

HPH318

SPEAKERS

Bobby Layden, Jake Fitness, Ben Adam-Smith

Ben Adam-Smith 00:00

This is House Planning Help episode 318. Hello, I'm Ben Adam-Smith, and this is the podcast for you if you're interested in self-build. I'm exploring what houses we should be building in the 21st century and trying to break down the major roadblocks that may get in our way. Coming up in this session, my guest is Jake Fitness from Self Build zone, and we're going to explore structural warranties, get the lowdown on that. What are they, when do we organise them, how much they're going to cost and so on.

Ben Adam-Smith 00:32

First, though, if you've ever been a house owner, if you're going to build a house, I imagine you may well have been a house owner, you know there's never a dull moment. It's always, it's maintenance or something needs fixing, or redecorating. Or maybe even there's a mystery to solve. Yes, this has happened in our household where there's just been a mysterious knocking noise. And I must admit, "Emily, will you stop banging on the wall!" that was my first default response, which has actually proven to be wrong. Because the other morning I was looking at our door and thought what's going on there, something's happened to the ..., oh no, ants have invaded here, because I saw what they did to our patio. So I posted up a picture on social media, and pretty much unanimously came back as birds. And I imagine what I'm going to discover, I'm going to try and capture it on film, but that just it rings true. It's the sort of consistent knocking, but not what you need first thing in the morning, when you're waking up, and who knows what it is doing to the windows and damaging them in that way, how we're gonna have to repair them, it just gives you another long thing to investigate. But it's not going to end up being blue tits, or a thrush, or a blackbird is it, you just know, it's either going to be a pigeon and we have plenty of those, or it'll be a crow. I almost guarantee it.

Ben Adam-Smith 02:02

Let's get to our featured interview with Jake Fitness from Self Build Zone. Self Build Zone provide site insurance, but also structural warranties. And I've realised that's not a topic that we've covered before, so we'll do that today. We're zooming in, we're focusing. I started by asking Jake to tell me a little bit about his background.

Jake Fitness 02:23

I've worked with Self Build Zone for just over eight years now. As it's commonly said in the industry, you don't find insurance, insurance finds you. I started off quite young. I was 18 when I joined the team. I am now the team leader, I've been the team leader for the last 12 months because I've only really known the the warranty insurance industry have already seen the changes to the requirements, even since I've started. And I know it's completely different to what it was even 10 years before that where warranties didn't really exist.

Ben Adam-Smith 02:55

Now, I'm pleased to say that I've nearly lived in my house for four years now, and I haven't even thought where the structural warranty is. So that's good news there but let's go back to those basics for anyone who's coming round to this subject to begin with. So first of all, what is a structural warranty?

Jake Fitness 03:13

So a structural warranty is essentially an insurance policy which covers any new structural works you do on any project, from a new build to a conversion to a complete renovation or even an extension. The actual cover of the warranty covers defective design, workmanship, and materials for a full period of 10 years. So even if your build takes four years, the actual 10 year period starts after completion.

Ben Adam-Smith 03:40

When should you start looking into this?

Jake Fitness 03:44

Really, as soon as you have a fair idea of what your project is. So even if you're not starting for a year, you really want to make sure what you're building is acceptable by warranty providers, and what that cost will be. Because a warranty is really something you should be adding into your budget and you don't want at the final stage of right, I'm ready to start next week, someone says have you sorted your warranty and suddenly you've not accounted for the price of it. And also actually getting that surveyor for the warranty booked in, to also come out when you're actually starting the foundations if it's a new build or completely gutting the property if it's a renovation.

Ben Adam-Smith 04:20

Is it something that you have to have by law?

Jake Fitness 04:23

No, it's not a legal requirement. But if you plan on either drawing down any funds for the project, or selling the property within 10 years after completion, it's more than likely going to be a lender requirement. So you won't legally need it, but it will stop you from selling the property or re mortgaging your property.

Ben Adam-Smith 04:43

Is this just a bit of paper or how comprehensive is it? I know some insurance, you get your cover, just talking now parallel maybe a car or something. My wife had an accident and they were brilliant. They paid out almost immediately and then okay it did rumble on in the background for a while sorting it all out. But what are the sorts of situations that might come up where claims have been made?

