

## Buildings insurance

### What is buildings insurance

Buildings insurance covers the cost of damage to the structure of your property. This includes the roof, walls, ceilings, floors, doors and windows. Outdoor structures such as garages and fences are also included.

Buildings insurance covers permanent fixtures and fittings, interior decoration and underground tanks, pipes, cables, and drains for which you are responsible from your home to the mains supply.

Your buildings insurance should cover the full cost of rebuilding the property. This should include costs such as demolition, clearing the site, and architect's fees. Make sure any special features such as a luxury fitted kitchen or a conservatory are also included. The Association of British Insurers (ABI) produces yearly guidelines on rebuilding costs. You can find this at [www.abi.org.uk](http://www.abi.org.uk).

Buildings insurance usually covers loss or damage that occurs as a result of:

- fire
- explosion
- bad weather, including lightning, storms and flooding
- earthquakes
- theft or attempted theft
- malicious damage or vandalism
- freezing or bursting of any part of the plumbing system
- falling trees, lampposts, aerials or satellite dishes
- subsidence
- impact by vehicles or aircraft

You can extend a buildings insurance policy to include cover accidental damage to the inside of your home. This costs extra. However, anything that is not clearly listed in the policy is not usually covered.

A buildings insurance policy will usually also cover the cost of alternative accommodation up to a certain limit, if you have to leave your home while repairs are carried out.

If you own the property, you can also be insured against legal responsibility if someone dies or is injured when they visit your property. You can also get cover for damage to someone else's goods or property when they visit you.

## Who should have buildings insurance

If you are an **owner-occupier with a mortgage**, it will be a condition of the mortgage that your home is insured. Your mortgage lender will make sure that the amount of cover is sufficient to meet the outstanding amount of your mortgage. However, you should make sure that this is enough to cover the full rebuilding costs of your home.

Your mortgage lender should give you the choice of at least three insurers, or allow you to propose one you have chosen yourself. Your mortgage lender will usually accept your choice of insurer, as long as the policy provides adequate cover. They may make a small charge for this. Your mortgage lender does have the right to turn your choice of insurer down, but they cannot insist that you take out their own insurance policy unless you have agreed to a special mortgage package which includes insurance.

If you **buy or sell a house**, responsibility for the buildings insurance passes to the new owner when the contracts are exchanged. It is therefore very important that, if you are buying a house, you insure the property from the day the contracts are exchanged. This is because if the house is damaged or destroyed, you will be expected to cover the loss. If you are selling your house, you have a legal responsibility to look after the property until the sale is completed, and you should therefore keep on your buildings insurance until then.

If your mortgage lender **repossesses** your home, you are still responsible for the insurance until it is sold. Your insurance policy may no longer cover you if you are not living in the property. You should explain the circumstances to your insurer so that they can change the terms of your policy. They may want assurances that someone, for example a neighbour, is watching over the property while it is empty.

If you are **freeholder** without a mortgage, you do not have to take out buildings insurance, but it is advisable to do so.

If you are an owner-occupier who is a **leaseholder**, you may have a condition in your lease which says that you have to take out buildings insurance with a specified insurer. This may be the case even if you don't have a mortgage. However, in England, you may be able to take out buildings insurance with an insurer of your choice, as long as certain conditions are met. Alternatively, the freeholder of your building may take out the insurance and charge you for the premium.

If you are a **tenant**, your landlord usually has responsibility for the buildings insurance. Check that your landlord has taken out buildings insurance. You may also have some responsibility for certain loss or damage to fixtures and fittings. Check your tenancy agreement for this. Your household contents insurance may cover some of these losses.

## Choosing buildings insurance

The price of an insurance policy is called a 'premium'. Before you take out your buildings insurance policy, ask for quotes from several insurers to help you to get the best deal for your circumstances. You will need to compare:

- what each policy covers, and any **exclusions** (risks which are specifically excluded, for example, damage caused by frost or sonic booms)
- the amount of any **excess**. This is the first amount of any claim, for example the first £50, that you will have to pay yourself. Some policies allow you to pay a higher excess in return for a cheaper premium
- any **discounts** offered
- the **no claims bonus** which increases for every year that no claims are made on your policy, up to a maximum amount. Most insurers will let you transfer the discount, if you want to change your insurer. You will also need to compare the amount by which your no claims bonus would be reduced if you made a claim.

