

The complaint

Mr P has complained about National House Building Council's ('NHBC's') decision to decline a claim he made regarding his property's damaged cladding, under his NHBC Buildmark Policy (the 'warranty').

What happened

In January 2024, Mr P submitted a claim to NHBC in relation to a section of cladding which had fallen from his property, and a second section of the cladding becoming loose.

NHBC investigated the claim but concluded that high winds had likely caused the damage. As the damage couldn't be attributed to a failure to comply with NHBC's mandatory standards, the claim was declined.

Mr P didn't accept the decision to decline his claim. He said that there is evidence that the whole of the cladding on the property is incorrectly installed and is therefore a safety risk. Mr P raised a complaint with NHBC. In April 2024, NHBC informed Mr P that its claim decision had been fairly made and it was not upholding the complaint. NHBC explained that under the relevant section of the warranty, cover was only provided for physical damage to the property where the repair costs exceed the minimum claim value. As the cost to repair the two sections of cladding wouldn't meet the minimum claim value detailed in the warranty, NHBC concluded that the claim had been fairly declined.

Mr P referred his complaint to this Service and one of our investigators looked into what had happened. In August 2024, she issued a view not upholding the complaint. Our investigator explained that NHBC wasn't required to consider potential future damage under the terms of the warranty. And regarding the existing damage, our investigator confirmed that as the cost of repair didn't exceed the minimum claim value, NHBC had fairly declined Mr P's claim.

In response to our investigator's view, Mr P said:

- 'Physical damage' wasn't defined in the warranty, and he considered that the incorrect fixing of the cladding boards to the exterior of his property constitutes physical damage, which should be covered by the warranty.
- The incorrect installation of the cladding boards has weakened them, thus impairing their primary function of staying attached to the front of the property. Therefore, all the boards have been damaged at the point of installation and need to be replaced, which will be at a cost significantly in excess of the minimum claim value.

Mr P requested an ombudsman's decision on his complaint.

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'm not upholding the complaint. I will explain why.

Mr P's building warranty runs for ten years. Different cover applies depending on when the claim is made during the warranty period.

Mr P noticed issues with his cladding and reported this to NHBC within years three to ten of the warranty term. That meant his claim was made under section three of the warranty terms.

The excerpts of the warranty terms which apply to Mr P's claim say, in section three:

'What we will do

We will take responsibility for having the work done to put right the physical damage to your home, as long as the cost to us is above the minimum claim value.

Or, if we choose to, we will pay you what it would cost us to have the work done if it is above the minimum claim value.'

Minimum claim value ('MCV') is defined by reference to a table which sets out an amount for each year of the warranty. As Mr P's claim was made in 2024, the applicable MCV is £1,900.

NHBC carried out an inspection of the cladding and concluded that there was evidence of one missing cladding board and one loose/slipped cladding board to the front elevation of the property. It concluded that all other adjacent cladding sections were securely fixed, and the damage was consistent with wind damage to the affected cladding panels. The investigation report said that the damage couldn't be attributed to a defect within the fixings of the cladding or cladding materials.

The physical damage to Mr P's home was limited to the two damaged cladding panels, and the cost to repair those damaged panels was calculated by NHBC to be £1,241.38.

NHBC has provided a breakdown of how they calculated the repair cost of £1,241.38 and this appears reasonable for the replacement of the two panels. As the cost of repairing the panels falls below the £1,900 MCV required for a valid claim, NHBC hasn't acted unfairly in declining the claim for this reason.

Mr P says that NHBC hasn't accounted for rectifying the defect with the cladding across the entire property. He believes that the incorrect installation of the cladding boards has weakened them, thus impairing their primary function of staying attached to the front of the property. Mr P says that the cost of replacing all of the cladding would significantly exceed the MCV.

However, only two cladding panels have been damaged. And the warranty only covers work to put right physical damage to the home. As the remainder of the cladding hasn't been damaged, there isn't a valid claim for it under section three of Mr P's warranty. I note that Mr P has posed an alternative definition of damage, however, based on the available evidence which confirms the other panels are fixed securely, and only two have suffered damage, I am not persuaded by Mr P's argument.

Mr P has also suggested that the cladding poses a safety risk because of the way it was fixed to the property. However, for cover to apply, under section four of the warranty where NHBC has carried out the building control function, cover only engages where there is: *'an immediate danger to someone's physical health or safety'*. Based on the evidence that is currently available, I am not able to confirm that this condition has been met.

As the cost of repair doesn't meet the minimum claim value, I conclude that NHBC has fairly declined Mr P's claim. I therefore don't uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 April 2025.

Carolyn Harwood
Ombudsman