Jake Fitness 05:08

Okay, so it's not just a piece of paper at all, really, most people will think it mirrors what your contractor will be guaranteeing. But the difference with a warranty and a normal contractor's guarantee is, you don't have to hold anyone liable for the damage that's happened. So if you notice some cracks in the property caused by subsidence, you don't have to then go to that architect and say, you've incorrectly

designed my property, it's now subsiding, please pay for that to be rectified, what the warranty provider would do is come out and do a full, completely independent survey, assess the damage. And then if the damage is caused by the architect or the contractor, whoever it may be, will pay you for that loss. And it's really good if you're someone that's getting addicted to self-build, which we know most self builders do, if you are happy with your building, and want to use them in future, you don't want to ruin your relationship with them by trying to hold them at fault for some damage in your property, which probably is not their fault. So yeah, the most common pain we probably have is water ingress. So if your windows aren't installed correctly, for example, even something as small as that, if it goes unnoticed for a year, the actual damage can be in the 10s of 1000s of pounds. So you have one small claim for your warranty, and it's paid for. The claim value will be over the premium you've paid, and you've actually saved money by purchasing that warranty.

Ben Adam-Smith 06:33

What checks if any do you do in those early stages?

Jake Fitness 06:38

We do what's called technical audit surveys. So they're very similar to what your building control surveyor would do. But they're purely from the point of view of Will there be a claim within the next 10 years, so slightly more comprehensive than just do they meet building regulations. The first stage that we actually come out for, in using the new build as an example, would be once the foundations are fully excavated and just before you pour concrete. Then after that stage is damp proof course. And then when you actually get into building the structure, we come out, depending on what structure type you're building. For brick and block it'll just be when you're at first floor joists, or we won't come out again until the actual frames erected if you're using a timber frame or ICF construction. We'll still carry on even when you're at the weathertight level all the way up till completion, letting us know of any defects during the build, which, to be honest, most builders if they've built a small defect in then they're probably going to not let you know about it. But we will stop the building in its tracks if we need to, just to make sure everything's rectified and built to a very good standard.

Ben Adam-Smith 07:40

These are checks that your company personally would get involved with or you lean on building control?

Jake Fitness 07:46

Well, it's not our company, we actually have a panel of approved surveyors that would come out to do them. If you're using one of those approved surveyors for the building control, then certainly we would use the control reports. But if you've appointed, say, the local authority, or a surveyor that's not recognised by us, we will have to come out and do our own surveys, purely for the fact that only our surveyors know the requirements of our warranty, which are slightly above and beyond the requirements of building control.

Ben Adam-Smith 08:14

Yeah, and sometimes I've seen a situation before where it's actually building control that are to blame, or you know that's the person that you need to come back on, and you can't really do anything in that situation can you?

Jake Fitness 08:27

Exactly, yeah. So the building control surveyor may look at the building and say, well, it meets the requirements. But those requirements may not be best suited for your site, especially for a self build as every self-build is different. It's built to be your personalised property of your requirements, how you would like it. And that does not mean one size fits all in terms of the regulations. So we're very flexible and realise you might be going slightly away from the building control requirements or, really above and beyond those requirements to do what actually suits your project and protects your project in 10 years time. Because when if you have a defect it's not going to be that building control surveyor that's passed it or not passed it, that actually pays the claim. It'll be the warranty provider or if you haven't got a warranty, it will be you that's got to actually rectify your property.

Ben Adam-Smith 09:18

Maybe we can just step through some of the things. When you've got a client sitting in front of you and you're saying, Look, our policy covers this. Can we slowly go through the key things that you would say it does cover?

Jake Fitness 09:30

Yeah, there's the three main points to think of which is the defective design, workmanship and materials. And there's various examples we would give for them. So the defective design can be anything from the structural engineer not designing the foundations deep enough and your property subsides and worst case with subsidence claim your property will have to be completely demolished and rebuilt. And we have seen those type of claims. So it's design and specification, so you'd have frame. The loadings aren't specified to actually take the full weight of the roof, especially if you do have solar panels, or anything like that, because they're a lot heavier than a traditional tile, you have to tell that designer at the very start of your project, this roof is taking 40 tons worth of solar panels. If they're not designed in correctly, that's again, a claim that a warranty provider would pick up. And the workmanship. Now, everything can be designed correctly, and you've done every bit of prep work, you can, but if you use a subcontractor that installs your roof tiles without a mechanical fixing, and the roof tiles then start to slip off within 12 months, the installer may not actually come out to actually repair it, because it's not a defect on what he's done, it's just a poor mortar mixture, but the warranty would actually pick up and pay for that full roof to be retiled.

