

## **The complaint**

Mr R complains about the way HSB Engineering Insurance Limited handled the administration of a self-build warranty.

## **What happened**

Mr R took out a self-build warranty with HSB, it carried out inspections throughout the build and the policy certificate for a ten-year warranty was issued on 19 March 2024. The warranty contains a clause that says, to be transferable, the property must not be sold for 12 months after the policy starts (I'll refer to this as the no-sale clause).

In early 2024, Mr R complained to HSB that it hadn't been clear with him about what was required for the building works to be considered complete, specifically a Building Control certificate. He thought this lack of clarity, and delays on the part of HSB arranging an inspection, delayed the issuing of the warranty by around two months. This was important to him, given the no-sale clause and his intention to sell the property as soon as possible. He wanted HSB to backdate the start of the policy by two months.

HSB accepted it could have done more to highlight the need for a Building Control certificate, but said it was in the terms of the policy. It also agreed that the timeframe for the inspection to be arranged was unreasonable.

However, it said it couldn't backdate the start of the policy certificate, as the Building Control certificate wasn't issued until 14 March 2024, with the policy certificate for the warranty then being issued days later.

Unsatisfied with HSB's response, Mr R referred his complaint to the Financial Ombudsman Service. An Investigator here didn't think HSB had acted unfairly in saying the policy certificate couldn't be backdated. He did recommend HSB pay £150 compensation for the frustration it had caused Mr R in not being clear on the requirements.

HSB accepted that outcome, but Mr R didn't. He said the position had changed and he sold the property in December 2024, after referring the complaint to this Service. He said had the certificate started in January 2024, as he felt it should have, then he'd have waited longer to sell the property, to do so with the benefit of the warranty. He said now the policy is void, since the property was sold in the first 12 months and so the cost of it should be refunded.

He also said whilst difficult to prove, he feels he could have secured a higher figure for its sale, had the warranty been able to be transferred, as it might have opened the market for more buyers.

Our Investigator didn't think it was reasonable to ask HSB to refund the premium paid. He said it was Mr R's decision to sell the property knowing the warranty wouldn't be transferable.

As the matter hasn't been resolved, it has come to me to decide.

## **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.

HSB accepts it should have done more to highlight the need for a Building Control certificate. Where a business makes a mistake, this Service tries to put a policyholder – so in this case Mr R – back in the position he would've been in, but for the mistake.

I accept that HSB's mistake most likely delayed the issuing of the policy certificate for around two months. So, putting Mr R back in the position he would've been in might reasonably be to backdate the start of the policy.

However, I also consider that, even if I required HSB to backdate the issuance of the policy certificate by two months, this would mean the certificate would have been issued in January 2024, rather than March 2024. Meaning that the 12 month no-sale clause would only have ended in January 2025, rather than March 2025. But Mr R has told this Service that he completed the sale of the property in mid-December 2024. So putting him back in the position he would've been in, but for the error, would still mean he sold the property within the first 12 months. So he'd still be in the same position that he is now, with a warranty that he can't transfer.

I understand Mr R's arguments as to why he sold the property, he's said the financial burden was untenable and given HSB's refusal to change the start date of the policy, he felt he had no option but to proceed. He says, had HSB changed the start date of the policy, so the no-sale exclusion period was to end in January 2025, he would've held off selling the property until that time.

I accept it's possible that Mr R might have done this, but I also don't think it is most likely. Mr R had made clear during the build that he intended to sell the property. He says he sold it in December 2024 as he'd found a cash buyer, and due to the financial burden. It seems most likely this would still have been the case had the policy certificate been issued earlier. I can't see any of HSB's actions would have caused a change to Mr R's finances, for example. And even delaying the sale by a further month, to tie in with a no-sale clause ending in January 2025, would still bring its own financial costs with it. Along with a risk that a cash buyer might change their mind about the purchase altogether. Given what Mr R's said about his financial position, I'm not persuaded he would have risked losing that cash sale.

Mr R seems to have made a reasonable business decision to forego the benefit of passing on the warranty for the sale of the property to a cash buyer. Whilst that is a decision he was entitled to make and was what he felt was the best option at the time, I'm not satisfied it means HSB need to refund what he paid for the warranty. He did, after all, have the benefit of the site inspections during the build.

I don't know if Mr R contacted HSB to enquire as to whether it would still transfer the warranty, even though the sale had been made within the first 12 months. It's possible he did, and it refused, as he's said he needed to take out various indemnities in lieu of transferring the warranty. But I haven't considered any of that, as it all happened after the date of HSB's complaint final response letter.

I'm satisfied HSB should pay compensation for the unnecessary frustration it caused in not being clear with Mr R, and not arranging site inspections promptly. I think an award of £150 is fair and reasonable. This Service considers an award of distress and inconvenience at this level reflects the impact of a mistake (or mistakes) which required a reasonable effort for a complainant to resolve; I'm satisfied that was the case here.

### **My final decision**

My final decision is that I uphold this complaint and I direct HSB Engineering Limited to pay Mr R £150 compensation to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 April 2025.

Michelle Henderson  
**Ombudsman**