

New Homes Ombudsman Case Study: **Leak and Poor Workmanship**



Issue

The customer reported that a major leak flooded the ground floor of their property, leaving them without gas and electricity for several hours and requiring them to move into a hotel for two weeks while repairs took place. On returning home, they found unfinished work and paint damage to furniture. The customer claims that contractors failed to complete the repairs to a satisfactory standard, and that they were incorrectly advised not to contact their insurer.

Relevant sections of the New Homes Quality Code

Part 3: After-sales, complaints, and the NHOS

Circumstances

- The customer experienced a significant leak that flooded the ground floor of their new home, leaving them without gas and electricity for around seven hours. They were relocated to a hotel for almost two weeks while drying and remedial work was carried out.
- On returning to the property, the customer found that not all works had been completed, including repairs to the flooring. They also discovered paint splashes on their sofa, table, and chairs, and believed that the contractors had not restored the home to an acceptable standard.
- The customer stated the developer incorrectly advised them not to contact their home insurance provider. Later, they learned that the developer and their insurers had liaised directly regarding recoverable costs for damaged items.
- The situation caused considerable stress and disruption for the customer, who also incurred expenses such as grocery losses, utility costs for drying out the property, and a mortgage payment while they could not live in their home.
- The developer acknowledged responsibility for the leak, apologised for the inconvenience, and offered a £1,500 goodwill payment. However, the customer considered this amount inadequate and declined to sign the developer's final response letter.

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Outcome

Partially upheld. The customer was awarded £2,690.83 in compensation.



Ombudsman's decision

The Ombudsman upheld the complaint in part, finding that the developer had acted promptly to address the physical damage caused by the leak but had not fully recognised the extent of the disruption and inconvenience experienced by the customer.

While the developer took responsibility for repairs and provided alternative accommodation, the Ombudsman concluded that the customer endured considerable stress, practical difficulties, and financial impact from being displaced soon after moving into their new home.

It was considered reasonable for the developer to cover certain direct costs arising from the incident, such as utilities used during repairs and the insurance excess, but not additional claims like mortgage payments, lost groceries, or speculative increases in insurance premiums.

The Ombudsman found that the developer's initial goodwill gesture did not fairly reflect the scale of the inconvenience and emotional distress caused. An increased award was, therefore, directed to provide appropriate redress for the customer.

Learnings

- Prompt action alone is not enough to resolve customer dissatisfaction; how a developer manages communication and follow-up is equally important.
- Major incidents such as flooding can cause significant disruption and distress, which should be recognised in how compensation and support are handled.

Recommendations for developers

Strengthen after-sales processes to include clear communication, timely updates, and a consistent approach following major defects or damage.

Ensure contractors are aware of the developer's commitment to the New Homes Quality Code and complete remedial works to a high standard.

