

## **The complaint**

Mr W is unhappy that Co-op Funeral Plans Limited won't refund his funeral plan payments after he learned that Co-op doesn't provide paupers' funerals.

## **What happened**

Mr W took out a funeral plan with Co-op in or around 2009. The plan was to be paid for in fixed monthly payments of around £27 until Mr W dies or until he reaches the age of 90.

Mr W says he was told at the time of sale that any money left over after his funeral is paid for would go into a pool to be used for paupers' funerals, also known as public health funerals. These are simple funerals for families who can't afford one or who can't be traced.

Recently, one of Mr W's family members passed away. Their next of kin couldn't afford a funeral so Mr W suggested they contact Co-op. However, Mr W learned that Co-op do not offer paupers' funerals. So, Mr W complained. He said Co-op hadn't told him about the change, and he felt this was a breach of contract. He wanted to cancel his plan for a refund.

Co-op looked into the complaint but didn't agree with Mr W. It said it couldn't comment on the experience of Mr W's relative and invited them to get in touch directly. It also said it couldn't offer Mr W a refund because the terms of his plan don't allow for this.

Mr W spoke to Co-op again and wanted to know where any leftover money would go. Co-op said that his payments go towards his funeral and any leftover would stay with the Co-op.

Mr W didn't think this was fair, so he referred the matter to the Financial Ombudsman.

Our investigator looked into the complaint but didn't think it should be upheld. He thought Co-op had acted fairly and in line with the terms of Mr W's funeral plan by not offering a refund.

Mr W didn't agree with our investigator's view. He said he still didn't understand where any leftover money goes. He thought there was likely to be a lot left over once his funeral is paid for.

Because Mr W didn't agree, the complaint has been passed to me 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 so, I'm not upholding the complaint for broadly the same reasons as our investigator. I recognise that this will be disappointing for Mr W, but I'm satisfied Co-op has responded to the complaint fairly and reasonably. 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.

I want to acknowledge Mr W's strength of feeling about the complaint. I've listened to the call he had with Co-op and it's clear to me how frustrated the matter has made him feel. I recognise Mr W would have been disappointed to learn that Co-op don't, or no longer, provide paupers' funerals, and that any leftover money he pays into his plan doesn't go towards this. But I have to consider whether Co-op has acted fairly and reasonably in relation to Mr W's funeral plan. I've read Mr W's plan terms and conditions, and they don't mention anything about Co-op providing paupers' funerals, or similar services. So, I don't think Co-op has broken its contract with Mr W.

I appreciate Mr W would like to know where any leftover money goes. Co-op has said that it keeps this money, and Mr W doesn't think this is fair. But when Mr W took out his plan, Co-op took on a certain amount of financial risk, in exchange for Mr W's monthly payments. Co-op didn't know when Mr W's funeral would be needed, how much it would cost, or how much Mr W would have paid in by then. If Mr W's funeral costs more than he's paid in, Co-op would still need to provide the funeral and may lose money doing so. On the other hand, if Mr W's funeral costs less than he's paid in, there may be money left over. What Co-op chooses to do with that money left over is not for me to comment or speculate on. It is a commercial decision that Co-op, as a business, is entitled to make.

I recognise Mr W's experience has led him to want to part ways with Co-op and he would like his money back. I've considered whether Mr W's plan allows for a refund in this situation. And, if not, whether it would be fair and reasonable for Co-op to provide a refund anyway.

Mr W's plan was sold before the pre-paid funeral plan industry became subject to compulsory regulation. This means I need to consider the complaint in line with industry standards in place in 2009.

At that time, plan providers like Co-op needed to give customers important information about the plan they were buying. In particular, they needed to tell customers about their "right to a full refund if the plan is cancelled within 14 days ... and any rights to a refund which the customer has if the plan is cancelled by the customer after that time."

So, plans sold at that time needed to provide a full refund if they were cancelled in the first 14 days. They didn't need to provide a refund if they were cancelled after this, as long as the cancellation terms were made clear.

Mr W's plan offers a full refund if it is cancelled in the first 30 days. After this, no refund is due. I'm satisfied that this met the standards in place at the time the plan was sold.

I've also read the welcome letter that Co-op sent to Mr W when he took out his plan. It said:

“... If, however, you choose to cancel your Plan within 30 days we will refund any payments you have made in full. If you decide to cancel your Plan after 30 days, as there is no cash in value, you would not receive any money back and you would not be entitled to the Plan Benefits.”

So, I'm satisfied the cancellation terms were made clear to Mr W as well.

I've thought about Mr W's reasons for wanting to cancel. Mr W was deeply disappointed to learn that Co-op couldn't provide a paupers' funeral for his relative. I appreciate this affected his family at their time of need. He was also unhappy to learn that Co-op keeps leftover money after his funeral has been provided, if there is any. But I don't think this should mean that Co-op needs to step outside of its terms and offer Mr W a refund. Mr W's plan provides for a funeral upon his death in exchange for fixed monthly payments. What services Co-op does or doesn't provide to other customers, or what Co-op does or doesn't do with any money left over does not change Mr W's funeral plan. So, I think it was fair for Co-op to decline Mr W's request for a refund.

With all this in mind, I'm satisfied that Co-op responded to Mr W's complaint fairly and reasonably. I know my decision will be disappointing for Mr W, and I recognise that it leaves him in an unfortunate position. But I don't require Co-op to do anything further to resolve this complaint.

### **My final decision**

For the reasons above, I don't uphold Mr W's complaint about Co-op Funeral Plans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 March 2025.

Chris Woolaway  
**Ombudsman**