

## The complaint

Mr C complains about the way Society of Lloyd's has handled a claim he made on his building warranty.

## What happened

Mr C's home benefits from a ten-year building warranty, provided by SOL. He made a claim for an external crack under section three of the policy which covers years three to ten of the policy.

SOL accepted the claim. Mr C provided an estimate for the repairs to be undertaken, of around £4,000. SOL sought to arrange payment, but Mr C didn't want to accept the settlement in case the contractor's final invoice was higher than its estimate. In response SOL said once Mr C had been provided with an invoice from the contractor (I'll call F), it would issue settlement.

In March 2025 Mr C says F had done the works, but he wasn't happy with what had been done. He contacted SOL, he wanted it to pay for the necessary works that were needed to put right the poor work of the contractor.

SOL said the policy didn't provide cover for the remedial works needed as a result of any poor repair by a contractor Mr C had engaged with. It said the dispute Mr C had with F was therefore a civil one which he needed to resolve with it.

Mr C complained to SOL about its response. On 20 June 2025 SOL issued an FRL. It said, having reviewed matters, more assistance should have been provided to Mr C, it thought the service had fallen short of what was expected, and it offered Mr C £300 compensation for the unnecessary distress and inconvenience caused. It also said it would reassess the current position of the claim and ascertain the best course of action to assist Mr C.

Unsatisfied with SOL's response, Mr C referred the matter to the Financial Ombudsman Service on 24 June 2025. He said he hadn't heard further from SOL with the assistance it would provide him, and the matter was pressing given F was threatening legal action for non-payment of the invoice for works it said it had carried out. As a resolution he wanted SOL to pay for a solicitor to defend the court action and a surveyor to assess what works needed to be done to rectify F's poor repairs.

By the time the complaint was allocated to our Investigator, matters had moved on. So she set out that she would review SOL's assistance (which it had agreed to provide in the June 2025 FRL) up to the date she issued her findings, which was the end of September 2025. Having done so, our Investigator wasn't satisfied SOL had acted fairly towards Mr C. She made some recommendations which neither party wholly agreed with. As such, the matter came to me to decide.

In November 2025 I issued a provisional decision on this complaint. Provisionally I said:

*"Having done so I find my view is different to that set out by our Investigator. So I'm issuing a*

provisional decision. I will also review matters after SOL's final response of June 2025, like our Investigator, as SOL has agreed for this Service to do so.

I see there being a few issues that I need to consider to fairly decide this complaint:

- Did SOL have a responsibility to appoint a contractor when Mr C first made his claim?
- Should SOL have, when Mr C reported issues with F, stepped in to find another contractor to fix the issues Mr C says F caused? Or commit to making a further payment for the same works?
- Should SOL provide – under the terms of the policy or otherwise – funding for legal assistance to be provided to Mr C?
- When SOL said, in its complaint response, that it would provide assistance to Mr C, did it take reasonable steps to do so?

I've addressed these in turn.

Did SOL have a responsibility to appoint a contractor when Mr C first made his claim?

When a claim is accepted under the Structural Insurance Period of the policy, the terms say SOL "has the option of either paying the cost of the repair, replacement or rectification works or arranging to have the repair, replacement or rectification works carried out."

I consider the terms are clear that SOL will not always arrange for the repair works to be carried out, and the terms allow it to settle a claim by simply "paying" the cost of the repair organised by a policyholder. So I don't think SOL acted unfairly in asking Mr C to source his own contractor. Mr C said he only sourced his own because SOL didn't offer to provide one, but that, from my experience, is fairly common practice in building warranty complaints. And given the terms allow SOL to settle without appointing a repairer, I think its decision to not offer to arrange one was fair and reasonable in the circumstance of this case. Especially as the insured issue appears to have been a fairly straightforward one, with relatively low cost to repair.

