

The complaint

Mr and Mrs M are complaining about how Independent Warranty trading as IWA (IWA) has dealt with their deposit protection insurance.

What happened

In October 2019 Mr and Mrs M ordered some replacement doors and windows. The supplier (which I'll refer to as F) said their deposit – more than £11,000 – would be protected by Deposit Protection Insurance (DPI). F said the insurance was provided by IWA.

Some months later Mr and Mrs M were told that F was going out of business. Mr M says that up to that point – early March 2020 – he and Mrs M had never seen the documents supporting their DPI. IWA sent them when Mr M asked for them in early March.

Mr and Mrs M were upset to discover that the policy only covered them for a deposit for up to 25% of their contract value – and they'd paid substantially more than this. And they say they also didn't know the insurance only ran for 60 days – so by the time F stopped trading they weren't covered at all, not even in part.

DWA says the relevant literature was sent to Mr and Mrs M in October 2019, and referred to a letter sent to Mr and Mrs M by F at this time about this.

Our investigator didn't think the letter sent by F gave any real detail about the cover. She said she'd seen nothing that supported DWA's suggestion that it had emailed the relevant literature to Mr and Mrs M, and that if they'd had this information they might have acted differently. She thought DWA should pay Mr and Mrs M £100 to make up for this.

DWA didn't agree, and pointed out that Mr and Mrs M knew they had the DPI, but had made no efforts to check it suited them. It doesn't want to pay the compensation.

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.

I'm going to uphold this complaint. I'll explain why.

I can see that DWA didn't make the initial "sale" of the DPI – that was done by F. I don't know if F explained the cover to Mr and Mrs M, but I can't comment on that here as this complaint is about what IWA did, not F.

From what I've seen, F sent the registration document direct to DWA. And it appears DWA set the cover up in line with the paperwork it received, as I'd expect. It says it also sent Mr and Mrs M a copy of the insurance cover and terms and conditions at the time.

Mr and Mrs M say they didn't get this information until after they'd been told F had gone out of business, and asked IWA for copies. They say they didn't know the cover was insufficient both amount and time wise.

I agree with that. I think that if Mr and Mrs M had received the policy documents, it would have been clear their deposit wasn't covered in full – nor for long enough to cover them until their doors/windows were due to be fitted.

DWA says it sent the documents – but despite being told by our investigator she hadn't seen any evidence supporting this statement, DWA hasn't sent anything else to us. So I can only conclude it doesn't have this evidence – or isn't willing to share it.

DWA also said that as Mr and Mrs M knew they had insurance they should have checked to see if it suited them. I don't see how Mr and Mrs M could have done that without the relevant documentation. I don't think it's reasonable to expect them to search IWA's website for details of the policy just in case it didn't suit them.

Putting things right

I think DWA has made mistakes here – so I need to think about the compensation DWA pays. I think the compensation suggested by our investigator is appropriate. I can't say DWA should return Mr and Mrs M's deposit because – as I said above – it did set up the insurance in line with the instructions it received.

DWA should pay Mr and Mrs M £100 for the inconvenience it's caused them.

My final decision

My decision is that I uphold this complaint and require Independent Warranty trading as IWA to pay Mr and Mrs M £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 13 July 2021.

Susan Peters
Ombudsman