

The complaint

Mr and Mrs W complain National House-Building Council (“NHBC”) has unfairly declined a claim they made on their “Buildmark” warranty policy.

All references to NHBC include its agents.

What happened

Mr and Mrs W’s Buildmark policy started in 2015 when they purchased their home. The policy covers them for 10 years from the start date.

In September 2024, Mr and Mrs W have explained they discovered extensive internal rotting of their timber window and door frames during some redecoration work. Much of the woodwork needed replacement or repairing. So they made a claim under their policy with NHBC. They said new cladding and render had been installed negligently and not in line with NHBC standards as the joints between the cladding and the render hadn’t been properly sealed so water was able to get into and behind the frames causing physical damage.

Mr and Mrs W arranged for a contractor to carry out repairs and identify the cause of the damage. The contractor said the timber was soaked and rotten from the back sides of the trim, behind the cladding and the rot was making its way through the timber to the surface. Rainwater was getting through the gaps between the cladding and the timber frames on all sides as there was no weather sealant between the cladding and the frames.

NHBC declined the claim. It was unable to investigate the damage as Mr and Mrs W had started repairing the problem already. But it said frames aren’t covered under section three of the policy which provides cover after the builder warranty period has ended.

Mr and Mrs W disputed this. They highlighted the section provides cover if damage to the “home” is caused by the builder failing to build specified parts of the home to comply with NHBC requirements. They said the frames were part of their home and they were damaged. And the external cladding and external render, which was listed under the policy, hadn’t been built in line with requirements.

Whilst NHBC then accepted the frames formed part of the home, it still didn’t agree the claim could be covered and it’s given a number of reasons why. But ultimately, it said the problem was with the frames and not with the cladding or the rendering. It highlighted to our service the performance standards set out in the relevant NHBC standards require, in summary, cladding and rendering to resist the passage of moisture. And as there’s no damage to the cladding or render, it thinks these standards and therefore, the technical requirements have been met. It didn’t think it was mandatory for the building work to meet the guidance which is also set out in the standards.

Unhappy with NHBC's decision, Mr and Mrs W asked our Service to look into things. Our Investigator didn't uphold the complaint. She was satisfied the performance standards set out had been met, even if the guidance hadn't. And she didn't think the evidence supported the view that there was a defect in the cladding or render, instead she was satisfied the damage was more likely caused by a problem with the frames not being properly sealed. Mr and Mrs W didn't agree with our Investigator's opinion. They pointed out that the frames were in place before the cladding and rendering was installed. So they thought the builder should've sealed the joints between the two to make them watertight. They also highlighted sections of the NHBC standards they thought should've been met. As the complaint wasn't resolved at that stage, it was passed to me to decide.

I issued a provisional decision on this complaint in September 2025 which I've copied below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on everything I've seen so far, I'm planning to uphold this complaint and direct NHBC to reconsider Mr and Mrs W's claim."

The claim was made after the builder warranty period, so it was considered under Section three of Mr and Mrs W's policy. The term says in summary, section three applies if there is physical damage to the policyholder's home because the builder failed to build specified parts of the home to comply with NHBC requirements. And those specified parts of the home include external cladding and external render. "Home" is defined, amongst other things, as the dwelling referred to in the policy offer.

There's no dispute in this case that there's damage to Mr and Mrs W's timber frames or that this forms part of the home. Instead, the point in dispute is whether this was caused by the builder failing to build a part of the home specified with in the terms to comply with the NHBC requirements.

NHBC has given us a copy of the relevant standards from the time the policy was taken out. It says the relevant section of these standards can be found under section 6.1 D14 and 6.1 D15. These performance standards say, "Cladding shall satisfactorily resist the passage of moisture" and "Rendering, in conjunction with the surface to which it is applied, shall satisfactorily resist the passage of moisture."

NHBC says the builder met these standards. It says this because there's no evidence of damage to the cladding or render so it thinks they must've resisted the passage of moisture. But at the moment, I'm not persuaded by what it's said here. I say this because there's no definition of a "passage of moisture". So I think it's reasonable to consider it means the cladding and rendering should prevent moisture getting into, around or through the cladding or render. Mr and Mrs W's contractor has explained the water was getting between and behind the cladding which meant it was sitting stagnant behind the frames. So I don't currently think the cladding or render was preventing the passage of moisture.

NHBC has also argued if moisture has got in through the joints between the frames and the cladding or rendering, that doesn't mean the cladding or render itself has been installed incorrectly. Instead it says the problem is with the lack of sealant between the different materials or around the frames – and those things aren't listed under section three. So they're not covered. But at the moment, I don't agree. Mr and Mrs W have told us the frames were in place before the cladding and render. So, as part of the installation of the cladding and render, to meet the NHBC performance standards, I think the joints should've been sealed to ensure there's no "passage of moisture". And as that wasn't done, the standards haven't been met in this case.

