

The complaint

Mrs P's complained that Dignity Funerals Limited have refused to refund her the full amount she's paid towards the pre-paid funeral plan she bought from a previous provider. And she says Dignity pressured her to decide to transfer to them, as well as failing to respond to her complaint.

What happened

In 2019, Mrs P bought a pre-paid funeral plan from a provider I'll call B. She agreed to pay for the plan in instalments spread over five years. She selected a funeral director she trusted to deal with the funeral when the need arose.

From 29 July 2022, all providers of pre-paid funeral plans had to be regulated by the Financial Conduct Authority (FCA). This meant providers who had sold plans before this had to apply to the FCA for authorisation, or withdraw from the market and transfer its plans to an authorised provider or refund its customers.

B wasn't authorised by the FCA. So it had until 31 October 2022 to transfer its plans and wind down its business. B negotiated with Dignity for Dignity to offer its plan holders an alternative.

Dignity wrote to Mrs P on 17 October 2022, offering her a plan which matched as closely as possible the plan she'd bought from B. Dignity said transferring was

"...the only way to ensure that the full value of the payments you have made to your [B] plan is maintained."

And they said Mrs P would still make the outstanding payments, but to Dignity, rather than B.

Mrs P's plan was transferred in early November. In early January 2023, Dignity confirmed the amount of the direct debit they would collect, and that they'd start doing so in late February.

When she received her welcome pack, Mrs P found out she couldn't use the funeral director she'd previously chosen. So she wrote to Dignity, requesting they cancel her plan and refund her everything she'd paid. Dignity replied, telling Mrs P they'd not received any monies from B, or confirmation of what she'd paid them for the plan. Mrs P contacted Dignity again in May, after B's administrators had told her the position of the trust into which B had paid her instalments should have been finalised in April.

When Dignity said they still weren't able to provide a refund, Mrs P complained. And when Dignity didn't respond, Mrs P brought her complaint to our service. When we requested their file, Dignity said they'd not received Mrs P's complaint, so a copy was provided. Once Dignity had sent Mrs P their final response, the complaint was considered by one of our investigators.

The investigator concluded Dignity didn't need to do anything more to resolve the complaint. She was satisfied Dignity hadn't received any funds from B, so couldn't provide the full

refund Mrs P wanted. And, while she noted Mrs P hadn't had long to make her decision, the investigator said it was Mrs P's choice to transfer.

Mrs P didn't agree with our investigator's view. So I've been asked 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 that, I'm not upholding Mrs P's complaint. I know she'll be disappointed by that decision. I hope it will help if I explain the reasons I've made it.

I understand Mrs P's frustrated. She took steps to plan for her funeral. Those plans can no longer be carried out. And she feels she was rushed into accepting an alternative with Dignity which doesn't provide all that she wants. Nor can she get back what she's paid.

None of this is Mrs P's fault. But I can only say Dignity should do more to resolve her complaint if I think some or all of what has happened is their responsibility. Unfortunately for Mrs P, I don't think that's the case.

As I've set out above, B is no longer permitted to administer pre-paid funeral plans, because it isn't authorised by the FCA. For the same reason, our service has no jurisdiction over B.

The deadline of 31 October 2022 for businesses leaving the market to transfer or close their plans was set by the FCA. It was for B to make those arrangements. Mrs P has suggested that they would have been worked on very soon after 29 July. While I understand why she'd suggest that, I've no evidence that was the case. And I'm satisfied it was reasonable for Dignity only to write to B's customers after B itself had done so.

So, while I acknowledge the time was short, I can't say that was because Dignity imposed an unreasonable deadline. Mrs P has said their letter caused her to be anxious that responding outside the deadline and/or not agreeing to the transfer would result in her losing the money she'd paid. While I can see why she says that, I think the information in the letter was accurate. The alternative – not transferring her plan – would have left Mrs P trying to recover the money she'd paid from B's administrators, which would also have been worrying. As things stand, Dignity are giving her credit for the payments she made to B, even though that money hasn't been transferred to them.

And, because Dignity haven't received any funds from B, it's not fair for me to say Dignity should refund Mrs P everything she's paid towards her plan. If Mrs P wants to cancel her plan, I'd expect Dignity to refund what she's paid them, in line with their own terms and conditions. And I'd expect them to pass on any money they receive from B. But I wouldn't expect them to do more.

Mrs P also complained to our service that Dignity didn't respond when she sent them a complaint letter by recorded delivery. She's provided a copy of the confirmation of delivery.

I accept Mrs P's evidence shows the letter reached Dignity's office. But she didn't chase Dignity for a response – rather, she directed her concerns to the FCA. And when the eight weeks allowed for Dignity to respond had passed, she contacted our service.

Mrs P was entitled to deal with the matter in that way. But, when a business does something wrong, part of what I look at is what they did to put things right. When our service contacted Dignity, they told us they'd never received the complaint. And they addressed Mrs P's concerns in a final response letter.

I accept the letter was lost by Dignity. But I'm satisfied they addressed Mrs P's concerns promptly when they were made aware of them. So I don't think they need to do anything more here.

Finally, I've noticed Mrs P has expressed concerns about the safety of money she pays to Dignity. Given her experience with B, that's entirely understandable. But bringing pre-paid funeral plans into regulation means that, in the event that an FCA authorised business fails, customers who are owed money can make a claim to the Financial Services Compensation Scheme. While I accept that doesn't change Mrs P's situation with B, I hope it provides her with some reassurance that anything she pays to Dignity in future would benefit from this protection.

Overall, I can see that the introduction of the regulation of pre-paid funeral plans left Mrs P with options, none of which she would have chosen. While that's completely understandable, I can't say that was Dignity's fault. And for that reason, I can't say they should do more to resolve this complaint.

My final decision

For the reasons I've explained, I'm not upholding Mrs P's complaint about Dignity Funerals Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 January 2024.

Helen Stacey
Ombudsman