

## **The complaint**

The estate of Mrs P complains that Phoenix Life Limited won't pay an additional contribution of £250 on a policy Mrs P held with a funeral benefit option selected. The estate is represented by Mrs P's son and executor, Mr P.

## **What happened**

In brief summary, in April 2010, Mrs P took out an insurance policy with Phoenix, trading as Sun Life. The policy had a cash value of £535. Mrs P later added a funeral benefit option to the policy. Upon her death, the value of the policy was to be paid to a company I'll call C, once the funeral arrangements had been provided. And in this scenario, Mrs P's estate would benefit from an additional £250 contribution on top of the cash sum in the policy towards her funeral costs.

Sadly, Mrs P died in June 2023. However, her funeral was funded by a separate pre-paid funeral plan she'd bought from C in July 2013. As a consequence, the cash sum in Mrs P's policy reverted to her estate.

Mr P, on behalf of the estate, was unhappy, saying that by not being able to exercise the funeral benefit option on Mrs P's plan with Phoenix – because Mrs P's funeral was already paid for directly with C - the estate had lost the additional £250 contribution available under the funeral benefit option.

Mr P complained, but Phoenix didn't accept that the £250 should form part of the cash sum payable under the policy, so Mr P came to the Financial Ombudsman Service. Our investigator didn't think Phoenix need to pay more than the cash sum, so Mr P escalated his complaint to ombudsman for a final decision.

Mr P will be aware that I'm familiar with and appreciate the wider circumstances of his dissatisfaction with C, as well as Phoenix, having previously issued a final decision in respect of his complaint against C.

To clarify, Mr P also raised some other complaints points about Phoenix, but accepted an offer of compensation from Phoenix in respect of those matters, prior to requesting a final decision on the £250 additional contribution under the funeral benefit option. My decision therefore relates solely to the complaint point about the £250 additional contribution.

## **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 know this will be unwelcome news for Mr P. I'll explain my reasons.

I acknowledge that Mrs P added the funeral benefit option to her policy. However, she later bought a pre-paid funeral plan with C, which covered the cost of her chosen requirements at the time of need.

As her funeral was pre-paid, there was no option to use her policy to go towards her funeral costs. The additional contribution is only applied where the policy is used against the cost of a funeral. This didn't happen, so only the cash sum is payable.

I understand Mr P feels the two companies involved have not acted with full transparency in this situation. However, there was no additional cost to Mrs P of selecting the funeral benefit option. The cash sum remains unaltered and there's nothing in the terms to suggest that the £250 would be added to the cash sum should the funeral benefit option not be exercised. It was simply an additional sum that would be deducted from the cost of the funeral, should the cash sum be used towards the funeral costs. So I don't think Phoenix is under any obligation to pay the estate anything more than the cash sum.

For these reasons I don't think Phoenix needs to take any further action regarding the £250 additional contribution.

### **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 18 January 2024.

Jo Chilvers  
**Ombudsman**