

The complaint

Mr W has complained about the way National House-Building Council (“NHBC”) dealt with a claim he made for damage to the render of his property.

What happened

In 2022, Mr W claimed under his Buildmark policy with NHBC. The initial claim for damage to the render was made under Section 3 of the policy.

NHBC inspected the damage. It confirmed the damage had been caused by non-compliance with NHBC’s requirements, and as the minimum claim value was met, the claim was accepted as valid. In 2024, a cash settlement was offered to put right the damage in line with the policy terms.

Mr W disputed the extent of the repairs outlined in NHBC’s schedule of works, and also complained about the time NHBC had taken to deal with the claim. He felt the policy should have covered the cost of removing and replacing all the faulty render board – not just the damaged render on one elevation.

In its response to the complaint, NHBC offered Mr W £300 for the delays he’d experienced, and said it was entitled to offer a cash settlement of £12,260.70 rather than appointing contractors under the terms of the warranty. It told Mr W to obtain quotes and it would reconsider the offer if necessary.

Mr W sent a quote for £68,610 to NHBC. The contractor providing the quote said all the render board and rendering on all the fascias and soffits would need to be replaced. NHBC refused to do this, saying the repairs would be limited to the areas that were damaged. So Mr W complained again.

NHBC maintained its position, saying that while it appreciated Mr W’s concern that defective render board had been used on the remainder of the property, the policy only covered damage and wouldn’t cover areas where no damage was present. Mr W remained unhappy with NHBC’s response, so he referred his complaint to the Financial Ombudsman Service. NHBC later revised its cash settlement offer, offering £14,994.36, in May 2025.

Our Investigator considered the complaint, but didn’t think it should be upheld. She told the parties that the warranty only covered physical damage to the home, and didn’t provide cover for defects alone. Mr W didn’t agree with our Investigator, so the complaint has now been referred 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 W and NHBC have provided. Instead, I’ve focused

on those I consider to be key or central to the 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.

I should first clarify that I've considered events up to the date of NHBC's final response letter dated 4 March 2025. Anything that's happened after this date will need to be raised with NHBC as a new complaint.

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. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

I appreciate Mr W's concerns. He's found that defective render board has been used for his property and is understandably worried about further damage occurring as a result of this defect. The report I've seen confirms that the render to the rear and side fascia of Mr W's property had debonded, and that this was consistent with wind-driven rain exploiting minor fissures, freezing, and causing the render to lose its adhesion and come away from the substrate.

The initial claim for damage to the render was made under Section 3 of the policy (which provides cover in years 3 to 10). This section provides cover if there's physical damage to the home which was caused by the builder failing to build a certain, listed part of the property in accordance with NHBC requirements.

So whilst the claim for the damaged areas was accepted, the warranty doesn't provide cover for defects alone, or potential damage. It only covers actual damage to a listed area, caused by non-compliance with requirements. So I don't consider NHBC acted unfairly when it refused Mr W's request that the claim cover all the areas of faulty render board on the property.

The warranty says *"We will take responsibility for having the work done... Or, if we choose to, we will pay you what it could cost us to have the work done"*. So I don't find it unfair for NHBC to have offered a cash settlement in the circumstances, for the amount it considered it would've cost Mr W to get the insured work done.

Mr W's quote was substantially higher than NHBC's offer. His contractor said it wouldn't be willing to carry out localised repairs as it couldn't guarantee that these would be lasting and effective. Following this, NHBC said it would appoint a contractor to carry out the repairs. It offered to do so after the date of its final response letter, so as I've not considered anything that happened after that letter was issued, I'll not comment on this further. But I can see that a revised offer was sent to Mr W in May 2025 – so if Mr W remains unhappy with that offer he'll need to make a new complaint.

I'm satisfied however, that NHBC's refusal to cover all the work to rectify the defective render around the home isn't unreasonable, for the reasons I've given. Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide which risks it's willing to cover and 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 within the policy. In this case, the remedy Mr W seeks isn't something the policy provides cover for, though it should of course provide cover for areas that are showing signs of physical damage due to the defect identified.

It follows therefore, that I find NHBC's offer (which included an allowance for the affected panel of carrier board to be completely renewed), was fair and reasonable.

Mr W has told this Service he was advised by a rendering expert that the damage to the render was not due to wind-driven rain, but due to a failure of the magnesium oxide based render board, which Mr W says is a known issue to NHBC. Even if I was satisfied that NHBC had misdiagnosed the defect, there was still no physical damage to other areas Mr W wanted repaired.

Mr W has said that yet another area of render has now debonded, but that NHBC has refused to do anything until a final decision is made by this Service. I won't comment on what NHBC has said, as this happened after the date of its final response letter, but I should make clear that if Mr W approaches NHBC about further damage, I'd expect it to assist Mr W in line with its obligations under ICOBS as I've mentioned above. NHBC has told us it has considered the new areas Mr W has claimed for and has provided its response. So if Mr W is unhappy with that response, he can raise a new complaint about it.

Having looked at the timeline of the claim, I can see that there were avoidable delays in NHBC's handling of it, but I'm satisfied the £300 it offered to compensate Mr W for the impact of those delays is fair – and in line with what I'd award for the level of service it provided up to the date of the final response letter, had no offer been made.

Mr W will be free to make a further complaint to NHBC, if he hasn't done so already, about anything that's happened after the final response letter that's not been considered in this complaint. He will then be able to refer that complaint to this Service if he's unhappy with NHBC's response, subject to the usual rules and time limits that apply.

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 W to accept or reject my decision before 18 February 2026.

Ifrah Malik
Ombudsman