

The complaint

Mr A complains about the way International General Insurance Company (UK) Ltd (IGI) handled a claim he made on his New Build Latent Defects Insurance Policy.

What happened

Mr A bought a newbuild property which came with a building warranty. The warranty was issued in May 2022, and is due to run until August 2031. Mr A says he bought the property in August 2022, but there were numerous snagging issues which he tried to resolve with the developer. When that was unsuccessful, he made a claim to IGI in March 2023.

IGI said there was no cover under the policy for some of the issues claimed for, such as issues with the flooring and some cracking to ceilings and walls. It accepted a claim for a defective flat roof, a staircase which didn't meet building regulations and for water ingress through some of the windows and doors, as well as some external work.

Mr A complained to IGI. He wasn't happy that it wouldn't agree to cover the flooring issues. He also complained that the cash settlement offered by IGI for the agreed works was significantly lower than the quotes he'd received from builders to do the works.

On 21 March 2024 IGI responded Mr A's complaint. It didn't agree that it had caused delays; it said the quotes provided by Mr A were considered to be overstated, as such it had needed to ask for more quotes and assess the costs claimed for. It said it had set out that there was no evidence the issue with the flooring was a structural one, and Mr A hadn't provided any evidence to support that it was.

IGI said it could cash settle the claim for just over £55,000, net of the four policy excesses that would apply. In addition, IGI said it would consider VAT charges upon receipt of repair invoices demonstrating VAT has been paid. It said if its contractor did the work, most could be done whilst Mr A remained in the property, but it would allow for two weeks temporary accommodation for when the staircase would be replaced.

Unsatisfied with IGI's response, Mr A referred his complaint to the Financial Ombudsman Service. He said because of the issues with the property, he hadn't been able to move into it for a year. He also said the issues with the noisy flooring were having a significant impact on his family, as they had a young baby who was being disturbed. When the complaint was referred IGI said Mr A had asked for a settlement of £94,500 plus VAT, with tiling and floor squeaking repairs to be added on top. Mr A said he'd stay in the property if his own contractors could do the works.

Our Investigator didn't think IGI has assessed the claim unfairly. She thought IGI had made a reasonable decision to decline cover for the flooring. She also didn't think IGI needed to increase its offer of a cash settlement.

Mr A said further issues with the floor had been discovered since the expert report from February 2024. He said these showed a structural issue. He also said the windows were still leaking despite work already carried out on them, and they'd need replacing. He didn't think all works needed to the staircase had been included.

Our Investigator didn't change her outcome on matters. She said further issues with windows need to be raised with business first, and a complaint made if Mr A was unsatisfied

with the response provided, before we could look into that further. She didn't think Mr A's photos showed a structural defect with the floor, but she said Mr A should share it with IGI for its review. She said IGI could've been clearer as to what it had included in the necessary works to the staircase, but said IGI had confirmed it had been included.

Mr A asked for an ombudsman's decision. He said restarting a new complaint about the windows placed an unfair burden on him. He reiterated his points about the floor, and IGI's offer in relation to the staircase repair, as well as the impact that the claim had had on him and his family.

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.

Before I set out my findings, I wanted to make clear the scope of what I've considered. This Service doesn't review claims, we review complaints. Mr A's complaint, amongst other things, was that the windows should be replaced. IGI's response to that was it didn't agree, it felt Mr A's own surveyor had said the windows could be repaired, which is what should happen.

Mr A's complaint now is that the repair carried out has failed and so the windows do need replacing. But as far as I can see, a complaint about that hasn't been made to, or responded to by IGI. Which means I can't make a finding on that. I can, however, review if IGI made a fair offer initially for repair to the windows.

I appreciate this has been a difficult time for Mr A and his family, and I realise that requiring him to complain again might put a burden on him, but I'm satisfied I cannot consider matters which happened beyond the final response letter dated March 2024.

Mr A has raised a number of issues with the property, our Investigator has set out her detailed findings on each section. Having considered matters I've reached the same outcome as our Investigator for the same reasons. As such I've focussed this decision on the key reasons for the outcome I've reached.

Squeaking floors and cracked floor tiles

Mr A says the noise from the floor whilst its being walked is excessively loud, and with a small child, it is impacting the wellbeing of the whole family. I can certainly see that excessively creaking floorboards would have a detrimental impact on Mr A and his family, he's explained in some detail the negative impact it's had and I sympathise with the difficult position he's in. But this warranty only covers for Major Damage, which is defined as *"destruction of or physical damage to a load bearing element of the residential property caused by a defect in the design...of the structure which adversely affected the residential properties structural stability..."*

It is for a policyholder, so in this case Mr A, to show he has a valid claim under the policy. Mr A has provided reports from his own surveyor and various quotes from contractors, but I haven't seen any evidence that the squeaking floorboards are as a result of damage to a load bearing element of the property which has adversely affected the structural stability. One of Mr A's quotes, from M dated February 2024 says *"the observed cracks in the screed may be indicative of an underlying structural concern, possibly relate to foundation settling or inadequate support."* But there's nothing in this quote, or been provided since, which confirms there is most likely a structural issue. The section I've quoted above from M goes on to say *"our experienced team will conduct a detailed assessment to pinpoint the root cause"*. I can't see this has been done.

