

## **The complaint**

Mr and Mrs C have complained about the service they received and the settlement from INTACT INSURANCE UK LIMITED (“Intact”) when they made a claim for subsidence damage to their property.

## **What happened**

In 2022, Mr and Mrs C made a claim for subsidence damage to a bay window at their property. Intact accepted and settled the claim, and demolition began in October 2024 in order to rebuild the damaged area.

In November, Mr and Mrs C’s builder found that there was also damage to the party wall of the neighbouring property, which was threatening the structural integrity of part of the house. A surveyor was appointed to inspect the damage and concluded that further stabilisation work was needed, which hadn’t been accounted for in the initial claim settlement.

But Intact didn’t agree to cover further work that had been deemed necessary to ensure a lasting and effective repair of Mr and Mrs C’s home. It said the plans they’d submitted showed an alteration rather than a repair, but Mr and Mrs C say those plans were submitted in 2023 and it was on the basis of those plans that the initial claim settlement had been paid. Mr and Mrs C say Intact hadn’t raised any issues when the plans were first submitted, and aside from the new foundations the plans hadn’t changed.

So they made a complaint. In its response to their complaint, Intact said only mortar was missing from the brickwork and that there weren’t any structural issues. It concluded that the additional damage wasn’t due to subsidence, so it wasn’t covered. And said the original settlement offer that was accepted by Mr and Mrs C included all the anticipated costs associated with the movement that had occurred. It offered Mr and Mrs C £450 for service issues and delays.

Mr and Mrs C didn’t accept Intact’s response. They said it had chosen to avoid paying the claim and in doing so, had ignored the professional opinion of three experts, likely due to the large sums involved. So they referred their complaint to the Financial Ombudsman Service.

Our Investigator considered the complaint, and recommended Intact pay the additional part of the claim. Intact didn’t agree, 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 and Mrs C and Intact have provided. Instead, I’ve focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I’m

upholding this complaint. I'll explain why.

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. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Taking into account all the evidence, which includes reports from Mr and Mrs C's builder, surveyor, and comments from their structural engineer, I'm most persuaded that the further work was required and should be covered under the claim.

I say this because Mr and Mrs C's policy covers them for subsidence, which is defined in the policy as *"Downward movement of the site which the buildings stand by a cause other than the weight of the buildings themselves"*.

Intact hasn't been able to sufficiently demonstrate that there's no insured peril here, or that a valid exclusion applies, and I'm not persuaded that the issues aren't structural or subsidence-related. As the initial claim was accepted and paid, the additional issues highlighted since work started should also have been covered for the same reasons.

Intact had the opportunity to inspect the additional damage but didn't do so. And it hasn't provided any evidence which persuades me that the opinions of the professionals who recommended the underpinning work weren't reliable. And Mr and Mrs C's reports and expert opinions all confirm that it should be included in the claim.

One such opinion I've considered is that of Mr and Mrs C's Chartered Surveyor's, who says the following in his report dated 20 November 2024:

*"Cracks I noted during the inspection were those of the failure of foundations under the front wall of the bay, where they had cracked from those under the front end of each of the side walls of the bay, and extending in to the brickwork directly above...In addition, there was a second set of cracks which included a vertical crack in the party wall..."*

*Having seen them it was my unequivocal advice that such cracks need to be repaired, together with concrete pins being excavated for and installed below such. This, too, is the advice given by the structural engineer whose opinion was sought by the contractor. As Building Control are involved in the project, they have considered the position and support/accept/agree that the additional pins are necessary, and the proposed way forward."*

I'm persuaded by the expert evidence provided, that the additional cracks that were noted showed that the subsidence had affected the foundations and party wall and that this damaged needed to be repaired. The view of this surveyor was supported by the comments of other professionals, and the photos I've seen and correspondence I've read, such as emails from the surveyor expanding on his professional opinion, also support this view. I don't think it's unreasonable therefore, based on the professional advice that was obtained, for Mr and Mrs C to have proceeded to have the issue remedied. I also haven't seen evidence that Mr and Mrs C were asked to pause the works, and I'm satisfied from what I've seen that Intact was aware of the works being carried out.

I've considered Intact's additional comments, but I don't agree with its position that the additional damage was minor, as this view isn't shared by those who inspected the site –

including Mr and Mrs C's builder who said the following:

*“Upon excavating the bay window, we found that both sides of the foundation had actually snapped, and the bay section had dropped by roughly 150mm, thus confirming this was the correct course of action and we were dealing with a substantial subsidence issue at the front of the house.*

*When we then took the floor up on the party wall side of the house... it was also evident that there were issues with the front elevation and the pillar supporting the main steel which was supporting both the 1st floor and brick work above the Bay window. After further excavation we found a crack that started between the join in the party wall foundation and the front wall foundation that then continued up through the brickwork (which included cracked bricks not just missing mortar) and returned back into the pillar that was supporting the steel above.*

*There was significant damage to the pillars integrity with bricks falling apart, and in addition to that, the garden wall had started to crack, and there were holes and more cracks in the soil consistent with the bottom of the front wall of the house falling/moving forward. This was obviously compromising the support for the main steel supporting the front of the house.”*

So whilst I've carefully considered what Intact has said, I'm satisfied the later issue that was identified was not minor and did in fact require structural remediation work. It follows therefore, that I'm upholding this complaint and requiring Intact to settle the claim for the additional damage rectification work and the professional fees incurred by Mr and Mrs C, plus interest.

### **Putting things right**

INTACT INSURANCE UK LIMITED should now settle the remaining claim costs and fees, subject to the terms of the policy, and add to any amount due 8% simple interest from the date it paid the claim to the date it pays the remainder.

### **My final decision**

My final decision is that I uphold this complaint and I direct INTACT INSURANCE UK LIMITED to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 16 March 2026.

Ifrah Malik  
**Ombudsman**