan she purchased.

When Mrs S bought her 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. 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 C's customers continuity of provision when C left the market. Customers were able to opt out of the transfer, but Mrs S did not.

After the transfer took place, Mrs S noticed that her Dignity funeral plan didn't include the add-ons she bought from C. Mrs S complained to Dignity. Dignity said it wouldn't be able to provide the add-ons. It said when C transferred its plans over to Dignity, Dignity didn't receive any money from C. It said it hadn't received any money for the add-ons Mrs S bought. It said the Dignity plan it provided matches Mrs S's base plan with C as closely as possible, but unfortunately not the add-ons.

Mrs S didn't think this was fair, so she referred the matter to the Financial Ombudsman. Our investigator thought Dignity knew about the add-ons Mrs S had purchased but didn't tell her that it wouldn't be providing these when it transferred her plan. She thought Dignity should provide the add-ons. Dignity agreed that it would provide the extra limousines but not the horse-drawn hearse. It said it could provide the limousines 'in-house' but would need to use a third-party supplier for the hearse. Our investigator thought Dignity should still provide both.

Dignity didn't agree. It said it didn't know which add-ons Mrs S had purchased, only the amount she'd paid. It also said its terms and conditions state that any add-ons are subject to Dignity's agreement. It said it didn't take on any add-ons when it rescued plans from C's customers.

Because Dignity didn't agree, the matter was passed to me to make a decision. I issued a provisional decision explaining why Dignity had made a fair offer to provide the two additional limousines, and why I didn't think it would be fair for Dignity to provide the horse-drawn hearse as well. I said:

"When C left the funeral plans market, Mrs S, like all of C's customers, was left in an unfortunate position with, through no fault of her own, limited options. Mrs S couldn't

have exactly what she'd bought from C. But she could have a closely matched plan from Dignity, without any additional cost.

I don't think it would be fair for me to tell Dignity to provide all the add-ons that Mrs S paid for. I say this because Dignity hasn't received any money from C for the plans, add-ons or otherwise. This is unlikely to change. Also, if Dignity had told Mrs S that it wouldn't be able to transfer her add-ons, Mrs S would have been left to choose between a closely matched plan with Dignity, albeit without the add-ons, or no plan at all. I'm not convinced that Mrs S would have been in a financially better position if Dignity had made her aware of the loss of the add-ons at the time of transfer.

However, this doesn't mean I think Dignity did nothing wrong. Dignity knew Mrs S had paid £2,100 for add-ons that it knew it would be unlikely to agree to. Even if Dignity didn't know what those add-ons were, it knew Mrs S had paid a significant amount of money that would be lost, even if it wasn't responsible for that loss. I think Dignity ought to have made this clear to Mrs S, and I don't think it did. Mrs S was caused confusion, disappointment, and a sharp loss of expectation when she found out. So, I think it's right that Dignity makes an offer to recognise the impact of this.

Dignity told our investigator that it would agree to provide the two extra limousines. I think this is a fair compromise. I also think Dignity should re-issue Mrs S's plan documents to confirm that the two additional limousines are in place at the time of need.

I appreciate Dignity's terms and conditions say that add-ons are subject to Dignity's approval. But I still think Dignity should have made the situation clear to Mrs S at the time of transfer.

I know my intended outcome is likely to be unsatisfying for Mrs S and for Dignity. I have sympathy for Mrs S losing the money she paid for the add-ons, and I appreciate Dignity has not received any funds from C. But I'm satisfied my intended outcome represents a fair and reasonable resolution to the complaint."

## **Responses**

Dignity said it accepts my provisional decision.

Mrs S said she was disappointed with my provisional decision. She said the cost of the two limousines only amounts to 28% of the money she paid to C for the add-ons. She said she would prefer Dignity to provide the horse-drawn hearse instead of the limousines, as she views this as a fairer outcome.

As both parties have responded with their comments, I now consider it appropriate to issue my 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.

I appreciate Mrs S would like Dignity to provide the horse-drawn hearse. I acknowledge her disappointment. I'm still of the opinion that Dignity needs to take steps to recognise and put right its failure to inform Mrs S that her add-ons would not be transferred. But I have to keep in mind that Dignity has not received any money at all from C in relation to Mrs S's plan. And, even if Dignity had told Mrs S that her add-ons would not be transferred, I'm not persuaded that Mrs S would have had a better option, as the alternative would have meant Mrs S losing her funeral provision entirely.

This is an unfortunate complaint with no right answer for either party. Dignity offered to provide the additional limousines. I think this is fair to reflect the upset and loss of expectation that Mrs S experienced when she discovered her add-ons had not been transferred. I'm sorry to give Mrs S disappointing news but I'm persuaded that Dignity's offer is fair and reasonable in the circumstances.

I've reviewed the complaint again and my opinion hasn't changed. My provisional decision and my additional comments here are now the findings of this, my final decision.

## **Putting things right**

To resolve the complaint, Dignity must provide two additional limousines within Mrs S's funeral plan and issue Mrs S with new plan documents confirming the same.

## **My final decision**

For the reasons I've given, I uphold Mrs S's complaint, in part. I require Dignity Funeral Plans Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 February 2025.

Chris Woolaway  
**Ombudsman**