

The complaint

Ms D complains about the transfer of her pre-paid funeral plan to Dignity Funerals Limited. She's unhappy about a delay in receiving documents and that Dignity hasn't refunded her the money she paid to the original provider.

What happened

To summarise, in 2017, Ms D bought a funeral plan from a company I'll call P. The total cost of the plan amounted to £3495. When Ms D bought her plan, the sale and administration of pre-paid funeral plans wasn't subject to compulsory regulation. But this changed in July 2022, when it became a requirement for firms in the pre-paid funeral plan industry to be regulated by the Financial Conduct Authority. P originally applied to become regulated, but later withdrew its application and went into administration. Customers were contacted with details of a transfer arrangement that Dignity was offering, or the option of a partial refund.

In October 2022, Ms D sought a full refund from P, but by this stage P was in administration. Ms D transferred her plan to Dignity, mindful that the window for doing so was time-limited. Ms D wasn't happy that the initial information from Dignity didn't confirm her transferred plan would offer the same benefits. She felt she had no choice but to sign, even though she hadn't seen the full terms. She wrote to Dignity saying:

'I have signed the transfer form providing once the transfer has taken place 31 October 2022 a new plan will be then drawn up with Dignity and I will be given a 14-day period to decide if to sign the new plan or receive a full refund £3495.'

Ms D didn't receive emails sent by Dignity enclosing plan information. So it wasn't until January 2023 that she got the welcome pack with plan documents.

In March 2023, Ms D wrote to Dignity asking to cancel her plan and receive a full refund. Dignity attempted to contact Ms D, leaving a voicemail to explain it had yet to receive any funds from P, so was unable to cancel her plan.

Ms D complained about the delay in receiving documents and the lack of cancellation and refund. Dignity upheld her complaint regarding the delay in receiving documents and apologised for any inconvenience caused. But it didn't uphold her complaint about wishing to cancel and be refunded, reiterating that Dignity had not received any funds from P, but would contact customers when it did.

Ms D remained unhappy about this decision and came to the Financial Ombudsman Service. An investigator looked into things but didn't think Dignity needed to do anything more. She reviewed Dignity's terms and was satisfied Dignity was only responsible for refunding any monies, once received from P.

Ms D disagreed, so the complaint has come to me for 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 so, I'm not upholding this complaint. I know this will be disappointing news for Ms D and I'm sorry about that. I'll explain my reasons, focusing on the points and evidence I consider material to my decision. So, if I don't refer to a particular point or piece of evidence, it's not because I haven't thought about it. Rather, I don't consider it changes the outcome of the complaint.

Unfortunately, Ms D, like all P's customers, was put in an unenviable position, with limited options, when P left the funeral plans market. Through no fault of her own, Ms D has had to deal with uncertainty, inconvenience and upset. I acknowledge this has been a difficult time for her. My role is to look at the actions of Dignity and decide whether it's acted fairly towards her. I appreciate Ms D thinks that Dignity accepted transfer of her plan, so is responsible for issuing her a full refund. But having looked at the terms relating to the transfer and cancellation, I disagree.

Ms D's welcome pack included the plan terms and conditions. Under the cancellation section, it says:

'Upon receiving your notice of cancellation, we will refund all the money paid within 30 calendar days of us receiving your notification. For the avoidance of doubt, where your plan was previously held by another provider, the refunded sum shall be capped at the amount of money received by us in relation to the plan from your previous provider and any subsequent payments made directly from you to us.'

The transfer of the plan offered Ms D continuity of funeral provision at the time of need, when the only other options available were to be without any pre-paid funeral provision and to wait to see what refund might be obtainable via P's administrators, or purchase a replacement plan from another regulated provider at full market cost. But the terms of that transfer allow Dignity to refund not payments made by the customer, but payments received from the previous provider. The terms reflected the commercial agreement made between P and Dignity to offer continuity of provision to P's customers. Having seen the terms, I think Dignity is entitled to rely on them to say it's not in a position to make any refund until funds are received from P.

Finally, I've seen there was some delay in Ms D receiving her plan documents. But Dignity accepted this and apologised, which I think was a fair response in the circumstances.

So overall, I think Dignity has acted fairly in acknowledging any inconvenience caused by the delayed receipt of plan documents, setting out the cancellation position to Ms D and explaining that any refund would be limited to payments received from P. So I'm not going to ask Dignity to do anything more in respect of this complaint.

Once again, I'm sorry to send unwanted news to Ms D.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 28 September 2023.

Jo Chilvers
Ombudsman