Usually when a policyholder sources their own contractor the cash settlement is paid up front, based on the quote, allowing the policyholder to then settle the costs with the contractor. But in this case I can see Mr C was reluctant to sign the mandate to accept the settlement because the mandate said it would be in 'full and final settlement'. As such, I consider SOL reasonably said it would pay when the invoice was presented, and if further works were needed at an additional cost, Mr C could let it know and it would consider those costs.

Should SOL have, when Mr C reported issues with F, stepped in to find another contractor to fix the issues Mr C says F caused? Or commit to making a further payment for the same works?

I'm not currently minded to decide that SOL should have stepped in or agreed to pay for further repairs Mr C says are needed.

*Where an insurer arranges the repair, it is generally responsible for the actions of the appointed repairer, since it has been instructed by the insurer. However, when an insurer pays for the cost of repair organised by a policyholder, it is not generally considered to be responsible for the actions of the contractor. And so, if a policyholder is dissatisfied with the actions of the contractor they appointed, that is essentially a matter between the policyholder and the contractor.*

*As established above, F was appointed by Mr C, not SOL. Which means I accept SOL's position that any issue with the works Mr C contracted F to undertake, are not the responsibility of SOL to resolve.*

*And that extends to SOL refusing to cover Mr C's costs in putting right any poor repair of F. Mr C says this isn't excluded under the policy, and given the policy terms say he will be indemnified for repairing Major Damage, SOL has not met its obligation until the Major Damage is resolved, i.e. SOL provides the funds for another contractor to put right the work of F and repair the crack in the wall. I don't agree with Mr C that that is a fair and reasonable interpretation of the policy terms.*

*The estimate set out what F would do in terms of a repair, SOL agreed settlement on that basis and would have paid it at the outset, had Mr C signed the mandate. That is because by agreeing to pay for the repairs quoted, SOL has met its obligation under the policy to indemnify Mr C.*

*Mr C being unhappy with the repairs SOL has agreed to pay for doesn't mean it's reasonable for SOL, who had no involvement in appointing F, to then pay more for the same damage to be rectified, or for any works done poorly by F.*

*Should SOL provide – under the terms of the policy or otherwise – funding for legal assistance to be provided to Mr C?*

*There is provision under the policy for the cost of other fees, such as legal or architects' fees. The terms say these are covered when "incurred by the policyholder in relation to the complete or partial rebuilding or rectifying work to the housing unit". I'm not satisfied I can fairly and reasonably say this term applies to covering legal fees incurred in a dispute a policyholder has with a contractor they instructed to carry out the rectification works. Mr C says SOL should appoint a solicitor outside of the policy terms because the only reason he is in this position is because SOL failed to indemnify him in a timely manner. As set out above, SOL doesn't have an obligation to step in to resolve an issue Mr C has with a contractor he appointed. The situation Mr C finds himself in – which I accept is a challenging one – simply isn't due to any failing of SOL. And as such it wouldn't be reasonable for me to require it to fund legal fees outside of the policy terms.*

*Having read the court documents F has filed, it has done so for non-payment of works. Mr C refused to pay F because he wasn't happy with the repair it had carried out.*

*I do accept that SOL had asked Mr C to sign a mandate in full and final settlement of his claim before it would release the funds. From the emails I've seen, Mr C only seemed willing to pay F (and so sign the mandate) if SOL then agreed to fund all of his further works needed to address the issue caused by F. But SOL had already explained to Mr C in April 2025, before any legal proceedings were issued, that it wouldn't fund more works. And I've found that position was reasonable. As such, I think it's most likely, even if SOL had paid him the settlement earlier, that Mr C would have always found himself in the position he now is because he simply would still have withheld that money from F.*

SOL could have offered to pay Mr C the settlement amount as an interim payment, whilst he was in dispute with it, rather than requiring him to sign in full and final settlement. However, for the reasons set out above, I'm not satisfied this would have altered Mr C's position. It seems to me Mr F would have always needed legal advice due to his issues with F. And those costs aren't covered under the policy, nor was his need for it wasn't borne out of a failing of SOL. As such it wouldn't be reasonable for me to require it to meet any legal costs.

Did SOL provide the assistance it promised in its complaint response?

