

The complaint

Mr H and Ms B complain about the way National House-Building Council (NHBC) handled a claim they made under their new home warranty.

Mr H has primarily dealt with things so, for simplicity, I'll refer to him only.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mr H bought a new home covered by a ten-year NHBC warranty.
- He got in touch with NHBC in 2017 about cracking in the render. NHBC considered the claim under Section 2 of the warranty and carried out its Resolution Service. It told the builder to carry out repairs. They did so, but that didn't resolve the problem, and Mr H returned to NHBC in 2019.
- NHBC agreed further work should be carried out to resolve the cracking and took responsibility for doing so. It initially offered a cash settlement for the work, but in 2022, agreed to instruct contractors to carry it out. NHBC accepted it had caused avoidable delays and inconvenience. A dispute arose about the schedule of work. NHBC accepted responsibility for the delay that caused. It paid compensation.
- The dispute about the schedule of work continued and Mr H complained in early 2023. NHBC said the schedule included work to repair the cracks identified in 2017 that were covered by the warranty, and the de-bonded areas identified in 2020. However, any 'minor hairline cracking' wasn't included as it didn't affect the performance of the render.
- Our investigator thought NHBC's schedule of work dealt with all the damage it was required to.
- The render work went ahead in April 2023, following earlier internal work. Mr H said both sets of work were sub-standard and didn't put right all of the damage. He raised another complaint. NHBC agreed some of the repair wasn't of an acceptable standard. It offered to re-render the first and second floor levels of the rear elevation, alongside other work. It also offered £450 compensation. NHBC later also agreed to carry out further work to the front elevation and increase compensation to £650.
- Our investigator reviewed things again to include both complaints made in 2023. She thought NHBC's offer to carry out further repairs to the areas it had identified and pay £650 compensation was reasonable.
- Mr H asked for his complaint to be referred to an Ombudsman. He said NHBC's offer wasn't detailed enough about the work it would carry out and he noted he would have to accommodate another round of repairs, and all the inconvenience that involves.

He didn't think the compensation offered took that into account.

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.

- This matter has been ongoing since 2017. So I can understand why Mr H is frustrated and disappointed with NHBC – and why he would like it to resolve the problem once and for all.
- Whilst I can bear in mind the history of the matter, the scope of this decision is limited to considering the two complaints Mr H made in 2023. I'm aware he's made previous complaints, but they've been resolved, so I won't be considering them.
- Mr H's first complaint in 2023 was primarily about the scope of work. But there are limits to the extent I can consider that. As our investigator has explained, we can't consider the judgements NHBC made under its Resolution Service – including what damage is covered and work is required to put right the covered damage – as that doesn't amount to insurance.
- Further damage arose later, outside the period of time relevant to Section 2 and the Resolution Service, so NHBC considered it under Section 3. That does amount to insurance, so it's something we can consider. NHBC has noted that under this section, 'minor cracking, spalling or mortar erosion to brickwork, which does not impair the structural stability or weather tightness' isn't covered. It agreed to cover a de-bonded area of the render, but not any hairline cracking. Given the term noted by NHBC, I'm satisfied this was reasonable.
- Overall, this means I don't think NHBC's schedule of work was unreasonable, to the extent I'm able to consider it.
- Mr H's second complaint in 2023 was primarily about the standard of work carried out. NHBC has accepted the work wasn't done to a reasonable standard and has agreed to carry out further work.
- Some of this work is fairly well defined. NHBC inspected its work in August 2023. It said it would re-render the first and second floor levels of the rear elevation, along with other work – remove paint stains, remove garden debris, repair board joints, reinstall glazing bar end caps, reinstall the cavity tray, and repair ceiling boards internally. It didn't agree to repair some hairline cracking. For the reasons set out above, I'm satisfied that was reasonable.
- Mr H later provided photos of the front elevation. NHBC accepted further work was required to this area too, but it hasn't set out what that is yet.
- I can understand why Mr H would like the certainty of knowing what work NHBC is proposing to the front elevation. But I'm satisfied the principle that it will carry out work to that area is sufficient to fairly resolve this part of the complaint.
- The next step will be for NHBC to determine what an appropriate repair to the front elevation is. It should set this out for Mr H in a similar way to how it set out the work it identified in August 2023, so Mr H can be clear about exactly what work NHBC will carry out.

- If a dispute arises about the scope of work and/or the standard of work carried out, Mr H will be entitled to raise a further complaint.
- NHBC should bear in mind it has a duty to handle claims promptly and fairly. Whilst it may not be responsible for the full duration of the matter since 2017, from Mr H's perspective, it has been outstanding for a prolonged period of time. And NHBC has accepted responsibility for significant delays over the last few years, paying considerable compensation prior to the scope of this complaint. I would expect it to take this background into account when it takes the next steps and ensure this claim is progressed fairly and promptly.
- NHBC should also ensure that the work it carries out provides a lasting and effective repair to the insured damage. It's quite clear the first attempt at repair didn't achieve this. I understand NHBC will appoint a different contractor this time, which seems reasonable. Nonetheless, I would expect NHBC to ensure the work carried out solves the problem once and for all, so the matter can be resolved after all these years.
- For the period of time within the scope of this complaint, I'm satisfied the £650 compensation offered by NHBC is reasonable. It takes into account that Mr H had to accommodate repairs – which didn't resolve the problem, so he will have to accommodate them again. It also takes into account months of further correspondence where it has taken NHBC a long time to accept its repair isn't to an acceptable standard. It could and should have identified this much earlier in the year, which would likely have allowed it to carry out the second round of repairs by now. It's clear all of this has caused avoidable distress and inconvenience to Mr H, so I think it was right for NHBC to recognise that and pay reasonable compensation.

My final decision

I uphold this complaint. I require National House-Building Council to:

- Schedule and carry out the work NHBC identified, noted above.
- Pay £650 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr H to accept or reject my decision before 5 January 2024.

James Neville
Ombudsman