I note there's guidance which explains how the performance standards may be met. For cladding, this guidance says joints between cladding and adjacent material – which I take to include timber frames – should be detailed to be watertight. There is no specific guidance relating to joints under the performance standards for rendering. But the guidance does refer to preventing moisture penetration through joints with adjacent materials and taking precautions to prevent rain from penetrating the junction between render and timber due to shrinkage. And from what I've seen so far, I don't think these things happened here.

I know NHBC has said these sections are just guidance and are not mandatory. It says if the performance standards have been met, the technical requirements will have been complied with so the damage isn't covered. But from what I've seen so far, it seems to me the guidance is there to highlight different ways the performance standards may be met. And in this case, I don't consider the performance standards have been met, and that's, in part because the builder didn't carry out the work in line with the guidance around ensuring joints are watertight. So I think the guidance here is relevant. And I'm currently satisfied it's likely the builder didn't comply with NHBC's technical requirements in this case.

Mr and Mrs W have pointed to the section of the NHBC standards relating to curtain walling and cladding and say the cladding and rendering also didn't meet the performance standards in this section. But this section seems to relate to specific types of cladding and render installed in a specific way. And I've not been given anything to make me think theirs has been. So I'm not currently persuaded this section applies.

Based on what I've seen so far, I'm satisfied NHBC has declined Mr and Mrs W's claim under section three of their Buildmark policy unfairly. So I think it should reconsider the claim subject to the remaining terms and conditions of the policy. If the claim was accepted previously, under the terms of the policy, NHBC would've taken responsibility for having the work done to put right the physical damage to Mr and Mrs W's home. Or it would've paid them what it would cost to have the work done.

I understand Mr and Mrs W have already paid for the repair and replacement of their timber frames so if the claim is accepted, I think NHBC should reimburse them the amount they've already spent. I can also see their contractor has explained without removing the timber frames, it's impossible to tell if the damage has been fully rectified or not. So I think NHBC should cover the cost of investigating this and if further repair or replacement work is required, carrying that out.

I also think Mr and Mrs W have been caused significant distress and inconvenience by NHBC unfairly declining their claim. They've explained Mr W has very serious health issues which have been aggravated by what's gone on as he's found the process with NHBC very stressful. This claim has been going on for around a year and I don't think Mr and Mrs W would've felt listened to or treated fairly throughout this time. So at the moment, I think NHBC should pay them £400 as compensation to make up for what they've been through."

I asked both parties to make any further comments before I reach my final decision. Mr and Mrs W said they agreed with my provisional decision and had no further comments to make. NHBC said in summary:

- Mr and Mrs W said they first identified a lack of sealant around the timber frames in 2017 which was around two years after the policy started and likely within the builder's two-year liability period.
- It questioned whether Mr and Mrs W contacted the builder to report the possible issue which may require remedial work to mitigate future damage.

- Mr and Mrs W had started repairs to their property before contacting NHBC. So it was difficult for NHBC to determine the extent of the damage.
- Although Mr and Mrs W have said the windows were in place before the cladding and rendering was installed, NHBC says it's unable to agree whether this is true as it didn't visit the property to see how it had been constructed. It also says this is unusual based on its knowledge of building work and standards and the photos provided.
- NHBC says it and our Service (based on what our Investigator said) haven't seen evidence of what Mr and Mrs W's contractor said about the damage, including its cause. So it thinks it would be unfair for me to reach a decision without it having seen this.
- The standards chapter I've referred to in my provisional decision only applies if the timber frames are considered external cladding. NHBC considers it's more likely they are purely decorative timber boards. It says this because the definition of cladding in the construction industry is that it provides a protective layer which would cause water to enter or heat to escape if removed.
- Mr and Mrs W have spent around £2,800 repairing the affected areas and replacing timber where required which has fixed the issue. But I have directed NHBC to investigate the cause of the damage and to cover the cost of carrying out repairs. It is unclear to NHBC what areas of damage or extent of repairs are being asked of it. So it would like that to be made clear – and ensure it is only directed to investigate areas of reported damage rather than areas of cladding or render where no damage is present.
- It remains committed to meeting its liability but it thinks its liability is being extended. It says it may be that the timber frames weren't installed in line with good practice but that doesn't mean the external render or cladding was also not. It maintains sealant was required for the frames and not the cladding or render.

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've considered all of the comments made in response to my provisional decision. Having done so, I've decided to maintain my uphold of the complaint. I'll explain why.

NHBC has highlighted that Mr and Mrs W have said they first identified a lack of sealant around the timber frames in 2017. So it considers they could've taken action to mitigate future loss and contact the builder who did the installation at that point, before NHBC became liable.

I've looked back over Mr and Mrs W's testimony, they've said in 2017 they saw the area between the cladding/render and the frames hadn't been sealed. But they've also explained there was nothing at that time that alerted them to think it had caused any damage. So I don't think it's reasonable to expect they would've got in touch with their builder at that stage. They've explained they arranged for the gaps to be sealed at that point so I think they took reasonable steps to mitigate the loss. And it seems unlikely they could've known there was already damage happening as it was underneath.

