

Guidance notes

Builder's Insolvency

These notes are for guidance only. Please refer to your Buildmark booklet for precise details of the cover on your home.

If the builder fails, due to his insolvency or fraud, to complete your home in accordance with NHBC's Technical Requirements, Buildmark provides insurance cover, within specified limits.

If your home is less than two years old, the builder is responsible for correcting defects caused by not building to our Technical Requirements. Buildmark provides cover if the builder has failed to put right defects due to insolvency, or if he fails to honour an Arbitration Award or judgment relating to defects.

Before the home is completed

If you suffer loss because your builder fails to complete your home in accordance with our Technical Requirements, due to his insolvency or fraud, we will compensate you as follows:

- 1 If the builder does not start your home, we will pay you the amount of money you have paid to your builder for your home but cannot recover from him.
- 2 If the builder starts but does not complete your home, we will pay you either:
 - a the amount of money above the original agreed contract price of your home which is needed to complete the home in accordance with our Technical Requirements, plus the cost of putting right any Defect or Damage, or
 - b the amount of money you have paid to the builder but cannot recover from him.

Limit of cover

The financial limit of cover before the home is completed is £10,000 or, if greater, 10% of the original purchase price of the home.

What you will need to send us

If the builder is insolvent and your home has not been completed we will need the following information to be able to deal with your claim:

- 1 A copy of the Purchase Contract;
- 2 A copy of any correspondence with the builder about any defects being claimed for;
- 3 Any information about the builder's insolvency, for example, newspaper cuttings;
- 4 Any information about any arrangements that have been made with a Receiver;
- 5 Letters about the amount of money paid to the builder including extras, and the amount of retention money being held from the purchase price and a copy of all relevant receipts.

After the home is completed

We will pay the cost of putting right Defects or Damage caused by breaches of our Technical Requirements which the builder fails to correct due to his insolvency. This includes failure to honour an Arbitration Award or a Court judgment.

Important

Defects must have been reported to the builder or, if he has ceased trading, to us as soon as possible and before the end of the first two years.

Limit of cover

There are financial limits of cover for each section of Buildmark. Details will vary depending on which Buildmark booklet applies to your home. For more specific details, you should read your own Buildmark booklet.



Alternative accommodation

After the home is completed, there is insurance cover under Buildmark if you, or anyone occupying the home need to move out to enable work to be carried out. We will pay the reasonable costs you actually incur, with our prior agreement, for removal, storage and appropriate alternative accommodation. Items such as normal living expenses, for example, the cost of meals and food are not covered.

Investigating the claim

If we need to visit your home to look at the defects we will make an appointment to call during normal working hours.

We will need to be sure that your builder is actually insolvent. We will also need to know that you have suffered real loss; for example, any retention money will either be deducted from any claim payment made to you, or we will ask you to pay the money to us if we arrange for the remedial work to be carried out.

We will not be liable for payments made to the builder other than those required by your contract. Generally, we will not be liable for plot reservation fees lost if you decide not to proceed with the purchase.

A slight delay in dealing with the claim may be unavoidable while we obtain information from Receivers, Liquidators and others. We will always strive to keep any delays to a minimum.

Professional advisers

If you wish to call in your own professional adviser, such as an Architect, Surveyor or Solicitor, you are free to do so. However, we will not normally pay fees as part of a claim, as we employ our own staff to investigate and assess the completion or remedial work required.

Second owners

If you are not the first owner of the property we will not meet a claim for any defect which you knew about when you bought the property and which resulted in a reduction in the purchase price you paid, or which was taken into account within any other arrangement.



NHBC Claims

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