## Things to remember

- when you buy insurance, you must give your insurer, or the person who sells you the insurance, as much information as you possibly can about anything which might affect their decision to insure you and how much to charge.
- It is your responsibility to inform your insurer of any change in your circumstances, for example, if you carry out any home improvements to your property. You should do this as soon as possible, and not wait until it is time to renew your insurance policy.

## Making a claim

If you want to make a claim on your buildings insurance:

- check that your policy is still **current**, and that you are covered for the situation
- **minimize any further loss** or damage by, for example, making temporary repairs to a broken window

- if a **crime** has been committed or you have lost property, report this to the **police**. Keep a note of the crime reference number you are given, so that you can pass it on to your insurer, if requested.
- contact your insurer as soon as possible and request a **claim form**
- complete the claim form carefully and keep a **copy**
- if your claim is substantial, you may want to employ **loss assessors** to help you with your claim. Make sure that they are members of the Institute of Public Loss Assessors. Contact them on: 0844 879 3244. Get details of all fees and services offered, in writing, before any work is carried out
- do not arrange for **permanent repairs** to be done without your insurer's permission. Your insurer may ask a claims inspector or loss adjuster to visit you, to investigate the circumstances of your claim
- if your claim is accepted, your insurer will either arrange for a company to do the repairs, or ask you to get estimates for their approval before going ahead with any work

## When you may not be covered by your buildings insurance

You may not be covered by your buildings insurance:

- for normal **wear and tear**
- if you do not keep to the **conditions** of your policy. The most common conditions of a buildings insurance policy are: that you must take all reasonable steps to prevent loss, damage or injury; you must keep your home in good condition and properly locked up when you are not there; and you must tell your insurers if you are going to be away for more than 30 days
- for any **exclusions** in your policy. These may include damage caused by sonic booms, nuclear explosions, frost, or war, and contamination by radioactivity.
- if your property is at risk of **regular flooding**, or if it is at greater risk of subsidence. If you are in this situation, you may find that your insurers will only insure you if you agree to pay a bigger premium and to have a higher excess on your policy than normal
- if you were **underinsured**. This means that your home was not insured for its full value. However, your insurer may still agree to pay a proportion of your claim
- if there is a **limit** on the amount you can be paid out for any single item
- if you have to pay an **excess**

## How to make a complaint

If you have a problem with an insurance claim, check your policy carefully first, to make sure that your insurer is not entitled to withhold all or part of any payment. This could be because:

- you have an excess on your policy
- you have an exclusion in your policy
- if someone has overcharged you for their services. In this case, your insurer can refuse to meet all the costs of your claim and you will have to meet the balance yourself.

If you want to make a complaint, write to your insurer, giving details of your complaint, and how you would like it to be resolved. If you are not satisfied with the response, make a formal complaint, using your insurer's complaints procedure.

If you are not satisfied with the outcome of the formal complaints procedure, consider taking the complaint further. All insurers must be covered by the rules of the financial watchdog, the Financial Services Authority (FSA). This means that if you have a complaint about an insurer, you can take it to the Financial Ombudsman Service. This is a free service available to policyholders who have already followed their insurer's complaints procedure. The Financial Ombudsman will try to resolve the complaint through mediation. If the dispute cannot be resolved this way, the Financial Ombudsman will begin a formal investigation. The final decision given at the end of this investigation is binding on your insurer, but if you do not agree with it, you are free to take your insurer to court. For more information about the Financial Ombudsman, you can visit their website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk), or phone them on 0845 080 1800.

If your insurer is a **member of Lloyds**, contact Lloyd's Complaints Department on: 020 7327 5693. If you are not satisfied with the outcome of this complaint, complain to the Financial Ombudsman.

If you have tried all the options for resolving your complaint through the complaints procedures, but have not met with success, or if your insurer is based outside the UK, you may want to consider taking legal action. However, you should only consider going to court as a last resort. This is because the amount of compensation a court may award you could be reduced if you have not tried other ways of resolving the problem before taking legal action.

Before taking legal action, you need to consider whether you have sufficient evidence. You will have to prove that your claim is covered by your insurance policy, and you may have to provide expert evidence.

Your local Citizens Advice Bureau can give you advice on insurance problems, and on how to take legal action. To search for details of your nearest CAB, including those that can give advice by e-mail, visit [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk).

## Other fact sheets that might be helpful

- Starting court action
- Alternative dispute resolution
- Builders
- Services
- household contents insurance

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