Mr and Mrs W had started repairs to their property before NHBC was able to investigate the damage. So it says it was unable to determine the extent of the damage. And I accept this. But that's not the reason NHBC declined the claim. And from what I've seen, it's the first time it's raised this as an issue. Instead, NHBC declined Mr and Mrs W's claim because it thought the poor workmanship was to the frames rather than the cladding or render and it didn't cover this. So even if Mr and Mrs W hadn't started repairing the property, I don't think it would've made a difference to the actions it took here. Mr and Mrs W have provided photos and information from their contractor explaining what the problem was and I consider that's enough information to determine the problem in this case.

NHBC says it's unable to determine whether the frames were in place before the cladding and rendering was installed. It's indicated this would be unusual. But Mr and Mrs W have explained this clearly and consistently throughout their claim and complaint and I think what they've said is plausible. NHBC hasn't provided anything to support what it's said. In any event, I'm satisfied the standards say cladding should be installed with a weatherproof sealant between it and any other materials. And that didn't happen in this case.

NHBC has commented that it hasn't been given any evidence from Mr and Mrs W's contractor. So it thinks it's unfair for me to reach a decision without it having seen this. But I can see Mr and Mrs W have explained throughout their claim and complaint what their contractor said and it's consistent with the report our Service has been given. I can also see our Investigator provided an email to NHBC from the customers in which the contractor's report was mentioned but I can't see that NHBC requested any further information about it. I would also highlight that I set out, in detail in my provisional decision what the contractor said.

Overall, I'm satisfied NHBC has had time to consider and comment on the contractor's expert view as set out in my provisional decision, even if it hasn't seen the report itself. And I note it only flagged that it hadn't seen the report itself on the day its responses to my provisional decision were due when I consider it's had notice of it and time to request it if it wanted to do so. For these reasons, I consider it unlikely it would've made a difference to NHBC or its claim decision if it had seen the contractor's report. So this doesn't change the outcome here.

In its response to my provisional decision, NHBC flagged that the timber frames don't necessarily fall within the definition of "cladding" as per the NHBC standards. It's not entirely clear why it's raised this as the standards I've relied on relate to the cladding and render on Mr and Mrs W's property and not to the frames. I'm satisfied the frames form part of "the home" as set out in Mr and Mrs W's policy. And that part of the home has been damaged. I've also considered if NHBC's comment was actually referring to the cladding needing to meet specific requirements – being waterproof – to be covered. But the only section of the standards which define cladding as needing to be waterproof is section 6.9 which I haven't relied on here. I would also note Mr and Mrs W have said their cladding is waterproof so it's likely to meet the definition in that regard in any event.

NHBC has said Mr and Mrs W have already paid for repairs to the damage to their home. But my provisional decision recommends NHBC investigate the cause of the damage and cover the cost of carrying out the repairs. So it's concerned I'm directing it to now investigate undamaged areas. But that's not the case here. Mr and Mrs W's claim is to address damage to their timber frames. Their contractor has said it's excavated all of the rot they can see and repaired it where possible. But they've said they can't be sure there won't be further rot which will work its way to the surface later.

My direction is to cover the cost of removing the frames, checking if there's additional hidden damage to the frames and covering the cost of repairing that if there is. NHBC has said it shouldn't, as part of this claim, be responsible for investigating areas of cladding or render where no damage is present. I agree with this as the damage being claimed for is to the timber frames so its investigation should be of them.

Whilst I appreciate NHBC's opinion, I don't consider I've extended its liability in the outcome I've reached in this case. NHBC's standards say cladding which butts up against other materials should be sealed. The policy Mr and Mrs W hold provides them with cover for damage caused by the cladding and rendering not being installed correctly and in line with correct standards. The photos they've provided shows the cladding wasn't sealed and their contractor has said this has allowed water to get between the cladding and render and the frames and cause damage to the frames. So I consider it is poor installation of the cladding and render that has caused damage to Mr and Mrs W's home, the frames. I also note the photos Mr and Mrs W have provided of the newly installed sealant shows it's been installed where the cladding and the frames meet, on top of the cladding. So I'm satisfied my decision is in line with NHBC's standards.

Putting things right

To put things right in this case, I direct NHBC to:

- Reconsider Mr and Mrs W's claim subject to the remaining terms of the policy. If the claim is accepted, it should reimburse Mr and Mrs W the amount it cost them to repair and replace the timber frames upon satisfactory proof they paid for the repairs. It should add 8% simple interest to this amount from the date they paid for the repairs, to the date of settlement.*
- If the claim is accepted, it should also cover the cost of investigating any further repairs required and the cost of carrying out those repairs subject to the terms of the policy.
- Pay Mr and Mrs W £400 to make up for the distress and inconvenience caused to them.

*If NHBC considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr and Mrs W how much it's taken off and give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons given, I uphold Mr and Mrs W's complaint and direct National House-Building Council to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 27 October 2025.

Nadya Neve
Ombudsman