When SOL issued its complaint response in June 2025, it said it would review the claim and see what other assistance could be provided. I'm satisfied that was reasonable to do. However, I think SOL could have been clearer in its complaint response as to what support it could, and likely would not, provide, given that it knows it can't assist a policyholder in a private contractual dispute.

SOL's loss adjuster says it tried to assist Mr C by offering to contact F, to speak about the works being done and see if it could mediate a solution. That seems to have been a reasonable offer to make. Mr C says he refused that because the loss adjuster's legal knowledge sounded incorrect, and he didn't want it to jeopardise his legal position with F. Whilst I can sympathise with the position Mr C has found himself in, I don't think SOL had any other option but to offer to speak to F. After all, it had only had Mr C's side of the story, so I can see why it felt it would be helpful to speak to contractor. Given SOL's and its loss adjuster's experience in insurance matters, including repairs, I think it was reasonable to think an intervention like this might have been able to break the deadlock Mr C had found himself in.

Whilst I can see Mr C is unhappy with some of the information the loss adjuster provided him, I'm satisfied overall that it made clear that it wouldn't be able to assist with legal advice and that Mr C should seek his own. And it was clear from April 2025 – when Mr C reported issues with the repair – that it wouldn't be able to instruct another contractor to put right the works.

Having said all of the above, I think given the position that exists now, and in order to move matters forward, I intend to decide SOL should issue the claim settlement to Mr C now for the estimate Mr C was given by F. After all, this is money owed to Mr C. What Mr C then chooses to do with this money is essentially down to him.

Mr C has said that some of the works SOL had agreed to cover and included in the estimate, relating to applying mastic and attaching a drainpipe, are outstanding, and were removed from the invoice he received from F. So Mr C still needs those works to be carried out. Mr C says those costs were included in the estimate provided to Mr F which I intend to direct SOL to pay. That should allow Mr C to have those works done. But I would expect, should Mr C be later charged more for the works F removed from the estimate, that SOL would consider such costs. After all, the cost I am saying SOL should pay is only 'an estimate' of what it would cost to complete that work. I need to be clear that I am not saying SOL would have to cover any cost of rectifying any poor work and I'm not intending, as part of this decision to require SOL to meet any additional costs presented. Only that it should consider them.

SOL could have, at the point it responded to the complaint in June 2025, offered to make settlement to Mr C as an interim payment. As such I think it should add 8% simple interest onto the amount to be paid from the date of its June 2025 complaint response, until the date of settlement. But I'm not going to ask it to award any interest linked to the legal action taken by F. F's court documents say it will seek interest on the invoice amount from Mr C. That isn't something I can reasonably expect SOL to cover, since I intend to decide SOL is not responsible for the court action or failing to prevent it.

*I understand Mr C has been distressed by this whole matter, he says he isn't a legal expert and has been left to file a defence himself, with little support. But I can only award compensation for distress and inconvenience caused by a failing of SOL. SOL said it would offer £300 for not assisting Mr C further, I'm not going to require it to pay any more than that. Its assistance wouldn't ever reasonably have extended to providing legal advice or providing funds for Mr F to seek his own, nor agreeing to pay for more works. Mr C is in a difficult position because he hired a contractor to do works on his home and he's unhappy with the quality of those works, with that contractor now pursuing him for its invoice through the courts. In a situation where none of that tracks back to a failure by SOL, I simply can't reasonably award compensation to him for the distress being caused by such a dispute."*

### Responses to my provisional findings

SOL didn't accept that an award of 8% interest should be made to the payment. It said given Mr C wouldn't have paid his contractors (owing to the dispute), he hasn't shown, by SOL not making payment to him, that he's been unfairly without funds he would otherwise have had. It said everything else recommended in the provisional findings had already been agreed to throughout the claim by SOL.

