

## **The complaint**

Miss O's complained that Open Prepaid Funerals Limited ("OP") unfairly refused to refund an administration fee when she cancelled her pre-paid funeral plan.

## **What happened**

Miss O bought a prepaid funeral plan from OP at the end of 2023. She made an initial payment of £285 and opted to pay the balance in instalments over a 12 month period.

In summer 2025, Miss O contacted OP as she'd not received confirmation she'd paid for her plan in full. OP advised her there was £100 outstanding. Miss O settled this amount by credit card. But she'd lost faith in the plan and decided to cancel it. OP refunded her payments, less an administration fee of £285.

Miss O complained to OP that she'd not received the plan terms and conditions, so she didn't know the £285 administration fee wouldn't be refunded. And she complained that she didn't know that some of the costs included in the plan were variable and that OP didn't tell her she'd not paid the full cost of the plan until she contacted them.

In their final response, OP accepted they'd not told Miss O there was a shortfall in the plan payments. They said this had been caused by them not setting up the direct debit correctly to collect the full sum due. They offered Miss O £50 compensation for this. But they said that she would have been sent the terms and conditions when she bought the plan. And that, during the sales calls, she was advised that, if she cancelled the plan after 30 days, the administration fee wasn't refundable.

Miss O didn't think OP had fully resolved her complaint and brought it to the Financial Ombudsman Service. Our investigator reviewed the information provided by both parties and concluded it wasn't fair for OP to charge the administration fee, as the documentation OP provided to their customers gave conflicting information about whether it was refundable. So he said they should refund the fee to Miss O along with interest on the fee. But he was satisfied they'd made clear that not all of the costs included in the plan were fixed.

Miss O agreed with our investigator's view. OP didn't. So the matter's been passed to me to make a 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 Miss O's complaint. I'll explain why.

I agree with our investigator that OP explained to Miss O that not all of the third party costs included in the plan were fixed. So I've focused my decision on the key complaint, which relates to OP's decision not to refund the administration fee when Miss O cancelled her plan.

My role is to decide if that was fair and reasonable. The starting point for making that decision is what information was provided to Miss O about any refund.

OP's records show that they sent Miss O a welcome letter in early 2024. The letter enclosed three documents – the terms and conditions, a funeral plan summary and a detailed arrangements document. OP described these collectively as “*your plan documents*”.

Both the terms and conditions and the funeral plan summary provide information about cancellation. The terms and conditions say:

***“HOW CAN YOU CANCEL/TERMINATE THIS PLAN?”***

*1. You can cancel this plan at any time by contacting our customer enquiries department by post, email or telephone.*

*2. If you cancel your plan within 30 days of Commencement or within 7 days of initially nominating a Nominated Funeral Director, we will refund you in full.*

*3. If you cancel your plan at any time after 30 days of Commencement, we will refund your payment less the original administration fee of £285.*

*4. If you pay by instalment plan and cancel within the first 2 years of Commencement, we will return your instalments in full.*

*....”*

I agree that says OP will retain the administration fee. But this is directly contradicted by the information in the funeral plan summary, which says:

***“How do I cancel my plan?”***

*You can cancel your plan at any time by contacting our customer enquiries department by post, email or telephone. You can cancel your plan in the initial cooling off period and receive a refund of your payment(s) and our administration fees. The cooling off period is within 30 days of the purchase of your plan, 2 years in the case of instalment plans or 7 days from the appointment of your funeral director (whichever is the longest duration)....”*

This clearly says that the payments and the administration fee will be refunded if the plan is cancelled within the cooling off period. Miss O paid for her plan in instalments – which, according to the plan summary, meant the cooling off period was two years.

So, when she cancelled the plan about 18 months after buying it, Miss O cancelled within the stated cooling off period and, according to the plan summary, was entitled to a refund of both the instalment payments she'd made, and the administration fee.

We'd usually say that a business has dealt with a complaint reasonably when they've applied the plan or policy terms – as long as those terms are set out for the customer clearly and unambiguously. I'm not satisfied OP did that here. Instead, they sent Miss O two documents at the same time, providing contradictory information about what would be refunded if she cancelled. I don't think that's fair.

**Putting things right**

As our investigator said, it was OP who drafted the plan documentation. So it was they who had the opportunity to make sure it accurately reflected their intended terms. And so it's fair for me to construe the ambiguity in Miss O's favour.

That means OP should apply the information in the plan summary document and refund the administration fee of £285, in addition to the refund of instalments they've already made. And they should pay Miss O 8% simple interest on that amount, calculated from the date they refunded her instalments (18 July 2025) until the date they make the refund.

Finally, I think OP should pay Miss O the £50 compensation they offered her for her having to chase confirmation that her plan was paid up and for not collecting the correct sum.

### **My final decision**

For the reasons I've explained, I'm upholding Miss O's complaint about Open Prepaid Funerals Limited (OP) and directing OP to:

- refund Miss O the £285 administration fee;
- pay simple interest on that amount, calculated at the rate of 8% per annum, from 18 July 2025 until they make the refund. If OP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss O how much it's taken off. It should also give Miss O a tax deduction certificate if she ask for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- pay Miss O the £50 compensation they've previously offered to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 12 December 2025.

Helen Stacey  
**Ombudsman**