

The complaint

Mr and Mrs W complain Watford Insurance Company Europe Limited (Watford) have unfairly declined their buildings insurance claim.

All references to Watford also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- The policy excludes damage resulting from defective design or faulty workmanship.
- Watford said the foundations are inadequate and the builder of the property did not consider ground conditions as set out in guidance from a provider of building warranties. Watford has therefore declined the claim by applying the above exclusion.
- While Watford has set out what it believes to be the likely cause of the damage, this isn't supported by investigations identifying the cause.
- The policy doesn't set out any requirement to adhere to the standards of the building warranty provider of new homes and Watford hasn't provided any information to support the foundations failed to meet relevant building regulations. While I appreciate its comments about the level of investigation required, I don't think it has provided sufficient evidence to show foundations are defective and so it has applied the exclusion fairly.

So, for these reasons, I uphold this complaint.

Putting things right

To put things right I direct Watford to re-examine the claim under the remaining terms and conditions of the policy. If Watford feels another party should contribute towards any liable costs in the event of a successful claim, it should deal with this separately. It should not impact Mr and Mrs W, or its timely completion of the claim.

My final decision

My final decision is that I uphold Mr and Mrs W's complaint.

To put things right, I direct Watford Insurance Company Europe Limited to do as I've set out above.

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 6 January 2023.

Michael Baronti
Ombudsman