

The complaint

Ms H complains about Fairmead Insurance Limited's handling of her claims under her home insurance policies.

Fairmead has been represented on the claim by its agents. For simplicity, at points, I've referred to the actions of Fairmead's agents as being its own.

What happened

Ms H had a home insurance policy with Fairmead. In around 2008 (claim one), Fairmead investigated a claim for subsidence damage. It carried out substructure works along with repairs of the subsidence damage. The works were completed around February 2009.

In 2015 she made a further claim for damage (claim two). She was still insured with Fairmead. This claim was declined on the basis the damage reported was not caused by subsidence.

In around April 2023, Ms H made a further claim for subsidence damage to her property on a new policy with another insurer. As part of the investigations, a drainage report in July 2023 confirmed, as well as some joint displacements to underground drainage lines, that the pipe from the rain-water gully ran into the soil below the slabs (the drainage defect), leading to an escape of water (EOW) below the ground at the property.

Ms H complained to Fairmead as she said the damage in 2023 was linked to the previous claims it handled.

Fairmead issued a complaint response in February 2024. It said it was not possible to determine the current damage was linked to the two previous claims, due to the time that had lapsed.

Ms H referred her complaint to the Financial Ombudsman Service. She said Fairmead didn't carry out sufficient investigations to find and address the root cause of damage for claim one and claim two. She said it failed to find and address the drainage defect and didn't carry out underpinning properly – she said this is what led to the further damage and the claim in 2023. She wanted Fairmead to take responsibility for the damage in 2023, and the costs she incurred as a result, including the independent professional opinions she paid for.

An Investigator looked into the complaint and explained we couldn't consider a complaint about Fairmead's handling of an earlier claim in 2006, prior to claim one, as it was made out of time. But they said we can consider Fairmead's actions on the subsequent claims (claim one and claim two). This was accepted by both parties.

In reviewing the merits of the complaint we can consider, the Investigator upheld the complaint. They accepted Fairmead hadn't investigated the drainage defect reasonably under claim one, and this meant the drainage was likely not working correctly following claim one. They said there wasn't enough information to conclude Fairmead acted unreasonably under claim two. But they said they weren't persuaded the EOW linked to the drainage

defect was the sole cause of the 2023 subsidence claim, or that this claim wouldn't have occurred if the drainage defect was rectified under claim one. They recommended Fairmead pay any excess Ms H paid specifically for the drainage repair and cover the cost of Ms H's reports, with interest. They also recommended it pay Ms H £650 compensation for the distress and inconvenience caused.

Fairmead accepted the recommendation. It confirmed no separate excess had been paid for the drainage repairs under the 2023 claim. But it agreed to pay the recommended compensation and reimburse Ms C the cost of her reports, on receipt of paid invoices, so it could validate this.

Ms H didn't agree. She said her expert report of November 2024 wasn't considered. She maintained that Fairmead's failings under claim one meant damage continued and worsened over time. And she said the drainage defect caused further drainage damage, and was the most significant contributing factor to ongoing subsidence damage, including in 2023. She wanted compensation for the impact of Fairmead's failings.

Because the complaint couldn't be resolved, it's been passed to me to decide.

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.

I should first set out that I acknowledge I've summarised Ms H's complaint in a lot less detail than she has presented it. Ms H has raised a number of reasons about why she's unhappy with Fairmead. I've not commented on each and every point she's raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Ms H, however, that I have read and considered everything she has provided.

The Investigator has explained why we can't consider a complaint about the first claim in 2006, prior to claim one. This was accepted by all parties. A separate complaint was also set up for Ms H's concerns about the 2023 claim, with the insurer at that time. This decision will therefore cover Fairmead's actions under claim one and claim two, and the impact of this.

Substructure works claim one

Ms H said not all the substructure works scheduled were undertaken, so Fairmead didn't stabilise the property as it was supposed to. She's said the rear return to the dining room, by the patio doors was not underpinned, although the long adjoining gable wall was.

Under claim one, I can see the Loss Adjuster at the time, who I'll refer to as AM, confirmed the monitoring showed there was subsidence movement, and ground investigations showed clay soil that was susceptible to movement, as a result in changes in volume, with variations in moisture contents.

Insurance policies, like the policies Ms H had with Fairmead, will only cover the cost of repairing damage caused by the insured event (the specific instance of subsidence under the claim). They won't cover the cost of taking action to stop the movement, or preventing it from happening again. However, when an insurer carries out a repair, it has to ensure that it's lasting and effective. What this means will depend on what's being repaired.

