

The complaint

Mr F is unhappy with the service received from National House-Building Council's (NHBC) after he made a claim made under his building warranty.

What happened

Mr F purchased a new home in 2014 which came with a ten-year NHBC building warranty. There were around 40 issues with Mr F's home identified so he reported them first to the builder, and to NHBC in 2016. Following the reporting of the issues to NHBC, they carried out a resolution inspection, and accepted some of the issues as valid. NHBC told the builder to carry out works. This complaint relates to the external mortar and pointing issues at Mr F's home.

The builder started works to the mortar as directed by NHBC but didn't finish them. NHBC carried out an updated resolution report commenting on the original report and confirming which works from this hadn't been completed. NHBC ultimately took over the claim from the builder and completed some of the works that had been noted in the resolution reports.

Mr F feels more extensive works to the mortar should be completed, and he says some of the areas and wider issues pointed out were missed by NHBC on the previous resolution inspections and reports. NHBC said they would consider these other areas as a new claim and under a different section of Mr F's policy, section three.

Mr F is unhappy with this. He believes NHBC failed to comment on all the issues he reported when they carried out resolution inspections and reports. And he thinks the remaining mortar should be considered as part of the original section two claim. He is also unhappy with the overall claim handling by NHBC. So, he approached this service.

Our investigator considered things. He said that he wasn't able to comment on the original resolution inspections completed by NHBC or the content of the reports specifically, including what NHBC noted (or didn't include). He said this was outside the jurisdiction of this service because it related to mediation, rather than a regulated activity.

However, our investigator said there were parts of the complaint which he could consider and were within our jurisdiction. For those, he said that NHBC said it would carry out any works noted in the resolution report specifically that hadn't been completed by the builder and that was fair. He also said NHBC had agreed to consider any mortar issues not specifically outlined in the resolution reports under section three of Mr F's policy, and he said that was reasonable.

Our investigator said that NHBC had paid compensation for delays and the service Mr F had received overall, and that was fair in the circumstances. So, he didn't recommend anything further.

Mr F didn't agree 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.

This decision is only in relation to the complaint points that are in my jurisdiction to consider. This is the repairs taken over by NHBC from the builder after they failed to complete works as directed in the resolution reports, NHBC saying they will consider issues not covered in the resolution reports under section three of the policy, and the level of service Mr F received.

I looked at the other complaint point about the content of the resolution report separately and have written to Mr F after considering whether we had jurisdiction to look at it. I decided we didn't as it wasn't a regulated activity under the Dispute Resolution Rules in the Financial Conduct Authority handbook.

Outstanding works from the resolution reports

Mr F's building warranty started in July 2014. The policy is made up of different sections and cover. Which part of the policy applies depends on when a claim is made. During the first two years of the policy, section two of the cover, the builder is responsible for rectifying any reported defects or damage in line with the terms. If they aren't co-operating, NHBC can mediate and carry out a resolution service and direct the builder to carry out works. If the builder then fails to do so by the deadline set, NHBC can step in and take over under the insurance part of the policy.

The first resolution report was completed by NHBC in November 2016 which directed the builder to fill the identified holes in the mortar. A second report, with an update on the proposed mortar repairs from the first report was completed in August 2017, in which it was identified those works hadn't been completed and still needed to be. Ultimately the builder failed to complete these works by the deadline and NHBC took over the claim. That becomes part of the insurance and regulated activities, so is in my jurisdiction to consider.

Mr F says all the works haven't been completed in line with what was outlined specifically in the resolution report, only some have. NHBC has said that any areas of holes shown in the report (which is what was accepted as valid under the resolution report) which the builder has failed to complete in line with that report will be completed under that resolution claim. I think that's fair and reasonable in the circumstances, and in line with the insurance cover under section two, the section of the policy the claim and those specific areas were considered under.

NHBC considering mortar issues under section three

Mr F says NHBC failed to include some reported areas and wider issues with the mortar in the resolution reports they completed. But I can't consider that as it's outside my jurisdiction. I've written to Mr F separately about that. NHBC has said instead they will consider these issues as new, and under section three of Mr F's policy.

Section three covers years three to ten of the policy. As these issues and/or wider problems weren't part of, or specifically commented on, in the previous resolution report for the section two claim, NHBC has treated them as new issues that have arisen. And as these are within years three to ten of the policy, section three is the correct part of the policy applicable for that time. So, I don't think NHBC has acted unfairly by considering these under the corresponding policy section for the year.

I recognise Mr F is unhappy with these issues being considered under section three as the policy cover is different and carries a minimum claim value (the minimum amount in which a claim would need to be in order to be valid). But I don't think NHBC's position is unreasonable. In the absence of them being commented on specifically in the resolution report or considered under section two (which is outside my jurisdiction whether they should or shouldn't have been), I don't think NHBC is acting unfairly by offering to consider the remaining mortar under section three.

Delays and service received

NHBC has addressed several complaints since the claim was first started. Mr F is unhappy with the length of time things have taken and the service he's received from NHBC. Across the claim and complaints, NHBC has paid a total of £1,150 compensation.

NHBC initially said that two of the final responses they issued were raised outside the six months which Mr F had to bring the complaints to us. Our investigator recognised that, but he also noted NHBC had actually also addressed delays dating back to 2017 in their final response in August 2021 and had also paid compensation for this. As that final response was brought to us within six months, he said we could consider things dating back to 2017 as the latest final response had also addressed the same period. NHBC accepted what he said.

Our investigator noted there had been delays and poor service during the claim, but he thought the compensation offered overall by NHBC was fair in the circumstances.

I recognise the claim has been ongoing for an extended period, and a lot has occurred during that time. I'm not going to comment on everything individually, and instead I will summarise some key points. Disputes have arisen in particular about the extent of policy cover, the policy section being claimed under, and the subsequent repairs required and settlement. And there were delays in appointments and visits being arranged, along with communication issues including Mr F not being updated and needing to chase for updates from NHBC. The claims handler also changed a number of times throughout which will have added to this.

There were also settlement negotiations for a large number of reported issues, beyond just the mortar, which included extensive works to the internals of Mr F's property. This also meant alternative accommodation was also needed. Mr F also obtained his own expert opinions on matters, including on the condition of the mortar, and settlement amounts too.

So, there were delays in the claim, and poor service, and that's been accepted by NHBC. That is why they've offered compensation. Overall though, I think the compensation paid by NHBC is fair in the circumstances, so I'm not going to ask them to increase this.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 June 2022.

Callum Milne
Ombudsman