

The complaint

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

What happened

In 2019, Mr P bought a pre-paid funeral plan from a provider I'll call B. He agreed to pay for the plan in instalments spread over five years. He selected a funeral director he 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 Mr P on 17 October 2022, offering him a plan which matched as closely as possible the plan he'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 Mr P would still make the outstanding payments, but to Dignity, rather than B.

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

When Dignity said they still weren't able to provide a refund, Mr P complained. And when Dignity didn't respond, Mr P brought his complaint to our service. When we requested their file, Dignity said they'd not received Mr P's complaint, so a copy was provided. Once Dignity had sent Mr 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 Mr P wanted. And, while she noted Mr P hadn't had long to make his decision, the investigator said it was Mr P's choice to transfer.

Mr 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 Mr P's complaint. I know he'll be disappointed by that decision. I hope it will help if I explain the reasons I've made it.

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

None of this is Mr P's fault. But I can only say Dignity should do more to resolve his complaint if I think some or all of what has happened is their responsibility. Unfortunately for Mr 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. Mr P has suggested that they would have been worked on very soon after 29 July. While I understand why he'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. Mr P has said their letter caused him to be anxious that responding outside the deadline and/or not agreeing to the transfer would result in him losing the money he'd paid. While I can see why he says that, I think the information in the letter was accurate. The alternative – not transferring his plan – would have left Mr P trying to recover the money he'd paid from B's administrators, which would also have been worrying. As things stand, Dignity are giving him credit for the payments he 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 Mr P everything he's paid towards his plan. If Mr P wants to cancel his plan, I'd expect Dignity to refund what he'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.

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

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

Mr 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 Mr P's concerns in a final response letter.

I accept the letter was lost by Dignity. But I'm satisfied they addressed Mr 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 Mr P has expressed concerns about the safety of money he pays to Dignity. Given his 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 Mr P's situation with B, I hope it provides him with some reassurance that anything he 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 Mr P with options, none of which he 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 Mr P's complaint about Dignity Funerals Limited.

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

Helen Stacey
Ombudsman