In order to complete a lasting repair, the insurer will have to stop any current ongoing movement. What the insurer doesn't need to do is subsidence-proof the property, making

sure subsidence can never happen again, from any cause. I've kept this in mind when considering Ms H's complaint.

Ms H arranged an inspection and report from a Chartered Civil and Structural Engineer, who I'll refer to as SCE. I've reviewed SCE's report from November 2024 and this references the comments of the Loss Adjuster under the 2023 claim, who I'll refer to as S. In S's report of July 2023, it acknowledged brickwork at the rear, to a depth of 300mm below ground level underlain by a 75mm thick concrete strip, to a total depth of 375mm. SCE's opinion therefore was that the rear wall had not been properly underpinned during claim one.

SCE referenced a third-party tree, and some associated external standards for depth (from a company I will refer to as N), but I've not seen evidence the tree in question was present under claim one, or of the same height and potential influence at that time. I also don't consider that Fairmead's contractor was required to follow the external standards, as I've not seen evidence the structure was subject to those standards during claim one, or that Fairmead's contractor was registered with N.

I've reviewed the comments of S from January 2025. On the rear return, they explained that whilst the depth of the foundation was not increased, a footing was introduced under claim one, to assist with the spread of the load. They also explained that the level of damage, going by the relative level and cracking monitoring, had remained of a similar magnitude whilst the 2023 claim had been ongoing – I've not seen evidence to persuade me this was not the case.

I've also not seen evidence to show further subsidence damage occurred shortly after the works to stabilise the property under claim one. Ms H didn't report any further damage till 2015 (claim two), more than six years later, and based on S's comments, the monitoring under the 2023 claim didn't indicate significant movement. So overall, I consider the works Fairmead carried out under claim one, amounted to a lasting and effective repair in the circumstances.

Drainage investigations claim one

In August 2008, Fairmead's contractor, who I'll refer to as M, provided a repair schedule that confirmed surveys of the drainage system were to take place, prior to and after the substructure works, to confirm the drainage was in good working order and to make good any drainage services. AM's communication under the claim also suggests a drainage survey was carried out prior to the repairs.

Under the 2023 claim, in July 2023, an Engineer found the pipe from the rainwater gully ran into the ground. And on lifting the slab downstream of the gully, no pipe was found, so it was established the gully ran into the soil below the slabs. Later, in November 2023, the drainage company, who I'll refer to as A, said it was possible this drainage defect had been present since Ms H moved into the property in 1999. So I consider it likely this defect was present during claim one.

In December 2023, Ms H's drainage company, who I'll refer to as F, said the drainage defect, being a crucial aspect, may have been overlooked under claim one, as a simple examination or flow test would have identified it. So I consider it likely that a reasonable survey of Ms H's drainage system under claim one, would have uncovered the drainage defect, and led to it being rectified at that time.

Overall, for the reasons outlined above, I consider it likely that Fairmead didn't carry out reasonable investigations into the drainage system under claim one, despite this being scheduled. I've considered the likely impact of this later on.

Claim two

Ms H said damage reappeared around 2015, when she made this further claim.

I've reviewed the notes available from the time of claim two, and this shows the claim at that time was for damage to the retaining wall in the front garden. This is supported by the Surveyor report from June 2015. So overall, I don't consider the evidence shows Ms H claimed for any other damage at that time, or any internal damage.

Fairmead declined this claim as it said the damage claimed for was not caused by subsidence. I've not seen sufficient evidence to persuade me Fairmead's conclusion at that time was unreasonable. Fairmead concluded damage was caused by lateral pressure, but I don't consider communication of this specific information to Ms H at that time would've made a difference. I say this because lateral pressure doesn't necessarily occur due to external factors linked to subsidence. And I've not seen sufficient evidence to persuade me further investigations were warranted at the time under claim two.

It follows that I don't consider there's sufficient evidence to persuade me Fairmead's investigations under claim two were inadequate, or its conclusion was unreasonable.

Impact of Fairmead's actions

I've outlined above why I think Fairmead didn't carry out reasonable investigations to the drainage system under claim one, and that if it had, the drainage defect would likely have been rectified then (by 2009).

Ms H says but for Fairmead's mistake, there wouldn't have been any subsidence damage in 2023. For me to make such a finding in the circumstances, I'd need to be persuaded the drainage defect was the dominant cause of subsidence during claim one, and continued to cause movement and subsidence damage into 2023, without there being other causes of damage in the 2023 claim.

In considering whether the drainage defect was the dominant cause of movement under claim one, I've considered Ms H's comments. She's said the defect meant there was a significant amount of water escaping into the soil under her house for decades. She's said the defect must have existed before she bought the house (in 1999).

