

The complaint

Mr and Mrs H complain about the handling of their subsidence claim by INTACT INSURANCE UK LIMITED ('Intact') under their home insurance policy.

Any reference to Intact includes the actions of its agents.

What happened

Mr and Mrs H have a home insurance policy with Intact. In 2020, they made a claim for subsidence damage and Intact accepted this.

Over the following few years, monitoring took place and the cause of the subsidence (nearby trees) was addressed.

In October 2023, Intact's loss adjuster carried out a site visit and made recommendations for the repairs. A scope of work was put together, though as Mr and Mrs H wanted to carry out some private work to benefit their family's needs, it was agreed between the parties that a cash settlement would be paid for the subsidence repairs. The repairs went out to tender, and Intact offered a cash settlement in July 2024 of £143,738, which Mr and Mrs H accepted.

Mr and Mrs H moved into alternative accommodation and the contractor began repairs. Though, soon after the contractor asked the loss adjuster to reattend the property. They said some further issues had been found with the foundation (to the front elevation). It was estimated this further work would cost in the region of £80,000. Intact considered this but concluded the further work was unrelated to the subsidence damage and so didn't increase its cash settlement.

Mr and Mrs H complained to Intact about its handling of the claim (since its previous final response letter of January 2024 to a previous complaint).

Intact issued a final response to the complaint on 22 January 2025. It made the following main points:

- It found there had been a number of delays regarding payments, and Mr and Mrs H had to chase it for these.
- There were multiple mistakes made by its loss adjuster which resulted in delays.
- It paid Mr and Mrs H £500 for the delays.
- It noted its case handlers hadn't contacted Mr and Mrs H when they said they would and hadn't always taken promised actions.
- It paid Mr and Mrs H a further £250 in compensation for general poor customer service.
- It thought the additional repairs needed related to poor workmanship and wear and tear and said this wasn't covered under the policy.

Unhappy with Intact's response, Mr and Mrs H brought a complaint to this service. Meanwhile they paid for the repairs to be carried out to the front elevation so the other repairs could take place, and they could move back home.

Our investigator looked into things and recommended the complaint be upheld. She thought the evidence suggested the work needed to be done to the front elevation in order for an effective and lasting repair to take place in respect of the subsidence damage. However, as Intact thought there were workarounds that could have been done, she recommended that Intact arrange for an expert to consider the matter, and then for it to reassess the claim to see if further payment was warranted. Our investigator also recommended that Intact increase its compensation offer for distress and inconvenience to £1,250 in total.

Neither party accepted our investigator's recommendations. So, the complaint 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 handle claims promptly and fairly. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr and Mrs H's complaint.

The policy covers subsidence. It defines subsidence as '*downward movement of the site on which the buildings stand by a cause other than the weight of the buildings themselves*'.

The policy excludes wear and tear.

I've read Intact's loss adjuster's report from October 2023. The main points are:

- Tree mitigation was completed in February 2023 and monitoring had taken place since that time.
- A structural engineer's report obtained by Mr and Mrs H recommended the house be demolished and rebuilt.
- Damage to the property is categorised as 'severe'.
- The monitoring since tree mitigation work showed cyclical movement at the front of the house, most notably at the mid-point.
- The external walls were (already) underpinned by traditional mass concrete methods. They thought this was likely to be to the full front elevation and to the right side up to the side extension.
- The damage to the front elevation indicates the roots must extend below the depth of the footings in this area. The subsidence worsens towards the party wall, so it's possible the underpinning was stepped up towards the wall.
- There's no technical justification to consider further underpinning of the external walls. Monitoring indicates these have stabilised and any further heave movement will not occur.
- Although the external walls were previously underpinned, the internal walls were not. The main spine wall is likely to be supported on a thickening of the ground-bearing concrete floor slab. The floor slab is fractured and tilts severely to the front and rear. They believed the main issue was the subsidence caused by the trees, but noted there had also been some previous heave damage following the original

underpinning. Now the trees have been removed, further heave beneath the floor slab and internal spine wall would be expected.

- The ground floor slab needed to be replaced for a number of reasons – cracking within the slab, the level of tilt to the slab, and anticipated further heave movement.
- It was recommended the internal spine wall be underpinned to below the depth of root desiccation and the floor slab replaced with a suspended slab spanning from the spine wall to the right external wall and to the party wall.
- Other ground floor partition walls can be rebuilt in studwork since they would be supported off the beam and block suspended floor. This would allow alterations to be made to accommodate the special needs of the family, though this was outside the scope of the repairs. Crack repairs could be carried out at the same time.

I understand a scope of work was put together and Intact says it decided this. The cash settlement was then paid.

After the contractor started repairs, they discovered further issues with the front elevation foundations. A site visit took place in September 2024 between the parties.

Following this, Intact's loss adjuster said the contractor had found a band of mortar packing (approximately 50mm in depth) between the original foundation and the underpin to the front elevation. They said the packing was failing due to a weak mix, and tree roots had penetrated through the packing. This was causing instability to the front elevation. Also, the mortar joints of the internal block/brickwork of the front elevation were deteriorating, which was a wear and tear issue. The front elevation therefore needed to be rebuilt with the foundation to that area taken down to firmer ground and the brickwork rebuilt so that the joists to the first floor have a firmer fixing to the front elevation.

The loss adjuster thought the failure of the packing due to poor mix and tree roots was poor workmanship, they said this was excluded under Mr and Mrs H's policy. They also said the absence of subsidence cracking to the area of concern (the band between the ground and first floor windows to the front elevation) indicates that the deterioration of the masonry/mortar wasn't due to subsidence but again was due to wear and tear which is excluded.

