

The complaint

Company B has complained about Build Secure Ltd. It isn't happy about the way it dealt with its latent defect insurance policies which it later cancelled.

For ease of reading any reference to Build Secure includes its agents.

What happened

Company B took out two latent defects insurance policies in respect of a residential development comprising of a number of units for the open market and affordable housing. But, having already taken out the policies, it went on to gain cover elsewhere with another provider so that it didn't lose any potential sales and to advance the development. This was because it felt Build Secure delayed in issuing the required certification which impacted exchanges and completions and in turn cash flow in relation to one of the developments.

B complained to Build Secure but as it didn't receive a response it went onto complain to this Service. It asked for a full refund for the policies paid and after the matter was referred to this Service Build Secure subsequently agreed to a refund, less the costs it had already incurred in looking to meet the requirements of the policy which included technical and administration fees already paid to surveyors. And when our Investigator looked into things for B, she thought this was fair.

Company B felt that it was pushed to take out cover elsewhere because of Build Secure's delay and inaction and was forced to incur some of the same costs again that Build Secure was charging with its new provider so it felt these should be refunded now. And B felt that Build Secure should pay compensation, including for its poor complaint handling. So, the matter has been passed to me for review.

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 can understand B's position and why it felt compelled to take out another policy. But I have to be fair to both sides when I consider complaints, and I accept that Build Secure undertook some work here in relation to the two policies and there wasn't an issue with one of the policies in any event and yet B cancelled this policy as well. And given this I think Build Secure's offer feels fair in the circumstances.

I think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I know B has presented a lot of detail in response to the Investigator's view alongside its initial representations but if I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

This isn't an easy case to decide and while I can understand why B needed to make sure it had everything in place in order to smoothly advance its sales here, I accept that Build

Secure clearly incurred costs here as well and was looking to place B on cover with a new provider following a withdrawal. And so, while I can understand why B placed cover elsewhere, as its business was being affected, I think Build Secure has acted fairly in looking to refund the costs of the policy less the commercial outlay it incurred.

It would seem that there were difficulties in relation to one of the policies and Build Secure was looking to place B's cover with a different provider which clearly impacted the service provided. And given this and some of the difficulties B was facing I can understand why it looked to gain cover elsewhere in relation to one of the policies. However, Build Secure has argued that there wasn't any difficulty with the other policy. And so, while I understand why B looked to gain cover elsewhere for one policy that doesn't explain why it gained cover elsewhere for both policies.

So, while I accept that B didn't get the full expected use here of one of the policies and it is likely that it incurred some costs again given it had to take out another policy elsewhere but that isn't reflected for both policies. Furthermore, as Build Secure has allowed B to cancel both the policies outside the cooling off period and offered to refund the premiums it feels fair that it shouldn't be out of pocket for costs and fees it has incurred commercially in setting up and advancing the policy.

As such, I think the fair and reasonable thing to do, in the particular circumstances of this case is for Build Secure to refund the premiums including IPT as it has suggested and to retain the fees and costs it has incurred, subject to reasonable proof being provided to B of the costs incurred. I say this as B took out and paid for the policy and although it could have looked for full costs it has acted reasonably in offering to refund premiums here.

In relation to compensation, I can see that B's representative didn't ask for any compensation when it first approached Build Secure about all of this – it just asked for a refund of the premium for the policy. So, I think B's position on compensation has largely been impacted by how it feels Build Secure dealt with its complaint. But this Service cannot investigate all complaints, and we can only investigate regulated activities set by the regulator, the Financial Conduct Authority. Complaints handling isn't a regulated activity – and so I cannot investigate the way Build Secure handled B's complaint as it's outside of our jurisdiction. And I think that Build Secure has waived some costs and been reasonable by allowing cancellation outside the cooling off period.

My final decision

It follows, for the reasons given above, that Build Secure Ltd's offer to refund the two latent defect insurance policies less the technical, professional and administrative fees incurred feels fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 28 January 2026.

Colin Keegan
Ombudsman