I've also reviewed the comments of Mr A's building surveyor, who I'll refer to as 'S'. His view was that *"proper glueing and screw fixing of the floor is necessary to provide the overall stability to the flooring and help prevent the irritation which is presently being caused by the noise of the creaking floorboards"*. Again this doesn't support that there is Major Damage, as defined by the policy. As such, it means I consider it reasonable that IGI has declined this part of Mr A's claim.

I understand floor tiles had also cracked, Mr A says this shows they're not being properly supported. IGI's view is that the tiles weren't laid with sufficient adhesive or with the right preparation to the floor. I'm persuaded that is not evidence of Major damage as per the policy.

I note Mr A says that in August 2024, he received evidence there was a structural issue with the floor, I haven't considered this, or any response to IGI on it, as this happened after IGI's complaint response.

I don't doubt that having cracked floor tiles and squeaking floors will impact family life, but it wouldn't be fair and reasonable for me to require IGI to cover the repairs needed in that respect. Building warranties are limited in what they will cover, they simply don't cover every issue that might arise with a newbuild home.

IGI's offer to settle the claim

IGI accepted repairs to windows, roofing, staircases and to resolve issues which had affected the external brickwork. In February 2024 it confirmed its contractors could start works around three to four weeks.

Mr A said he couldn't wait that long; the works were urgent owing to his family circumstances. So IGI said it would cash settle at its contractor's quote, for £55,000, with VAT to be added on receipt of invoices shown it was paid. Mr A feels a settlement of £94,000 is necessary.

Mr A has asked that I demand IGI to provide a full breakdown of costs for materials and labour from IGI for its estimate. I'm not going to require it to do so. Pricing for commercial contracts is commercially sensitive business information, so it's not unreasonable IGI's chosen contractor hasn't shown a breakdown in the detail Mr A wants. I also consider that, regardless of how the quote is broken down, I haven't seen anything to persuade me its offer is unfair.

It seems to me that one of the main disparities in cost is for the replacement of the staircase. IGI is satisfied these works can be done for around £27,000 +VAT, Mr A's provided quotes, one at £44,000+VAT and another lower than that, but higher than IGI's quote. However, I'm not persuaded Mr A's quotes should IGI has undervalued the work. The higher quote was for an oak staircase, which wasn't like to like with what was originally installed in the property. For the lower quote, its less clear what the quote was for, although an oak balustrade was mentioned.

IGI said it did try to gain further information from the provider as to what materials had been quoted for but was unable to. So its view, based on its own contractor's estimate, is that neither quote is like for like. I can see IGI has set this out to Mr A previously, I haven't seen anything to suggest that a like for like quote was submitted which shows IGI's estimate to be unfairly low.

Mr A has more recently said works needed to a washroom, located under the stairs, hadn't been factored into IGI's quote. IGI said it considered this; it felt the ceiling would need to be replastered once the stairs were replaced. In response to our Investigator's findings, IGI said it has agreed it would cover reasonable costs for other issues that might come up. I'm satisfied that is reasonable, and I'd expect IGI to review any costs for insured repairs needed if Mr A were to accept its cash settlement. As such I'm not going to direct IGI to clarify this again as a resolution to this complaint. And for the reasons set out above, I consider IGI's offer to be reasonable, as such I'm not going to require it to increase it.

Whilst Mr A did provide quotes for windows being replaced, none of the reports I've seen indicated this was necessary. Mr A's surveyor S said the windows should be repaired. IGI's contractor was of the same view. As such I don't think IGI's position, at the point of its complaint response in March 2023, was unreasonable.

The handling of the claim

Mr A has said owing to the issues, he couldn't move into the property for a year, and so incurred costs. There isn't any cover under the building warranty for such costs. And Mr A was unable to move in because of issues caused by the developer, not as a result of IGI's actions. So, I'm not going to consider this further.

Clearly this has been a challenging time for Mr A, and he's explained immensely difficult personal circumstances – which I won't detail here given we publish our decisions. It's also no doubt a difficult experience buying a newbuild home that then has issues with it; I consider it's not unreasonable to expect a new home to be built free from such issues. However, this Service can only make awards for the impact of mistakes made by IGI in handling the claim, or for unreasonable delays. And when I view matters impartially and objectively, I don't agree IGI's handling has been unreasonable. As such I can't award compensation to Mr A reflective of the personal hardships he's detailed. After the claim was made IGI set out what would and wouldn't be potentially covered under the warranty terms. By July 2023 it had said the creaking floors and tiles wouldn't be covered under, a position it didn't alter and I consider was fair to reach.

It also said by July 2023 that whilst a quote for a new staircase had been provided, Mr A hadn't shown the current one breached building standards. Mr A provided a report confirming the breach in August 2023. However, even at that point, I don't think IGI was unreasonable in not settling at that stage given its concern over the quotes and them not being like for like.

In November 2023, with the claim stalled owing to the various disputes as to works needed and the likely costs IGI said it would get its own quote. I consider this was reasonable to do at this stage. It did then take around three months for the settlement to be offered. IGI says this was due to a follow up being needed in January 2024, which I can see was very slightly delayed. But overall, I'm not satisfied IGI's handling of the matter is the reason it took so long to reach a settlement. There were a number of separate issues to work through and quote for, and various disputes about other areas of concern in the property and whether they'd be covered. As such, I'm not going to require it to pay compensation.

My final decision

My final decision is that I'm not going to require International General Insurance Company (UK) Ltd to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 June 2025.

Michelle Henderson
Ombudsman