Mr and Mrs H's architect provided his opinion on the matter. He pointed out the loss adjuster had already acknowledged in October 2023 that the damage to the front elevation indicated that roots must extend below the footings. He said that once repairs started, this was confirmed. Although the loss adjuster had thought in October 2023 that the original underpinning was sound as there was little movement observed during monitoring, that's not the case, as the dry packing of the underpinning had failed causing the front elevation's internal blockwork to crack and fail.

So, the monitoring didn't show there was subsidence movement to the external walls, and the loss adjuster thought that was because of the previous underpinning. The previous underpinning may have been preventing subsidence movement to the external walls, but we now know this had failed which had caused the blockwork to crack and fail (rather than subsidence). Failure of the previous underpinning due to wear and tear isn't an insured event.

However, it seems to me the matter to be decided is whether effective and lasting subsidence repairs could still be carried out for the original cost. And without needing to address the wear and tear issues to the front elevation (which needed to be demolished with existing underpinning removed and then rebuilt).

Intact paid a cash settlement that was intended to indemnify Mr and Mrs H in full for the subsidence repairs. Intact will be aware of this service's approach in circumstances where we would generally say that if the only way to carry out an effective and lasting repair to insured damage means carrying out work on uninsured damage, then the insurer may need to cover the work on uninsured damage. That's because if uninsured work isn't carried out and that makes it impossible for the insured work to be effective and lasting, the policyholders won't be indemnified.

Mr and Mrs H's architect said the original scope of works was to insert the beams of the beam and block floor into the existing front wall, but due to the foundation failure and poor blockwork, this wouldn't be possible. He also said as part of the original scope of work, the contractor had attempted to strap the existing ceiling joists and restrain the first floor joists in order to restrain/brace the front elevation, but this hadn't worked.

Also, the information from the loss adjuster in October 2023 was clear, in that the ground floor slab needed to be replaced (due to subsidence and heave). The recommendation was that a new suspended slab should span from the spine wall to the right external wall and to the party wall. I note from the loss adjuster's site visit notes on 19 October 2023 they said the external walls were already underpinned and so could be used as support for the suspended floor.

I agree with our investigator that this information supports that the subsidence repairs set out in the scope of work couldn't be completed unless the repairs took place to the front elevation. Though it's also the case that I don't know that demolishing and rebuilding the front elevation was necessary for effective and lasting subsidence repairs to take place. There may well have been other solutions for this.

Intact has argued the beams for the block and beam ground floor could have been supported by a dwarf wall constructed from the inner scarcement of the foundation. Alternatively, the beams and floor joists could have been reconfigured to run from side to side rather than front to rear, which would have avoided any load on the front elevation. Mr and Mrs H's architect disagrees with these proposals.

I'm not a building construction expert and so I don't know if what Intact has suggested would have ensured effective and lasting subsidence repairs and for the same amount as previously paid by way of cash settlement.

So, I don't think Intact has done enough here. The evidence from its own loss adjuster, and Mr and Mrs H's architect, shows that the intended subsidence repairs took into account that the front elevation had successful underpinning in place. After Intact found out the underpinning to the front elevation had failed, I think it ought to have established whether effective and lasting subsidence repairs could still take place, and if so, whether the original scope of work needed to be altered. Then if it did, the cash settlement should have been increased to reflect this.

Instead, Mr and Mrs H were left to deal with the matter themselves and had the worry of a significant unexpected bill to pay and repairs being placed on hold until it was paid. I understand they had to borrow the money from family to be able to pay for the repairs.

I think the most appropriate way forward here would be for Intact to arrange for an independent expert (most likely a structural engineer) to consider the available evidence and decide whether an effective and lasting repair to the subsidence damage could have been done (within the cash settlement paid) without the repairs taking place to the front elevation to address the failed underpinning caused by wear and tear. Intact should then reassess the claim and decide whether a further cash settlement should be paid.

I have thought about what might have happened if Intact did this when it should have done (i.e. when it became aware of the issues with the front elevation). If Intact had arranged for an engineer to carry out an inspection at this time and they were able to suggest an alternative solution that would have ensured effective and lasting subsidence repairs, then I've thought about whether Mr and Mrs H would have gone with that solution, or if they would have still paid any extra costs to have the front elevation demolished and rebuilt. On balance though, given the damage to the front elevation's foundations and blockwork, I think it's most likely they would have still had the work done to the front elevation as this was clearly necessary work.

Customer service

I can see that there were several delays with payments throughout 2024, as well as delays with Intact responding to Mr and Mrs H's emails. This isn't in dispute and Intact accepts it provided Mr and Mrs H with poor customer service.

I also note that Intact didn't tell Mr and Mrs H that it had decided not to increase the cash settlement for the front elevation, and instead only told their architect.

Intact has paid Mr and Mrs H £750 in total for its above failings, and I think that seems fair and reasonable in the circumstances. Though I agree with our investigator that a further £500 compensation should also be paid. This is for the additional worry Mr and Mrs H were caused when Intact failed to properly consider or address that the original scope of works couldn't be carried out due to the new issue with the front elevation.

My final decision

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

- Instruct an independent expert to consider the available evidence (and carry out a site visit if necessary). They should decide whether an effective and lasting repair to the subsidence damage could have been done (within the cash settlement amount paid) without the repairs taking place to the front elevation to address the failed underpinning caused by wear and tear. Intact should then reassess the claim and decide whether a further cash settlement should be paid.
- Pay total compensation of £1,250 (less any amount already paid in this respect).*

*Intact must pay the compensation within 28 days of the date on which we tell it Mr and Mrs H 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 Mr and Mrs H to accept or reject my decision before 27 January 2026.

Chantelle Hurn-Ryan
Ombudsman