DRN-5595316

The complaint

Mr B has complained about the way Safe World Insurance Group (UK) Ltd ("Safe World") has dealt with a claim he made under his building guarantee policy.

What happened

Mr B had external wall insulation (EWI) installed at his property in 2019. In March 2024, he got in touch with his guarantee provider, Safe World, regarding a problem with the insulation, as the company which had installed it was no longer trading. He said he'd spotted issues such as cracks in the rendering at the back of the property.

Safe World asked Mr B for some further details – as well as copies of his installation contract, the installer guarantee and photos of the damage. Mr B gave his authorisation for a surveyor from the EWI manufacturing company to attend the property and write up a report regarding the issues and how to rectify them.

The site visit took place on 10 May 2024, and a report was sent over to Safe World. It then instructed the manufacturer's recommended contractor to arrange a date to quote for the required works. The contractor however, got back to Safe World on 12 June 2024 to say that it had been on site that morning, but there were a number of issues with the whole EWI system, and not just one side of the property. Mr B also got in touch with Safe World to say that new cracks had been found in different areas, so the damage was more extensive than he'd initially thought.

The first quote to repair all the damage came to over £90,000. Safe World said this was excessive and it would obtain a second opinion, as the policy limit was the contract value or £10,000 – whichever was the lower amount. And as Mr B had paid £27,000 under the contract, this limited the amount Safe World would be liable to pay for the claim to only £10,000. The second quote came to just under £50,000 for the required work.

Safe World therefore concluded that it couldn't repair the damage for the maximum amount payable under the claim. But that it would offer to cash settle by paying Mr B £9,900 – the maximum amount payable up to the policy limit, less the £100 claim excess.

Mr B complained. He said Safe World should've offered to carry out the work or offered him a better amount, and he also mentioned the policy documents looked like they'd been updated – in particular the contract value line. He also said the surveyors who attended his property peeled off some areas of render, which they shouldn't have touched, as they'd now made it worse. In its response to the complaint, Safe World said it had acted in line with the terms and conditions of the guarantee. It added that it was clear that substantial remedial work was required which simply couldn't be completed within the policy limit of £10,000. It reassured Mr B that the policy documents hadn't changed and that it was usual practice to lightly peel back some render to help identify the potential cause of the issue. Overall, it felt it had dealt with the claim fairly.

Mr B didn't agree with Safe World's response, so he referred his complaint to this service. Our Investigator considered it, but didn't think it should be upheld. He said Safe World had handled the claim reasonably and in line with the terms of the guarantee.

As Mr B didn't agree with our Investigator's opinion, the complaint has now come to me for an Ombudsman's decision.

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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr B and Safe World have provided. Instead, I've focused on those I consider to be central to the key issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim or settle it unfairly. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

It's important to note that insurance policies aren't designed to cover every eventuality or situation and may not always pay out in full. An insurer will decide which risks it's willing to cover and any policy limits, and it will set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover and within any policy limits. Mr B's guarantee is no different – it clearly sets out, at page 2 of the 4-page terms and conditions document, that:

*"The maximum limit recoverable is the **contract value** or £10,000, whichever is the lower amount."*

There's no small print in the document and I consider the term to be clear and unambiguous. Mr B says he was never told there'd be a policy limit of £10,000 – but I can't say he was mis-sold the cover. Safe World has provided evidence that Mr B was sent the terms and conditions document – but even if he didn't receive these, he had a significant amount of time to request the documents and read the terms and policy limitations between the start date of the guarantee in 2019 and when he made the claim in 2024.

I've noted Mr B's comments, including that Safe World's surveyors caused additional damage and it shouldn't have sent a second surveyor when the first quote came to over £90,000 and it already knew the policy limit was £10,000. But I don't consider Safe World's actions to have been unreasonable here. It knew it couldn't carry out the work within the policy limit, but it did consider the quote excessive for the amount of work required. And it was right about that, as the second quote came to just under £50,000.

Mr B says the second quote came to over £70,000 including the cost of a scaffold. Whilst still significantly over the policy limit, Safe World had a more realistic figure from the second surveyor, which it could pass on to Mr B so he could make an informed decision about whether to accept the £10,000 offer – with the knowledge of how much of the extra cost he'd need to cover himself.

But Mr B's key point is that the second surveyor damaged more of his property and he wouldn't have allowed this had he known of the policy limit earlier. He says the surveyor not only peeled back layers of render but that there was now water ingress in those peeled areas. I've not seen any evidence that the peeling back of layers of render has caused any further work to be required than work that would've been necessary anyway, due to the original cracking of the render that Mr B claimed for. The photos I've seen all show the slight peeling back of outer layers of render which were already cracked and exposed.

The quote for remedial work says "All areas to be re basecoated to include stress patches and re topcoated", as well as "Areas around cracking to be removed and dubbed out level with remaining system". And "All Render only area to be re basecoated, meshed and retopcoated". So I think these areas would've needed repairs in any event and I haven't seen any new damage that's been caused by the second surveyor which will cost Mr B any more to put right. I also don't have sufficient evidence of the water ingress or any additional damage that this has caused, and I can't be satisfied on the basis of the available information that the water ingress wouldn't have occurred due to the cracked render, or that it's going to require additional work to fix.

If Mr B can provide Safe World with evidence that its surveyor caused damage that's now going to cost him more to put right, then he should provide that evidence to Safe World in the first instance, and I'd expect Safe World to consider it and provide its response. But if there's a further dispute then that will need to be the subject of a new complaint. As it stands, I've no persuasive evidence that Mr B has suffered any additional losses due to the second surveyor's conduct. And I'm satisfied that Safe World has acted fairly and reasonably here.

In the circumstances therefore, I'm unable to uphold Mr B's 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 B to accept or reject my decision before 26 September 2025.

Ifrah Malik
Ombudsman