

The complaint

Mr and Mrs F have complained that Society of Lloyd's ("SoL") declined a claim they made on their buildings insurance policy.

Reference to SoL includes its agents and representatives. As Mr F has primarily dealt with the matter, for simplicity, I'll refer to him only.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr F got in touch with SoL about crack damage to the property in 2020. SoL appointed a loss adjuster and, after some initial investigations, SoL accepted the damage was caused by subsidence and covered by the policy.
- Repairs to the house were completed in 2021, but queries arose about whether further investigation and/or underpinning was required – and whether damage to the garage had also been caused by subsidence.
- Mr F made a complaint, which SoL responded to in July 2022. In summary, it thought the work had been carried out to a reasonable standard and it had provided an effective and lasting repair of the subsidence damage. Nonetheless, SoL offered to appoint a structural engineer to inspect the property and comment on the matter. It also offered to pay compensation for distress and inconvenience.
- Mr F referred the complaint to this Service. Our investigator thought SoL had made a fair and reasonable offer in the circumstances and the complaint was closed.
- The structural engineer inspection was carried out in September 2022. SoL later agreed to carry out further investigations and level monitoring in line with the engineer's recommendations.
- With investigations complete, SoL said there was ongoing movement – but it wasn't covered by the policy. As a result, SoL declined to deal with the claim any further.
- Mr F made a second complaint, which SoL responded to in April 2024. It maintained its position.
- Mr F referred the second complaint to this Service. Our investigator thought SoL had acted fairly and reasonably and didn't need to take any further action. Mr F disagreed, so the complaint has been passed to me.
- Mr F arranged for further investigations and repairs of his own. Our investigator explained this information wouldn't form part of this complaint investigation. But Mr F was entitled to share it with SoL for further consideration – and raise a third complaint if the matter wasn't resolved to his satisfaction.

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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- The scope of this complaint is limited to claim events between the first and second complaint responses, in July 2022 and April 2024. The first complaint response was previously considered by this Service and resolved – so I won't reconsider it here. And I won't consider claim events beyond the second complaint response. Mr F is entitled to make a new complaint about such events if he wishes.
- I'll start by considering the professional opinion gathered during the scope of the complaint about the causes of damage. I'll then go on to consider whether SoL fairly declined the claim, given those opinions and the policy cover.
- Following the resolution of the first complaint, SoL appointed J to inspect the property and comment on the matter. In summary, J recommended a trial hole and monitoring be carried out to investigate the matter further. SoL followed these recommendations.
- J reported again in July 2023. It said the garage damage had been caused by sulphate attack and historical movement, rather than subsidence.
- In September 2023, the loss adjuster reviewed the matter again. It said there was movement to the house, which was caused by consolidation due to the weight of the building squashing the ground. It explained the trial hole found the house foundation was built on granular fill and loose sand with poor bearing capacity, which caused the consolidation. And the monitoring data collected was also consistent with settlement.
- J reported again in December 2023. It said the movement to the house had been caused by consolidation of the fill material or compaction of the weak/very loose made ground material beneath the foundations – and didn't amount to subsidence.
- Mr F questioned why there hadn't been any drainage investigations. The loss adjuster said the inspections, investigations, and monitoring hadn't indicated a problem with leaking drains – so there was no need to consider them further.
- Within the scope of the complaint, Mr F didn't provide alternative professional opinions to challenge the findings of J or the loss adjuster.
- I note J is a chartered building engineer and surveyor. They inspected the damage and were free to use their professional opinion to recommend any further investigations and reach any conclusions about the cause of damage. The loss adjuster is a chartered surveyor with extensive experience of insurance claims involving structural damage. Whilst they were appointed by SoL, they were still free to give their professional opinion on the matter.

- As a result, I'm satisfied J and the loss adjuster are credible and suitably qualified professionals. I also note their findings are based on objective investigations, including inspections, a trial hole and level monitoring. And they've provided detailed, comprehensive reports and comments on the matter, including in response to Mr F's queries. In these circumstances, I'm satisfied it was fair and reasonable for SoL to rely on the findings of J and the loss adjuster when considering the claim.
- A number of technical terms have been used during this claim which refer to movement – subsidence, settlement, consolidation and compaction. Not all have commonly agreed definitions, so there can be a degree of overlap in how they're used. So I've taken into account the policy terms, and the terms used by the professionals, but also thought about the meaning the professionals gave those terms. That ensures any overlap in meaning hasn't disadvantaged either party.
- The policy covers damage caused by subsidence. But not when caused by settlement of new structures or newly made up ground, or the compaction of infill.
- The policy defines 'settlement' to be movement which happens within ten years of construction. It's agreed the property was constructed decades ago. So, the damage wasn't caused by settlement as defined by the policy.
- The policy defines 'subsidence' to be downward movement of the site on which the property stands by a cause other than the weight of the property itself. SoL considers this definition hasn't been met. I think that's a fair reflection of the professional opinions, which said the damage was caused by the weight of the building squashing the weak, loose ground beneath it.
- Even if SoL was wrong and there was subsidence, the professional opinion said the cause of the problem was compaction or consolidation of the weak and loose material beneath the foundation. And that's excluded from policy cover. So I think in either case, SoL has shown the damage to the house isn't covered by the policy.
- The professional opinion says the garage damage was caused by sulphate attack and historical movement – not subsidence. So I think SoL has shown this damage isn't covered by the policy either.
- My findings are limited by the professional opinion gathered during the scope of the complaint. So, when SoL responded to the complaint in April 2024, I'm satisfied it was in line with the policy terms, and fair and reasonable, to decline the claim.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 7 July 2025.

James Neville
Ombudsman