

The complaint

Miss W complains about the decision by FAIRMEAD INSURANCE LIMITED ('Fairmead') to turn down a subsidence claim made under her buildings insurance policy.

Any reference to Fairmead includes the actions of its agents.

What happened

Miss W's property experienced subsidence in 2003. The property had substructure repairs carried out (I believe this was a resin injection) in 2012, and a 12-year warranty was provided to Miss W for this work.

In 2020, Miss W noticed cracking at the property. As this was in the same area as the previous subsidence, she thought the repairs had failed. She contacted the company that carried out the repairs, though matters didn't progress for a while.

Meanwhile, Miss W decided to change her buildings insurer. She took out a policy with Fairmead, and this began on 7 January 2021.

I understand the company that carried out the repairs in 2012 referred the matter to the warranty provider in October 2022. The warranty provider arranged for a surveyor to carry out an inspection in late 2023. Miss W was told the damage wasn't related to the previous repairs. They told her to make a claim to her buildings insurer.

Miss W made a claim to Fairmead in April 2024. Investigations were carried out and Fairmead accepted there was subsidence. However, Fairmead considered the damage predated the start of her cover. It recommended Miss W refer the claim back to the warranty provider. I understand it also told Miss W to contact her previous insurer.

Miss W made a claim with her previous insurer, but they also turned it down.

Miss W complained to Fairmead about its claim decision, and it issued a final response on 23 December 2024. It maintained its decision to turn down the claim. However, it noted that it had referred Miss W to her previous insurer but said she should have been told to approach the warranty provider, as the warranty covered any workmanship or design defects with the repairs carried out in 2012.

Miss W remained unhappy and so brought a complaint to this service.

Our investigator looked into things and recommended the complaint be upheld. She thought Fairmead had unfairly turned down the claim and recommended it accept this in line with the policy terms. She also thought Miss W had been caused distress and inconvenience by the matter and recommended Fairmead pay her £750 compensation.

Fairmead didn't agree with our investigator's recommendations, and so the matter has been passed to me for a 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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must not unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Miss W's complaint.

The policy covers subsidence, which is defined as the downward movement of the land beneath the buildings that is not a result of settlement.

I've read the reports arranged by Fairmead's loss adjuster, and it's accepted that the cracking, which Miss W first noticed in 2020 and is progressive, is due to subsidence. However, Fairmead says the damage began before Miss W's policy started in January 2021 and therefore isn't covered.

It's not in dispute that Miss W first noticed the damage before her cover with Fairmead began. However, as our investigator has pointed out, Miss W has held continuous insurance cover since first noticing the damage, and so the Association of British Insurers (ABI) domestic subsidence 'change of insurer' agreement applies. This explains what happens when there's been a change of insurer where subsidence has occurred.

The ABI agreement explains that where the date of notification is one year or more from the date of inception of the current insurer's policy, then any claim shall be accepted and dealt with by the current insurer and no contribution shall be requested from the previous insurer.

Miss W notified Fairmead of the subsidence in April 2024, which was more than one year from the start of her cover in January 2021. I'm therefore satisfied that the agreement should apply and Fairmead should deal with the claim.

Fairmead has referred to the previous subsidence damage that was repaired in 2012. It says the current subsidence is affecting the same area that was previously affected. That may be the case, but that doesn't mean the current subsidence isn't covered. Whilst substructure repairs took place by way of a resin injection in 2012, there's no evidence to support that there was a design or workmanship issue with the injection that has caused the new subsidence. I understand the warranty provider carried out an inspection and found no evidence of issues with the repair work that was done at the time. So, Fairmead should deal with this claim.

I agree with our investigator that Miss W has been caused a great deal of distress and inconvenience by Fairmead's decision to turn down her claim and the delay in starting the repairs. She's vulnerable and has had to deal with the cracks to her home continuing to widen. In these circumstances, I find that Fairmead should pay her £750 compensation.

Miss W has said she paid £407.22 for an investigation to take place in December 2023. Though I understand this related to her claim with the warranty provider, and so I don't require Fairmead to reimburse Miss W for this cost.

My final decision

My final decision is that I uphold this complaint. I require FAIRMEAD INSURANCE LIMITED to do the following:

- Accept the claim in line with the policy terms
- Pay Miss W £750 compensation*

*Fairmead must pay the compensation within 28 days of the date on which we tell it Miss W accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 14 January 2026.

Chantelle Hurn-Ryan
Ombudsman