Mr C also didn't accept my provisional findings. He provided an extensive response with 27 points. In summary he didn't think I'd considered matters in line with this Service's guidance. He maintained SOL's settlement didn't discharge its duty under the policy to pay for reinstatement; SOL placed an unfair burden on Mr C by not carrying out works itself; the contractor wasn't simply 'his contractor' and he didn't agree with my provisional findings that SOL's actions were not the cause of legal action. He also said the decision didn't explain why I'd departed from the Investigator's findings, was speculative in deciding he wouldn't have paid F, something he has never said, and that it didn't address several other issues identified.

### **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 am not going to respond individually to the 27 points Mr C raised, although I have read, and considered, them all. It simply isn't the role of this Service to engage in lengthy correspondence; we're an informal Service and the DISP rules set out that the Ombudsman will resolve a complaint by whatever means appear to be the most appropriate.

Whilst my provisional findings didn't set out why I'd reached a different conclusion to the Investigator; it isn't my role to do so. Neither Mr C nor SOL accepted the Investigator's findings. That means the complaint was referred to me and I considered the file afresh and independent of the Investigator's findings. I don't have to give reasons for disagreeing with any view our Investigator might have taken. Rather I must give reasons for reaching the decision I have, which I did.

I still see there being four main issues which I need to decide on to decide the outcome of this complaint, those were set out and answered in my provisional findings.

So I've set out below briefly my consideration of those four points in view of the responses I've received from the parties.

### Did SOL have a responsibility to appoint a contractor when Mr C first made his claim?

Mr C's comments haven't persuaded me to depart from the findings reached in my provisional decision in this regard. He said the policy gives the options of cash settlement and reinstatement, and I haven't considered reinstatement. That is because the policy offers cash settlement *or* reinstatement. The policy doesn't offer a cash settlement, and later a reinstatement if Mr C is unhappy with the works carried out by a contractor he appoints.

I've considered Mr C's comments that he considers the contractor was not simply his, but I am satisfied SOL did not appoint the contractor, and it had no contractual relationship with it. As such, it is not responsible for the contractor's actions, including its poor work.

*Should SOL have, when Mr C reported issues with F, stepped in to find another contractor to fix the issues Mr C says F caused? Or commit to making a further payment for the same works?*

I'm still not persuaded it should have done, and so I see no reason to depart from the findings set out in my provisional decision in this respect. Mr C has said the contractor F, removed works that SOL had included in its scope, and didn't fit items that it should have done. That might be the case, but I'm not considering (and nor do I have the power to consider) F's actions, however poor they might have been. And I'm not persuaded any poor repair by F means SOL has failed to meet its policy terms. I appreciate Mr C doesn't agree, but my role is to assess the complaint impartially and objectively. And I consider the policy cannot reasonably be interpreted to mean that SOL, in providing a scope of works for the necessary repair, is then responsible for putting right any issues with a contractor it didn't appoint and so had no authority over.

I had set out that I'd considered whether SOL should review further costs from Mr C in relation to works on the original scope but not carried out by F. In response to my provisional findings SOL said it has already agreed to consider reasonable costs of remedial works to resolve the original defect but not additional costs to resolve F's poor work. I accept that it did, but I included it as a direction in my provisional findings to be clear for both parties on what the resolution to this complaint is. I've seen no reason to depart from those provisional findings as such they will form part of my final decision.

*Should SOL provide – under the terms of the policy or otherwise – funding for legal assistance to be provided to Mr C?*

The focus of Mr C's response in this respect is that he never said he would not pay F following clear confirmation of indemnity from SOL. And he says it's incorrect and speculative to find he would not have paid F, even had SOL agreed to pay the cash settlement without him signing the mandate.

It is the approach of this Service, to consider what would have happened (or most likely would have happened), and what position a complainant (so here Mr C) would likely have been in as a result, when we make findings.

