

The complaint

Miss O complains about the charges applied by Waltons Insurance Brokers Limited when she cancelled the buildings warranty policy she'd obtained through them.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here. Miss O and Waltons can be assured that I've read and considered all the evidence and information we have on file.

In 2021, Miss O contacted Waltons and asked them to arrange a buildings warranty for her property, a converted barn.

In November 2021, Waltons proposed a policy underwritten by a third party insurer and provided Miss O with the details.

At the end of November 2021, Miss O paid around £5,200 for the policy. This comprised around £2,500 for the policy premium, taxes and insurance administration fees plus around £2,700 in "other fees".

The other fees were in essence Waltons' fees for setting up and administering the policy. In order for the cover to come into effect, a number of checks and inspections needed to be carried out.

In July 2022, Miss O decided she wanted to cancel the policy. She said she couldn't provide the documentation Waltons had requested as a condition of the cover coming into effect.

Waltons refunded the premium and associated taxes and fees – coming to around £2,500. They've paid interest on that refund after there were delays in it being paid to Miss O.

However, they told Miss O they wouldn't be refunding the other fees, which they'd essentially taken for their own services (amounting to around £2,700).

Miss O wasn't happy with this and made a complaint to Waltons. And when they maintained their position, she brought her complaint to us.

Our investigator looked into it and didn't think Waltons had done anything wrong. Miss O disagreed and asked for a final decision from an ombudsman.

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.

Waltons have returned Miss O's premium and associated fees – which would have been paid across to the insurer, presumably as and when the policy took effect and cover started. So, the bone of contention here is Waltons' administration and other fees.

In these circumstances, it's not unfair or unreasonable, in principle, for brokers or intermediaries to keep fees paid to them for their services in finding, setting up and administering a policy, when that policy is cancelled. As long as the fees are reasonable and properly reflect the work they had to do.

In this case, at the back end of 2021, Waltons identified a suitable policy for Miss O, worked with the insurer on a policy proposal and price and dealt with queries from Miss O before she accepted the proposal. And then set up the policy.

They then had a prolonged and protracted correspondence with Miss O around the further information requirements that would need to be met before the cover could come into play. And they arranged for the appointment of an inspector to visit the property.

Bearing all of that in mind, I can't reasonably conclude that the fees charged by Waltons were excessive or out of proportion with the amount of work they had to do. In simple terms, they did the work to earn their fees in this case.

I don't think though that Miss O is necessarily questioning that assumption. It's her view that Waltons ought to have known from the outset – when she approached them to arrange the policy and gave them information about her property – that she would in effect never have been able to meet the information and documentation requirements for the cover to take effect.

In other words, Miss O is saying Waltons took her money and led her down what turned out to be an eight month long path, when they ought to have known at the outset that the policy wasn't suitable for her needs and would never deliver cover for her property.

I know this will disappoint Miss O, but I don't agree with her, and I won't be upholding her complaint. I'll explain why.

To being with, it's difficult to see what Waltons stood to gain from any intentional deception of Miss O. If the policy was never going to come into effect, they were only ever going to get their administration fees – and to be frank, they've put more effort into dealing with this issue than they've charged fees to cover.

I then have to ask myself whether Waltons *ought* to have known that the cover was never going to be suitable given what Miss O told them about her property before she bought the policy.

The situation is more complicated than it might first appear. In Miss O's own words, the property was originally built – around 15 years previously – as a storage barn. Presumably with the relevant building regulations in play and permissions given for a building for that purpose.

Miss O tells us that she obtained permission to turn the barn into a dwelling. But that it already had bathroom facilities, a kitchen and much of what might be expected in a residential property.

She says she decided to add a staircase and make some other minor changes after getting planning permission for residential use, but the basic structure of the building remains the same.

Miss O says this history was known to Waltons before they made their warranty policy proposal to her. And they should – at that point – have known that she was unlikely to be able to obtain the required documents *if* they were to relate to the original building of the

barn (and not just to the changes to the property she was currently making).

The documents and information Waltons asked Miss O to provide were, essentially: local authority or private building control certificates; the approved drawings or plans; the structural engineer's details and/or site investigation report and/or desk top study; a condition survey report; and any third party warranties or certificates (for any part of the build).

These aren't unusual things to ask for in these circumstances. Miss O was asking for cover for damage caused by any structural defects in her property over the course of ten years. It's not unreasonable for the insurer (via Waltons) to want to know that the building was built according to building regulations, with appropriate permissions and according to an adequate and satisfactory design (with architect's drawings and a structural engineer saying the building would stand up).

It's also not unreasonable to assume that those documents might still be available to Miss O, even some 15 years after the barn was first built. I don't think it's reasonable to say that Waltons should have known, in November 2021, that those documents wouldn't be available to Miss O.

I can also see from the evidence we have on file that the policy proposal Waltons put to Miss O in October / November 2021 specifically said that the cover would not start unless and until those documents and/or information were provided

The proposal document listed the documentation required very clearly. And it was sent to Miss O before she signed up for the policy and/or paid the money over to Waltons.

Miss O tells us that she had assumed that all the documentation and certification required by Waltons would relate to the work currently being undertaken at the property – the staircase and other minor alterations – rather than the original building of the storage barn (with kitchen, bathroom etc.).

I'm not entirely sure how Miss O came to that conclusion given that she was asking Waltons to provide a structural defects policy for the whole structure (rather than just the staircase and other minor changes), but I am satisfied that Miss O's misunderstanding is not due to any failure of communication on Waltons' part.

In summary, it wasn't unreasonable or unfair for Waltons to want to see the documents that Miss O now says she can't possibly provide. They told Miss O - before she paid for the policy - they'd need those documents in order for the cover to take effect. And if Miss O misunderstood what they needed, I can't reasonably conclude that was because of any failure on Waltons' part.

My final decision

For the reasons set out above, I don't uphold Miss O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 13 September 2023.

Neil Marshall
Ombudsman