

The complaint

Mr and Mrs W complain that National House-Building Council (“NHBC”) have provided an incorrect cash settlement following a claim on their building warranty.

What happened

Mr and Mrs W bought a new home that came with a ten-year building warranty provided by NHBC. Within the first two years of living in the house they noticed a number of snagging issues that they raised with NHBC.

NHBC produced a resolution report requiring the original builders to carry out repair work before 7 June 2019. However some of the work wasn't completed and NHBC took over the work, as required under the warranty.

One of the areas where problems were identified was to do with insulation. NHBC identified several repairs that were needed both in the garage and other rooms in the house. This included a new vapour control layer on the roof of the garage and repairs to the insulation in the walls of the garage.

NHBC offered a cash settlement for the work to repair the insulation problems. However Mr W requested that the work specifically in the garage is separated from the work required in the house. NHBC agreed and issued a scope of works for the two repairs required in the garage, along with a cash settlement of £163.15 for this work.

Mr and Mrs W didn't think this was fair and complained. They said NHBC had previously confirmed the cash settlement would be around £340, so they didn't understand why the offer had been reduced.

NHBC didn't uphold the complaint. It said the cash settlement was the right amount for the work just in the garage. It explained it had previously quoted larger amounts that included insulation work required in the main house. So this may have been what Mr and Mrs W were referring to.

Mr and Mrs W didn't agree. They said they had been told on the phone they would get around £340 for the work in the garage, so they didn't think it was fair they were now getting less. They brought their complaint to this service.

Our investigator didn't recommend the complaint be upheld. He said he had seen the scope of works for the repairs in the garage and was satisfied that the cash settlement offered was fair based on that. He said NHBC had said that if the actual cost of the work had been higher than the offer, then it would re-consider its offer on receipt of an invoice for the work.

Mr and Mrs W didn't accept our investigator's opinion. They said there were inaccuracies in costs included in the scope of works from NHBC which suggests it is incorrect. And they maintained that around £340 had been confirmed to them on the phone as the cash settlement amount. They asked for their complaint to be reviewed by 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.

Mr and Mrs W have made a number of complaints about their claim with NHBC. This complaint relates only to the cash settlement amount offered for repairs to the garage. So I will only comment on this element of the claim in this decision.

Mr and Mrs W are unhappy with the cash settlement that has been offered for the repairs to their garage. NHBC has offered £163.15, when they say it confirmed the cost was around £340 previously.

I have looked at the correspondence between Mr and Mrs W and NHBC. I can see that before the cash settlement was agreed a number of other offers were discussed. This included amounts for repairs to eight areas of the main house that had insulation problems. And additional insulation required in the coombs area of the attic roof.

On 13 December 2019 Mr W requested additional costs to be added to the settlement for the installation to the coomb roof of the attic. NHBC's contractor confirmed that the combined amount for the insulation and vapor control layer in the garage, and the coomb roof repairs would be £345.39.

On 7 January 2020 Mr W called NHBC's contractor to confirm the amount for the cash settlement. I've listened to this call and I can hear that the contractor confirmed it would be £345.39 and listed the work this would cover – as I've detailed above.

However after this date Mr W requested that the cash settlement be separated – and to only cash settle the repair work required in the garage. This meant NHBC offered a settlement only for the two elements that were in the garage – the vapor control layer and the repairs to the insulation. It offered a reduced cash settlement of £163.15 based on this work alone.

So while I can understand why Mr and Mrs W may have been under the impression the cash settlement would be a larger amount, this was because Mr W requested the amount be separated. So the total offered was only for one part of the previous quote.

NHBC has provided a scope of works that shows the two items that the settlement offer covers. This shows the amount it would cost it to complete the work.

The warranty states as follows:

“If we have to pay for a claim you make, we will calculate the amount we will pay based on the amount it will cost us to have the work done.”

As NHBC has shown it would cost it £163.15 to carry out the work, I'm satisfied that it has offered a fair cash settlement.

I note Mr W has raised concerns about the reliability of the scope of works. He says he has received a further scope of works from NHBC more recently, relating to repairs elsewhere in the house. He has pointed out that the same material was used, but it was at a higher price than quoted in the scope provided for the cash settlement. He says this shows that the cash settlement wouldn't be enough.

I understand Mr W's concerns and I have raised these with NHBC. It has confirmed that the price of the material increased by 36p per square metre in June 2020. And as the first scope

was issued in April 2020 and the other issued in September that year, I'm satisfied that this explains the discrepancy. And as NHBC based the cash settlement on the cost of the material at the time, I think this was a fair offer.

Further, NHBC has confirmed that if Mr and Mrs W have paid more than the cash settlement for the work, then it will re-consider its offer. It says Mr and Mrs W should provide proof of the cost of the items included in the settlement for it to review. As this is above what the policy requires, I think this is fair in the circumstances. Mr and Mrs W should contact NHBC directly to arrange this.

For these reasons, I'm satisfied that NHBC has acted fairly in the circumstances. So I won't require it to do anything further.

My final decision

For the reasons I have given, I don't uphold Mr and Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 24 June 2021.

Sophie Goodyear
Ombudsman