

## **The complaint**

Mr and Mrs P complain about the way National House-Building Council (NHBC) handled a claim they made under their new home warranty.

Mrs P has primarily dealt with things, so I'll mostly refer to her only for ease of reading.

## **What happened**

The circumstances aren't in dispute, so I'll summarise the background:

- Mrs P bought a new home covered by a ten-year NHBC warranty. She got in touch with NHBC following damage caused by water ingress.
- NHBC accepted the claim and paid Mrs P around £3,500 to have the repairs carried out. She employed a builder who discovered further damage whilst carrying out the work. That led to additional costs of around £800, which Mrs P asked NHBC to pay.
- Over the next few weeks, Mrs P had to chase NHBC a number of times for a response. It asked for further information, which she promptly provided, and then made a similar request again, before agreeing to pay the additional amount. NHBC asked Mr and Mrs P to both sign a form to give their agreement.
- Mrs P complained. She said the full extent of damage should have been identified sooner and NHBC's communication had been poor.
- NHBC said it had agreed to pay the additional costs. It also accepted its service hadn't been good enough and offered £50 compensation. But it didn't agree it should have identified all the damage at the outset.
- Mrs P said NHBC hadn't paid her the additional amount and referred her complaint to this Service. NHBC then offered a further £50 compensation to make £100 in total.
- Our investigator thought £100 compensation was fair. She asked NHBC to pay the additional amount, plus interest.
- Mrs P agreed with this, but NHBC didn't. It had received the form, but it was only signed by Mrs P, so it didn't have Mr P's agreement to make the payment. As a result, it said it wasn't responsible for the delay – and shouldn't have to pay interest.
- A resolution wasn't reached, so the matter has been passed to me.

## **My provisional decision**

I recently issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- There's no dispute the claim was covered by the warranty and the original settlement of around £3,500 was paid to Mrs P. And, when further damage was discovered, NHBC agreed in principle to pay the additional amount it would cost to put the damage right. That was £779.95. So it's agreed to cover the full cost of the work.
- I would expect NHBC to base a cash settlement on the work it could reasonably have foreseen would have been necessary to put the insured damage right – and I think it did that initially. It's often the case that a greater extent of damage is discovered after work begins because previously concealed damage is revealed. That was the case here when the roof was stripped off and, when NHBC was notified of the additional damage and corresponding cost, it agreed to pay for it. I don't think it would be reasonable to expect NHBC to anticipate from the outset all work that would be required. So, I'm satisfied NHBC acted fairly on this point.
- NHBC has accepted it was slow to agree to pay the additional amount and its communication about it should have been better. It's offered a total of £100 compensation to acknowledge the avoidable inconvenience that caused. I'm satisfied that's reasonable for the way it handled matters up until it agreed to pay the additional amount in September 2023.
- That leaves one matter in dispute – the way NHBC handled the additional payment after that. This point wasn't part of the original complaint Mrs P made. But it's a closely related matter, both parties have been given an opportunity to put their respective views forward – and I think it would benefit both parties to resolve it promptly. So I'll include it within the scope of this complaint.
- The situation has become rather complicated, so I'll focus on the key points:
  - When NHBC made the offer pay the additional amount of £779.95 in September 2023, it was clear it required both Mr and Mrs P to agree to this by signing the form. I'm satisfied that's a reasonable requirement.
  - And that requirement was repeated, through this Service, in December 2023.
  - Despite that, NHBC has only seen Mrs P's agreement. So, it hasn't paid the additional amount yet, but it's prepared to do so with Mr P's agreement.
  - As a result, NHBC doesn't think it's responsible for the delay in payment.
  - Mrs P has shown she sent the form, as well as chasers, by email to NHBC in September. The form only contained her agreement.
  - NHBC says it didn't receive these emails, which is why it didn't respond. And even if it had, it wouldn't have made the payment without Mr P's agreement.
  - Mrs P says NHBC should have responded to confirm it required Mr P's agreement before it would make the payment. And not doing so breached certain industry rules about Treating Customers Fairly.
  - More recently, she's asked NHBC to confirm the total figure it will pay before Mr P will give his agreement.
- Overall, that means Mr P is yet to give his agreement for NHBC to pay the additional amount. So I don't think it would be right for me to tell NHBC to make the payment at this time. But if Mr P signs the form to give his agreement in his response to this provisional decision, I may tell NHBC to pay it in my final decision.
- The amount to be paid remains £779.95, and I haven't seen any suggestion it has, or

should be, changed. The £100 compensation and the possible addition of interest are separate matters and not what NHBC has sought Mr P's agreement to in the form. So the amount to be paid isn't in doubt or dispute and doesn't require confirmation from NHBC.

- As I'm not telling NHBC to pay the additional amount, I can't tell it to add interest. And even if Mr P signs the form to give his agreement, and I tell NHBC to make the payment in my final decision, I won't tell it to add interest. That's because it's never had agreement from both Mr and Mrs P to make the payment, so I don't think it's ever been in a position to reasonably make the payment.
- The emails Mrs P have provided show she got in touch with NHBC several times in September 2023 – firstly to share the form, then to chase a response. Whilst NHBC has shown these emails aren't attached to Mrs P's claim on its system, there's no doubt she sent them to NHBC, so they *should* be on its system and should have been responded to. That they weren't has, in my view, added to the poor communication Mrs P has experienced. So I think NHBC should pay a further £50 compensation to reflect the inconvenience caused.
- But I don't think the lack of response to the September 2023 emails has caused or contributed to the payment delay. Even when Mrs P was told, through this Service, that Mr P's agreement was required, it hasn't been provided. So I don't think it would have made a material difference to the timescale if NHBC had also told her that.
- Overall, that means I currently consider NHBC should pay a total of £150 compensation. If it has paid any of the compensation amounts already offered, they can be deducted from the total. But I won't be telling it to pay interest. And, if Mr P signs the form to provide his agreement, I will tell NHBC to pay the additional amount – as it's already said it's prepared to do.

### **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.

In response to my provisional decision, Mr P signed the form to give his agreement for the payment to be made. As a result, NHBC paid £779.95. So I'm satisfied it's now settled the claim in full and the matter of the outstanding payment has been resolved.

NHBC questioned whether Mrs P had shown she sent emails to it in September 2023, as I'd said she did in my provisional decision.

Our investigator already shared these emails with NHBC on 24 November 2023 – and NHBC responded to our investigator about them. So I'm satisfied NHBC has seen the relevant evidence. And its response was taken into account when I reached my provisional decision. Put simply, the emails showed they were sent to the correct NHBC email address. So I don't think it needs further discussion.

Neither party challenged or commented on any other parts of my provisional decision. So I see no reason to reconsider it or comment on it further – I remain satisfied it's a reasonable outcome for the reasons given.

All that remains is for NHBC to pay a total of £150 compensation, noting it can deduct any amounts already paid towards this.

**My final decision**

I uphold this complaint and require National House-Building Council to pay a total of £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 22 August 2024.

James Neville  
**Ombudsman**