

The complaint

Ms V complains that National House-Building Council (NHBC) unfairly declined a claim she made on her ten-year building warranty policy.

What happened

In 2020, Ms V made a claim on her building warranty policy due to mould growth on the reveals of her apartment's French doors and windows. NHBC declined the claim, as it understood the issue to be condensation.

After receiving a surveyor's report from Ms V, NHBC agreed to visit her property. However, following an inspection, NHBC declined the claim. It concluded the damage wasn't being caused by a defect in one of the areas listed in the policy.

Ms V brought a complaint to this service about the claim decision. She also noted the following:

- The managing agent had previously tried to raise various issues with NHBC, in 2018. However, the claims were dismissed. Ms V was told the problem at her apartment was condensation. As a result, she spent about £2,000 trying to resolve the issue, but the damp and mould returned.
- Ms V's survey was jointly commissioned with her neighbour. The survey cost £4,500, and it ruled out condensation as the issue.
- Due to the ongoing issues at Ms V's apartment, she has reduced her tenants' rent. She also noted the stress and worry the situation was causing her.

One of our investigators didn't think the claim had been unfairly declined. Because Ms V disagreed, her complaint was passed to me to decide.

I have already been in contact with both parties. I didn't consider the policy terms had been applied correctly. NHBC confirmed it would accept the claim. NHBC agreed to investigate the cause of the damage, so it can complete the necessary remedial work. NHBC also agreed to reimburse Ms V her share of the survey cost (£2,250) and pay her £500 compensation for the impact the incorrect claim decision has had on her.

I didn't consider NHBC to be responsible for Ms V's attempted repair costs, given the repairs had been carried out before she had contacted NHBC. I also wasn't persuaded NHBC was responsible for Ms V reducing her tenants' rent or for the arrangements she had with her tenants. I accepted Ms V's relationship with her tenants had likely suffered due to the ongoing damage, but I considered £500 to be fair compensation for the worry and inconvenience caused to Ms V, by NHBC not accepting her claim sooner.

Ms V was pleased with my proposed resolution. However, in respect of her attempted repair costs, she asked me to consider an email exchange from 2018, between NHBC and the managing agent. The email exchange showed NHBC had dismissed the issues as condensation, without investigating.

Ms V also provided the survey and attempted repair invoices, to evidence her costs (£2,250 for her share of the survey and £1,886.75 for the attempted repairs).

I put the email exchange and the repair invoices to NHBC. I accepted the attempted repair costs were incurred as a result of NHBC dismissing the damage in 2018. NHBC agreed to reimburse Ms V the £1,886.75.

NHBC also agreed to pay Ms V 8% simple interest per annum on her repair and survey costs, from the date she paid the invoices, to the date of settlement.

My revised proposed resolution was put to Ms V. However, she hasn't responded to our further contact.

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.

To avoid further delay, I'm formalising my proposed resolution by way of this final decision. Apart from asking me to give the attempted repair costs further consideration, Ms V had accepted my initial proposed resolution. Given that NHBC has now agreed to reimburse those attempted repair costs, it's my understanding there are no outstanding issues.

In any event, having reconsidered all the information and arguments presented, I'm satisfied the below resolution is a fair and reasonable outcome to this complaint.

My final decision

For the reasons explained above and in my correspondence with the parties, I uphold this complaint.

My final decision is National House-Building Council should:

- settle Ms V's claim by completing the necessary remedial work to resolve the damp and mould issues at her apartment;
- reimburse Ms V £2,250 for her share of the joint survey, plus 8% simple interest per annum, from the date she paid the invoice to the date of settlement (the survey invoice appears to be dated with the wrong year, but Ms V should be able to demonstrate when she paid it);
- reimburse Ms V £1,886.75 for the attempted repairs, plus 8% simple interest per annum, from the date she paid the repair invoices to the date of settlement; and
- pay Ms V £500 compensation for the worry and inconvenience she suffered due to the incorrect claim decisions.

If NHBC considers it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should tell Ms V how much it's taken off. If requested, NHBC should also provide Ms V with a certificate showing the amount deducted, so she can reclaim it from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 18 January 2022.

Vince Martin
Ombudsman