

The complaint

The estate of Mrs P complains that Co-op Funeral Plans Limited mis-sold Mrs P a pre-paid funeral plan, by not providing sufficient information. The estate is represented by Mrs P's son and executor, Mr P.

What happened

In brief summary, in April 2010, Mrs P bought an insurance policy with a company I'll call S. She already had two longstanding policies with S, but added a funeral benefit option to this additional policy in the form of a legal charge. Upon her death, the value of the policy could be used towards a funeral with Co-op. And if it was, Co-op would make a £250 contribution towards the sum to be used against the cost of the funeral.

In June 2013, S sent Mrs P a statement of cover, detailing her plans and their values. The statement reminded Mrs P that one of her plans included the funeral benefit option. And S provided information about average funeral costs in her area, to help Mrs P decide whether her existing cover still met her needs.

In July 2013, Mrs P bought a tailor-made pre-paid funeral plan for burial, at a Co-op Funeralcare branch.

Sadly, Mrs P died in June 2023, so her son set about organising her funeral and sorting out her affairs. The pre-paid funeral plan was used to deliver the goods and services Mrs P had bought in 2013.

But Mr P, on behalf of the estate, was unhappy that in not exercising the funeral benefit option on Mrs P's plan with S, the estate would, effectively lose the additional £250 contribution from Co-op. He complained, arguing that Co-op should've told Mrs P that using a pre-paid funeral plan would mean her estate wouldn't be able to use the insurance policy she already had. Mr P also complained about poor service and that S was being unfair regarding the payout on Mrs P's policy.

Co-op didn't uphold the complaint about the 2013 sale, saying there was no evidence to suggest the plan had been mis-sold. It said the insurance and pre-paid products were extremely different and that Mrs P was provided with terms and conditions so would've been aware the insurance policy couldn't be used in conjunction with any other policy. Co-op did acknowledge poor service and apologised. It also referred Mr P to S to address his complaint about the payout on Mrs P's policy.

Mr P wasn't satisfied with Co-op's response, so came to the Financial Ombudsman Service. An investigator looked into things but didn't uphold the complaint. He concluded Mrs P would likely have bought the plan, even if she'd been aware of the impact on her policy with S.

Mr P disagreed so the complaint has come to me for a final decision.

To clarify, the history of Mrs P's policies is relevant to this complaint about her pre-paid funeral plan. But Mr P's dissatisfaction with S is the subject of a separate complaint. And I can only look at poor service experienced by the plan holder, not the estate's representative. So my decision deals only with the estate's complaint about the sale of Mrs P's pre-paid funeral plan in 2013.

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 this complaint. I recognise my decision will disappoint Mr P and I'm sorry about that. I'll explain my reasons.

Mrs P's plan was sold before Co-op – and all other providers of pre-paid funeral plans - became subject to compulsory regulation by the Financial Conduct Authority (FCA) in July 2022. Prior to FCA regulation, Co-op was a member of the predecessor voluntary regulation scheme, overseen by the Funeral Planning Authority (FPA). So I've looked at the FPA's Code of Practice, to see how pre-paid funeral plan providers were expected to operate at the time of sale.

I'm satisfied the code placed a responsibility on Co-op to ensure its customers were provided with written details of any pre-paid funeral plan being offered and sufficient information to enable them to make informed choices. But there's no requirement to conduct any financial assessment and provide advice to customers. Indeed, these activities were regulated by the FCA at the time of sale, and Co-op wasn't regulated to provide those services.

The sale took place face-to-face. There's no record of any discussion and Co-op has said the branch no longer holds a copy of the application form. So it's impossible to say what actually happened and whether or not Mrs P was aware of and understood the impact on her policy with S of buying a pre-paid funeral plan from Co-op.

I can understand Mr P's concern that this was information Co-op ought reasonably to have been aware of. But I don't think Co-op was under any voluntary regulatory obligation to raise this with Mrs P. The FPA code of practice relates to pre-paid funeral plans only, not other products, such as Mrs P's policy with S. Still, Mr P says that in terms of duty of care, Co-op should've discussed this with her. So for completeness, I've thought about whether that information would've made a difference to Mrs P's decision, had she been aware of it.

In June 2013, Mrs P received information from S about the value of her policies, including the policy with the funeral benefit option. This policy had a cash value of £535. Mrs P had two further policies with a combined cash value of £2360. I've not seen any evidence about Mrs P's intentions for these other policies. But even if all three were used by her estate to fund her funeral, the total amount towards the cost of that funeral, including the additional contribution from Co-op of £250, would've been £3145. The information from S explained that the average cost of a funeral in Mrs P's area was £3137, with the cost of burial – the option Mrs P chose for her pre-paid plan - being £3506.

As Mrs P bought her plan so soon after receiving this information from S, I think she most likely did review her arrangements. The pre-paid plan offered certainty that her funeral wishes would be met whenever the time of need arose, without additional expense to her estate. This assurance was not offered by her existing cover with S, where any shortfall against costs would have to have been met by the estate. And I note that Mrs P also bought a masonry plan with Co-op, which further suggests to me she wanted certainty that all her wishes and arrangements were in place and provided for.

Overall, I'm not satisfied there was a problem with the sale of Mrs P's plan. I can't know whether Mrs P understood the implication for her policy with S of buying a pre-paid funeral plan with Co-op. But in any event, even if she'd been aware this would mean the value of her policy with S couldn't be used towards her funeral, so there'd be no additional £250 contribution from Co-op, I think it likely Mrs P would've gone ahead with buying her pre-paid funeral plan anyway.

So I don't think Co-op needs to take any further action in respect of this complaint. Once again, I know this isn't the outcome Mr P was hoping for. I'm sorry to be the bearer of unwelcome news.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs P to accept or reject my decision before 22 December 2023.

Jo Chilvers
Ombudsman