

The complaint

Mrs G complains about the way National House-Building Council (“NHBC”) handled a claim made under her building warranty.

What happened

In 2023 Mrs G made a claim under her Buildmark warranty when she noticed the external render of her home had blown. A claims investigator visited the property to assess the damage and concluded that the render on the bottom of the house and a patch of render underneath the window on the back of the house needed replacing. Mrs G didn’t agree with the claims investigator and pointed out other areas where the render had come away.

Eventually, NHBC accepted that the entire back elevation needed replacing, as well as some patch repairs in other areas at the side of the property. Mrs G disagreed and said that the entire side elevation needed replacing as she felt a patch repair, on the type of mesh render her property had, wouldn’t join properly and would only crack further in future. So she raised a complaint with NHBC.

NHBC said, in its response, that the claims team had accurately assessed the level of work needed and that it was possible to complete patch repairs to the damaged render. Mrs G didn’t accept NHBC’s response, so she referred her complaint to this service – mentioning that NHBC had also charged her an unfair excess.

Our Investigator considered the complaint and thought it should be upheld. The Investigator said there was insufficient evidence that a patch repair wouldn’t be successful, but that NHBC hadn’t calculated the excess fairly. It was also recommended that NHBC compensate Mrs G for the distress and inconvenience it caused by not handling the claim as well as it could’ve.

NHBC didn’t accept our Investigator’s recommendations. It said the excess increase was made clear in its policy documents, and that it didn’t fail to accurately assess the claim during the first visit. It also said Mrs G had only provided evidence that further damage had occurred after a period of time. Because an agreement couldn’t be reached, the complaint has now come to me to decide.

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’ve decided to uphold this complaint in part. I’ll explain why.

I’ll deal with each of the issues in turn, starting with the handing of the claim itself.

Claim and repairs

Mrs G says the entire side elevation needs replacing and that a patch repair won’t be

sufficient. She's expressed concern that there's a risk of further damage in the future, and that the patch won't match the existing render.

NHBC says patch repairs are effective and there's no evidence to suggest they wouldn't work. I've noted that patch repairs were carried out on the render previously. So I don't consider there to be anything unusual in NHBC's offer to pay for patch repairs. Its most recent offer covers Mrs G's quote for repairs, minus the excess it's applied to her claim. And I can't see that Mrs G's contractor has said when providing the quote, that a patch repair won't be suitable.

Ultimately, I've seen no evidence that patch repairs won't be effective in this case. So I'm satisfied that NHBC has made a fair offer which should rectify the damage in line with its policy terms.

Claim handling

Mrs G says she experienced poor customer service as the claim wasn't assessed properly from the outset. She's said she had to repeatedly contact NHBC to let it know it had missed areas that required repair, as other areas of render were also coming away that it hadn't already agreed to replace. She's also said she sent photos of the damage and NHBC eventually agreed to cover some of the additional areas, but when Mrs G told the claims team that the render on the entire side elevation needed replacing, it didn't agree and only offered a patch repair.

I've considered what NHBC has said about this. It says that when the claim was accepted in August 2023, all elevations of the render were viewed and checked to establish the extent of physical damage that would be covered by the policy. And that in October 2023 when Mrs G sent photos to NHBC, these showed the render deteriorating further, but almost two months after the initial visit.

But NHBC's original offer of just under £1,500 in September 2023 was substantially lower than its subsequent offer in November 2023 of over £6,800. This suggests that the initial offer wasn't reasonable – which indicates that the initial assessment of damage in August 2023 wasn't carried out properly.

I'm satisfied that as a result of NHBC making an unfair initial offer, Mrs G has been caused distress and inconvenience, for which she should be compensated. Given the time and effort she's put in to resolving the issues with the render, NHBC should pay her £150 compensation. This reflects that the impact of NHBC's actions caused Mrs G more than the usual levels of inconvenience which one might reasonably expect from a claim of this nature.

Excess

In making the offer of £8,200 to Mrs G in line with her contractor's quote, NHBC applied a £1,350 excess which resulted in a final offer of £6,850. But Mrs G says there's no mention of this level of excess in her policy documents.

Mrs G has provided the endorsement schedule she was given – and this clearly states "*Buildmark Choice Home Damage Cover Excess (£) 950.00*" without any mention of an annual increase. And other documents she's provided don't mention an excess at all. So I can understand Mrs G's confusion about the £1,350 excess that was applied.

Although Mrs G says she wasn't provided with policy documents, I can't hold NHBC responsible for this as it didn't sell her the policy. And it's clear from the insurance certificate she was given, that the policy terms would be applicable. So I've looked at what the policy

documents say. I can see that the excess term is set out at page 14 of the policy booklet. This says *“The standard excess is £950 as at 1st April 2014 and is increased by £50 on 1st April each subsequent year”*. So I agree with NHBC that an excess is applicable with annual increases. But I don’t think the increases were made clear to Mrs G, from looking at the documents she was provided with, which are inconsistent on this point. And I don’t think it’s fair for the increases to apply from 2014, when Mrs G’s property wasn’t even built or registered for cover.

I agree with our Investigator and consider a fair way forward would be for NHBC to apply the policy excess increases from 2016 – when Mrs G received the endorsement schedule and would’ve been able to obtain a copy of the policy terms to see the annual increases in her excess amount. The excess listed on her endorsement schedule is £950 in 2016, so NHBC should apply the £50 per year increase from 1 April 2017, which would make the excess £1,250 in March 2023 when the claim was made.

As NHBC has applied an excess of £1,350, it should refund the £100 difference, with interest at a rate of 8% simple per annum – from the date NHBC paid the claim until the date of settlement, to reflect the time Mrs G has been deprived of the extra £100.

Putting things right

National House-Building Council must now:

- Pay Mrs G £150 for distress and inconvenience.
- Refund the £100 additional excess it deducted, plus 8% simple interest per annum from the date the claim was paid until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct National House-Building Council to put things right as I’ve set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs G to accept or reject my decision before 2 January 2025.

Ifrah Malik
Ombudsman