

## **The complaint**

Mr and Mrs T complain about the settlement offered by National House-Building Council (NHBC) under a building warranty claim.

## **What happened**

Mr and Mrs T's property had a ten-year building warranty. They notified NHBC of water ingress through their roof at the front of their property. NHBC accepted the claim under section three of the warranty.

NHBC offered a final cash settlement of £1,330 (plus VAT on receipt of a VAT invoice) in respect of the roof repairs. This was based on the quote Mr and Mrs T had obtained from their contractor.

Mr and Mrs T's contractor carried out the repairs to the front section of the roof. They also identified further damage to the roof at the rear of the property, which was repaired at the same time. Mr and Mrs T asked NHBC to pay the total cost of the roof repairs, which amounted to £4,187.

NHBC said the additional repairs had not been included in the quote, and no further information had been given to it about this. It therefore refused to increase the cash settlement. Unhappy with this, Mr and Mrs T brought a complaint to this service.

Our investigator recommended the complaint be partly upheld. She thought Mr and Mrs T hadn't shown that the damage to the rear of the roof was covered under the warranty. However, she thought NHBC should pay the full cost of the repairs to the front section of the roof (as well as the other repairs NHBC had agreed to cover), plus VAT if Mr and Mrs T had paid this.

NHBC didn't agree to our investigator's recommendations, and so the matter has been passed to me for a decision.

## **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.

The policy explains it will pay the full cost of putting right any physical damage caused by a defect. 'Cost' is defined in the policy as:

*"The cost we would have had to pay if we had arranged for relevant work to be done."*

Mr and Mrs T provided NHBC with a quote for the repairs, which was broken down into three sections. These were:

- Roof repairs £1,030 for scaffolding plus £3,320 if the roof needed to be replaced.  
Total £4,260 (plus £300 per day for repairs plus materials)
- Solar panel inspection £290

- Water damage to interior £3,830

NHBC told Mr and Mrs T that it would cover the cost of the solar panel inspection and the water damage repairs in full. In respect of the roof it said it would pay the £1,030 cost of access plus £300 for an initial repair. NHBC confirmed the total settlement would be £4,360.

Mr and Mrs T explained to NHBC that the £300 repair cost quoted was a daily cost, and the actual cost would depend on the number of days needed to carry out the repair. They said their contractor didn't know how long the repair would take until they could access the roof.

I note that the total cost of the solar panel inspection and the water damage repairs amounted to £4,120. Taking into account the £1,330 cost that NHBC said it was willing to pay towards the roof, this would bring the total settlement to £5,450 and not £4,360.

After carrying out the repairs, Mr and Mrs T's contractor provided four invoices. These were for:

- Front roof repairs £2,837 (scaffolding and repairs)
- Rear roof repairs £1,350
- Solar panel inspection £290
- Water damage to interior £3,970

NHBC accepted Mr and Mrs T's claim in respect of the roof repairs needed to the front of the house because the defect with the roof was allowing water ingress. This met the policy terms of a defect causing damage. However, Mr and Mrs T have not shown that the issue with the rear of the roof was causing any damage to the property. I therefore agree with our investigator that NHBC does not need to cover the cost of the rear roof repairs.

NHBC already confirmed it would cover the full cost of the solar panel inspection and the repairs for the water damage to the interior. This totalled £4,260.

Turning to the front roof repairs. It was up to NHBC to decide how it settled the claim. As NHBC had no availability for a contractor to carry out the repairs, it decided to offer Mr and Mrs T a cash settlement. Although the policy says this would be the amount NHBC would have to pay if it arranged the work, where an insurer has opted to pay a cash settlement, I'd expect it to pay the cost of the repairs to the consumer. Given that Mr and Mrs T paid £2,837 for the front roof repairs, I find that NHBC should cover this cost.

NHBC told this service that the total cost to the repairs increased by £1,507 from the quote, and that it requires confirmation from the contractor of the reason for this. I don't think it's correct to say that the total cost increased by £1,507. Although NHBC initially offered £1,330 in respect of the roof repairs, it was made clear by Mr and Mrs T that the £300 quoted by the contractor was based on one day of labour, and that it was not known how long the repair would take until the scaffolding was put up. I don't think it was reasonable for NHBC to base its settlement offer on the assumption that the repair would only take one day.

Therefore, the total amount NHBC should pay for all the repairs is £7,097 (plus any VAT paid by Mr and Mrs T).

### **My final decision**

My final decision is that I partly uphold this complaint. I require National House-Building Council to pay £7,097 for all the repairs (less £4,360 if this settlement has already been paid).

If Mr and Mrs T paid VAT, this should be paid by NHBC upon receipt of a VAT invoice.

Interest should be added at the rate of 8% simple per annum from the date the invoice/s were paid to the date of settlement. If NHBC considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs T how much it's taken off. It should also give Mr and Mrs T a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 24 October 2022.

Chantelle Hurn-Ryan  
**Ombudsman**