I've found that even if SOL had given Mr C the funds without asking him to sign in full and final settlement, Mr C still wouldn't have paid F. I don't agree that this is speculative, nor a finding I cannot reasonably reach. Mr C has told SOL and this Service that he could only pay the contractor (to stop legal proceedings) if SOL agreed to then appoint someone to carry out the reinstatement works and re-do any poor work done by F. But I've found SOL's refusal to do that to be fair and reasonable. So my final decision is that Mr C would have always found himself in the position he's now in. That is, not wanting to pay F for works he considers were below standard and non-compliant with manufacturer instructions. With a cash settlement from SOL for works it agreed to cover, but with its refusal to undertake the

works. Its refusal to undertake the works would not have obviated Mr C's desire to not pay for what had been done.

And given that F's legal proceedings were for non-payment of work, I cannot reasonably conclude Mr C would most likely have been in a different position, had SOL provided the cash settlement earlier.

I will now though turn to SOL's argument, that given Mr C wouldn't have paid F, it shouldn't have to add 8% interest into the cash settlement (which I considered in a different section of my provisional findings). And I do accept its argument that given Mr F most likely wouldn't have paid the contractor, he hasn't been unfairly without the funds. I remain of the view that SOL should not have kept those funds beyond the point of the final response letter. By the time it issues its complaint final response, it had set out its position in relation to the claim and its liability, so I see there was no reason for it to not pay the cash settlement at this stage. Had it done so the money would have been in Mr C's pocket, what he should have then done with it is irrelevant. So, I still find that SOL should add 8% simple interest onto this amount.

#### Did SOL provide the assistance it promised in its complaint response?

Mr C has made several points in relation to this part of the complaint, but I haven't been persuaded to change my findings. The assistance Mr C was looking for was for SOL to fund his legal dispute with F and instruct another contractor to carry out reinstatement works and put right issues Mr C says he'd found with F's work. So I can see why he doesn't think SOL provided assistance to him.

But I've already found SOL's refusal in those respects to be fair and reasonable. As such I have looked at what SOL did do, and I'm satisfied that it did offer to assist Mr C by speaking to F. Mr C didn't want SOL to contact F, and so it didn't. But I can't see what other assistance it could reasonably have provided or been expected to provide. And SOL also tried to give Mr C some general information about obligations of contractors where disputes arise. I'm satisfied that, in this respect SOL was trying to assist Mr C, even if it was not the assistance he particularly wanted.

It is not my role to audit and comment on every response SOL has provided Mr C throughout the claim. I consider whether, in the round, SOL acted reasonably in its responses to Mr C, and for the reasons set out here and in my provisional findings, I'm satisfied that it did.

Mr C says SOL forwarded his complaint about the loss adjuster to him, even though it was marked as confidential, and that hasn't been considered. I'm not satisfied SOL acted unreasonably in forwarding the complaint on; it needed the adjuster's comments, and I'm not persuaded that SOL's forwarding of the complaint has had any negative impact on Mr C.

#### Compensation

Mr C says the compensation does not account for him cracking his tooth, his digestive complaints or him stepping down from a voluntary role. I accept it does not. That is because when considering awards for distress and inconvenience I have to be reasonably persuaded that any 'impacts' complained about were caused by an act or omission of SOL. I don't doubt this has been a very difficult time for Mr C, but as set out in my provisional decision, I find much of the worry has been caused owing to his dispute with F, rather than any failings of SOL. And I haven't found SOL to be the cause of Mr C's dispute with F. I appreciate he doesn't see it that way but having considered everything and taken into account all of Mr C's submissions including the content of his response to my provisional decision, that remains

my view of the situation. As such, I'm not going to ask SOL to increase its offer of compensation.

### **My final decision**

My final decision is that I direct Society of Lloyd's to:

- Pay Mr C the claim settlement, in line with the estimate received, from F, in November 2024.
- Add 8% simple interest\* onto the above amount from the date of SOL's June 2025 complaint response, until the date of settlement.
- Consider costs for works included in estimate but removed from the invoice by F, should Mr C end up paying more for those works. This doesn't include the cost of putting right any work done or damage caused by F.
- Pay £300 compensation, if it hasn't done so already.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require SOL to take off tax from this interest. If asked, it must give Mr C a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 January 2026.

Michelle Henderson  
**Ombudsman**