

The complaint

X complains Tesco Underwriting Limited (“Tesco”) hasn’t carried out the necessary repairs following a claim for subsidence under his property insurance policy. X says the foundations are defective and substructure works need to be carried out.

X has made a number of complaints about this claim on his policy but this decision is about the above only.

Any reference to Tesco includes its agents.

What happened

X’s property insurance started in September 2019. Around July 2020, X noticed cracks appearing in the wall on the back side of his conservatory at the back of his house so he made a claim on his policy. There was a lot of back and forth between X and Tesco about the cause of the movement of X’s property but ultimately Tesco concluded it was caused by vegetation around the property. Works were carried out to remove the vegetation and Tesco monitored the property from around September 2020 to 2022.

Following monitoring of X’s property, Tesco found there was only slight continued movement of the property which it said was within its acceptable tolerances. So it didn’t think any further work needed to be carried out to stabilise X’s property and instead said it would move onto repairing the damage the previous movement had caused.

X wasn’t happy with Tesco’s resolution of his claim. He highlighted that the previous contractors involved in the claim said work needed to be carried out on the foundations of the property. X was concerned, if this isn’t done, further movement will occur in the future. And he provided the schedule of works from the previous contractor to support this. He says, Tesco removed those contractors from the claim to avoid carrying out work on the foundations.

X also provided a partial structural survey carried out by structural engineers who I’ll call “M”. This said the movement of the conservatory is a result of defective foundations and it suggested further investigation and works needed to be carried out on the foundations to resolve the issues. M also thought from the results of the crack monitoring exercise, that X’s property had continued to move.

Tesco said it didn’t accept the schedule of works from the previous contractor as it lacked any detail and was inaccurate. It also said M’s partial survey didn’t change the outcome of the claim as the monitoring showed movement of the property was within acceptable limits for a structure of its type and it was satisfied the movement was caused by vegetation which had been stabilised. So it didn’t agree any further mitigation or stabilisation works to improve the foundations were needed at that point to.

X raised a complaint as he didn't accept what Tesco had said. As Tesco maintained its position, X asked our service to look into things. Our Investigator didn't uphold X's complaint. Whilst she agreed substructure work was an option, she didn't think it was necessary as the property stabilised without the need for further works to the foundation. And she didn't think it was fair to ask Tesco to carry out work to prevent possible future instances of subsidence.

X didn't accept our Investigator's opinion so the complaint was passed to me to reach a Final Decision on.

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.

Based on what I've seen, I don't uphold this complaint, I know X will be very disappointed. I'll explain why.

I understand the circumstances surrounding this complaint and X's property must be very worrying for him. But the outstanding matter for me to decide in this case is whether Tesco has gone far enough to stabilise the property and ensure there's no further movement.

Tesco says following the mitigation work it's completed (the removal of the vegetation around X's property) it's carried out monitoring of foundation movements and changes in crack width over a period of time. Whilst the property had shown signs of some movement, it says this is within acceptable limits and didn't justify the need for engineering works to be carried out on the foundations.

I've looked carefully at the reports Tesco has provided from 2020, 2021 and 2022 which include the monitoring data. These show monitoring over a long period of time, at different times of the year and during different seasons. I can see there's a maximum movement recorded of 2.2mm in total. Tesco says it's usual acceptable tolerances exceed this amount of movement – and from what I've seen in the industry, I don't think that's unusual. So I'm satisfied the reports support what Tesco has said.

X believes Tesco should carry out work on the foundations of his property and has provided a report by M which supports his view. But whilst M's said the cause of the movement may have been due to defective foundations, the report doesn't suggest the property is still moving further following the mitigation works carried out by Tesco. So I can't agree it follows that Tesco should need to carry out engineering work on the property if there is no further movement occurring outside its usual tolerance.

I know following the report, M sent further correspondence which said it believes the building is still moving, based on the crack monitoring Tesco had authorised. But it's not given any evidence to show it's moving more than within the reasonable tolerances relied on by Tesco – nor does it show that these tolerances aren't acceptable.

I appreciate X believes Tesco has switched contractors to avoid carrying out further engineering works. Tesco says it didn't approve the original contractor's schedule of works because it lacked any detail and they weren't able to provide any further information when prompted. Usually, a schedule of works will set out a breakdown of all of the works required for both parties. I've looked at the schedule of works provided and I can see it neither provides a breakdown of works nor cost for the claim. And I understand the contractor wasn't able to provide this detail when asked. So whilst I can understand why X might be concerned that the contractor – who appeared to support what he thinks – was taken off the claim, I don't think Tesco has acted unreasonably in not accepting its schedule of works.

In this case, I'm satisfied Tesco has identified the cause of the subsidence, carried out works to deal with it and arranged monitoring to ensure the property is stable. So I don't think it needs to do anything more here to prevent possible future movement. And instead, I'm satisfied it can move onto repairing the damage caused by the movement of X's property.

My final decision

It's my decision that I don't uphold X's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 11 April 2024.

Nadya Neve
Ombudsman