

The complaint

Mr and Mrs H complain about how MD Insurance Services Limited administered a building warranty policy, that it incorrectly cancelled the policy and that it failed to find a new provider to cover their property.

What happened

The following events led to this complaint:

- Mr and Mrs H arranged a self-build warranty policy through MD Insurance Services, the warranty was to be granted upon successful completion of the property to the insurer's required standards.
- Due to the Covid-19 pandemic, the build of the property was delayed, and MD Insurance Services was able to secure several extensions to the 'build date' from the insurer.
- In April 2021 Mrs H requested to be copied into any emails that were sent by MD Insurance Services as Mr H's email address was unreliable.
- Mr and Mrs H were given an extension to June 2021; however, the property wasn't fully completed, some snagging issues remained, and it still required sign off by the local authority. The surveyor working on behalf of the insurer let it know this and a further extension was provided to the start of September 2021. However, the email notifying Mr and Mrs H of this was only sent to Mr H.
- MD Insurance Services did not hear from Mr and Mrs H and made attempts to contact them. However, due to no communication being received and the property still not having received the necessary sign off past the last build date extension, a decision was taken to cancel the warranty proposal.
- Mr and Mrs H later got in touch with MD Insurance Services to say they had found the emails sent in Mr H's spam folder and asked if the policy could be reinstated. MD Insurance Services asked for the outstanding information and approached the insurer. However, the insurer declined to reinstate.
- Mr and Mrs H were unhappy MD Insurance Services failed to send emails to Mrs H as had been previously requested. They felt if this had happened the cancellation of the warranty proposal would not have happened.
- MD Insurance Services approached a different warranty provider and offered to initially pay half of the increased cost of the new policy as a gesture of goodwill. It later found the cost was quite significant and it couldn't honour this, but it did offer to pay a reduced amount towards the cost.

- The proposed new warranty provider then realised oak had been included in the structure of the property, so it declined to provide cover. This was information that was known to MD Insurance Services when it approached the warranty provider, but it had neglected to update the proposal information. As such, it led Mr and Mrs H to believe it could secure a new warranty for them when in fact that never would have been the case.
- Mr and Mrs H had to get an architect to provide a professional consultants certificate (PPC) for the property to enable them to secure a mortgage. They complain about MD Insurance Services actions, that they have been financially disadvantaged through increased costs for the PPC as opposed to the original warranty and the mortgage they have since secured is now more expensive. Mr and Mrs H also complain about the stress and inconvenience the whole matter has caused them.

Our investigator let Mr and Mrs H know that she couldn't hold MD Insurance Services responsible for the decision to cancel the policy as that was the responsibility of the insurer of the policy. However, she did think its actions of not following Mrs H's request to copy her in on emails and failing to realise it would not be able to arrange a new policy would have caused them distress and inconvenience. The investigator thought MD Insurance Services should pay Mr and Mrs H £200 compensation to reflect this.

My provisional findings

I issued my provisional findings on this complaint on 30 September 2022. I said I intended to uphold the complaint, for the following reasons:

"My first step here is to consider what activities I can hold MD Insurance Services responsible for. When it was administering the policy and providing extensions it was doing so on behalf of the insurer. So, when Mrs H asked it to copy her in on emails, she was corresponding with it at a time when it was acting for the insurer.

Similarly, later on when communicating about the further extension to September and chasing in information necessary to suit the insurer's requirements to issue the warranty before the 'build date' had elapsed, again it was doing so on behalf of the insurer. It was also acting for the insurer when processing the cancellation of the policy. As such, although Mr and Mrs H have my natural sympathy about the events which led to the warranty policy proposal being cancelled and the distress this caused, I can't consider them in this decision.

Should Mr and Mrs H be unhappy about how the policy was administered and cancelled they would need to raise those concerns with the insurer directly.

MD Insurance Services have admitted it made an error in not updating the proposal information correctly and noting the existence of oak within the build of Mr and Mrs H's property. This meant it led Mr and Mrs H to incorrectly believe it would be able to source cover with an alternative insurer – it wouldn't have been able to do this as the insurers it placed business with won't provide cover for it. MD Insurance Services also acknowledged that it raised Mr and Mrs H's expectation about the amount of money they would need to put forward to secure alternative cover, as it made them an offer as a gesture of goodwill that it wasn't later able to honour.

Mr and Mrs H have set out in detail how much this whole matter has impacted them and I've no doubt the circumstances in which the initial warranty was cancelled would have been distressing for them. So, I think MD Insurance Services' errors here compounded that distress and put them to further inconvenience providing information and entering into correspondence that was ultimately unnecessary. I'm therefore intending to direct MD

Insurance Services to pay Mr and Mrs H £400 compensation to reflect the trouble and upset their actions here caused.”

Responses to my provisional decision

Neither party responded to my provisional decision within the timeframe set out for responses.

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.

As no new arguments or points have been put forward for me to consider, I see no reason to depart from the findings I set out in my provisional decision.

So, for the same reasons as I have set out in my provisional decision, I think MD Insurance Services errors caused Mr and Mrs H trouble and upset and it should pay them £400 compensation to reflect this.

My final decision

My final decision is that I uphold Mr and Mrs H’s complaint against MD Insurance Services Limited. I direct it to pay Mr and Mrs H £400 compensation.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs H and Mr H to accept or reject my decision before 16 November 2022.

Alison Gore
Ombudsman