Ms H first noticed and reported damage to Fairmead in 2006, and this is confirmed by SCE in its November 2024 report. But if the drainage defect was the dominant cause of movement and subsidence since before Ms H bought the house, up to and including claim one, I think it's more likely than not that any resulting damage would've been reasonably noticeable before 2006, more than six years after 1999.

Fairmead completed works under claim one in 2009, and Ms H only raised concerns about further damage around six years later, in 2015. And even then, I've explained the evidence doesn't show damage was reported other than to the front garden retaining wall. As above, if the drainage defect was the dominant cause of subsidence prior to and during claim one, I would've expected the same damage reported as under claim one (including internal property damage), to have presented itself before 2015. And I can't see that this was the case, or that the same damage was reported under claim two.

Ms H next made a claim in around April 2023. This was over 14 years after the 2009 repairs. She said she noticed problems in around 2022, and her expert report from December 2021 confirms she noted problems becoming worse in the middle of 2022. But this is still over 13 years after the 2009 repairs. If the drainage defect had been the dominant cause since

before and during claim one, or had been causing other significant damage leading to subsidence, I think it's more likely than not that damage would've presented itself much earlier than this.

I acknowledge Ms H has provided a number of reports, and I've reviewed them in full. But I don't consider they sufficiently explain the long periods before the damage was noticed, despite claims the dominant cause of subsidence had likely been ongoing since at least 1999.

In addition, I've seen evidence to show there were other factors identified as having contributed to the subsidence under the 2023 claim, that were not linked to or associated with the defective drainage. The S engineer report of July 2023 says there may be a contributing influence from proximate vegetation. The Arborist report of July 2023 went further and implicated three different vegetation, recommending they were all felled and treated to address the current subsidence. Ms H's structural report of December 2023 also accepts a nearby tree may be influencing the ground. SCE, in November 2024 also accepted the movement was compounded by water demand of vegetation close-by. In January 2025, S explained the greatest movement recorded in the monitoring was to the front of the property, distant from the defective drainage. So they effectively ruled out drainage defects (and EOW) as a dominant cause. They said the monitoring results showed root influence was the dominant cause as the damage was noticeably worse in 2022, during a period of dryer weather than in 2023 and 2024. And in the circumstances, I consider this a reasonable conclusion – so I don't think it's unfair on Fairmead to rely on this. Overall, I'm satisfied there's sufficient evidence to show other likely and dominant causes of subsidence under the 2023 claim, rather than drainage defects.

I accept it's possible the defective drainage could have caused movement. But for the reasons outlined above, and given the length of time that has lapsed, I can't safely conclude the defective drainage was the dominant and primary cause of subsidence under claim one and following this, or that but for the defective drainage, the damage and claim in 2023 wouldn't have occurred.

It follows that I don't consider it unfair for Fairmead to say it's not possible to determine the damage under the 2023 claim, was linked to claims one and two. So I don't consider it fair to hold Fairmead responsible for Ms H having to make a claim in 2023, or the resulting impact of this.

Fair compensation

As outlined above, I accept Fairmead ought to have investigated the drainage system better under claim one, and that if it had done so, the drainage defect would've been repaired then.

Although I'm not persuaded this would've meant Ms H didn't have to make the claim in 2023 for subsidence damage, I don't consider the drainage defect would've remained an issue that needed resolving. I've not seen evidence Ms H had to pay extra costs to have the drainage system repaired. But in finding out about the drainage defect later on, and still having to have the drainage repaired following her 2023 claim, I think she'd have experienced considerable distress, upset, and worry, along with significant inconvenience. So I agree with the Investigator that Fairmead should pay Ms H £650 compensation.

Cost of reports

In the circumstances, I think Ms H acted reasonably in arranging reports following the discovery of the drainage defect. And because this evidence was significant in reviewing and outlining Fairmead's failings, I think it's fair for Fairmead to reimburse the reasonable costs

Ms H incurred for the reports she paid for, provided these costs haven't been reimbursed by any other party. And because I consider Fairmead's actions caused her to incur these costs, I agree it should add interest to this amount.

My final decision

My final decision is that I uphold this complaint. Subject to my comments above, I require Fairmead Insurance Limited to:

- Reimburse the reasonable costs of Ms H's reports, provided Ms H can show evidence of the cost and payments.
- Add interest to the above at the rate of 8% simple per year, from when Ms H made the payments to the date of settlement*
- Pay Ms H £650 compensation, if it already hasn't done so.

* If Fairmead considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms H how much it's taken off. It should also give Ms H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 15 August 2025.

Monjur Alam
Ombudsman