Ben Adam-Smith 10:52

And having this in place right in the early days, does that almost help as another line of defence? You know, presumably, you don't want a claim to happen, so you're investigating, you mentioned getting your surveyor to check at certain points. But is that also the case with the plans? You know, having a look to see, is there anything that could go wrong in here? Is there anything that has been missed?

Jake Fitness 11:14

Exactly, yeah. So there's two ways to look at it. So us being involved as early as possible, will mean anything that's not build up to our standard or another warranty provide a standard, we can let you know about it at the beginning, before you've got your structural engineers designs done. And also, in terms of the cost of the structural warranty, when we actually come out to inspect the build and make

sure it is built to a good standard, we charge you a lower premium. Because we're happy with how it's done. We're happy with the workmanship on the site. And we're happy with the actual design of the property. Whereas if you purchase it when you're at roof level, we've not seen anything. So we do charge you a higher cost.

Ben Adam-Smith 11:53

How often does that happen?

Jake Fitness 11:55

More often than not to be completely honest.

Ben Adam-Smith 11:58

I imagine it's because you're concentrating on the building, getting towards the end. Right, we ought to insure it now because it's virtually finished, is that the lines of thinking? There were so much going on that I can see how that happens. But again, this is another one on the checklist. So if we are in that boat, is there anything we can do in our favour, or is it pretty much the cards are played?

Jake Fitness 12:21

Depending on the building control surveyor, ask that surveyor if they can provide the full reports of what they've done. But more often than not, they do not want a warranty provider completely scrutinising everything they've been out to check. So if they're happy with their work, and are very confident they've done everything properly, they may send you the reports to send to us that we can actually see what's been done, and in turn charge you a lower premium. But if you can, and you're thinking about doing a project anytime soon, really make it one of the first things you do, because it's more important than your kitchen, your doors and your windows and all of the nice looking fittings, because ultimately, it's what's going to pay you if there is something wrong with your build.

Ben Adam-Smith 13:04

You mentioned cost. Let's go there, shall we? So how much is this going to cost? Or what are the parameters that will change the cost?

Jake Fitness 13:11

The cost is mainly based on the size of the property, the build type, so the actual frame construction, and a build cost. So it's a combination of all three of them. The average warranty price is anywhere between 2500 pounds to 4000 pounds. Within that price that will include the full premium for the 10 years, and all of the site audit visits that we would have to come out to do for the project. So if you look at that cost spread over 10 years, you're only talking on the higher end, the maximum of say 500 pounds per year, which is not that expensive.

Ben Adam-Smith 13:47

No, particularly if it's a worst case scenario.

Jake Fitness 13:50

Exactly. Yeah. Yeah. Same with any insurance policy, you hope to never use it. But to be without it, it's not something you really want to even think about.

Ben Adam-Smith 13:59

And how do we pick the right provider? Obviously, we can come to you, but what should we be looking for, what sort of things?

Jake Fitness 14:07

To be completely truthful to you, the actual cover of the warranty is virtually the same for all providers. But what you really want to look at is who is actually insuring and paying the claims for those warranties. That would be the insurer. And with Self Build Zone's policies, using us as an example, we only use an insurer with an A rated backing. That refers to how financially stable they are, how likely it will be for them to be there in eight years time, if you actually do have a claim. There's quite a few providers out there at the moment without A rated insurers. And that's just purely for a struggle with the market at the moment. There was actually a provider around 2016/2017 called Alpha Insurance, who were not a rated provider, went completely bankrupt and left every single person with one of their warranties helpless, to put it bluntly.

Jake Fitness 14:59

If you were a property where you're five years through your 10 year period, you may still need a warranty, at which point you would then have to approach a new provider and say that your property is five years old. And as I mentioned earlier with our pricing, because we've not seen the construction, we're going to have to charge you a much higher price if you come to us at that stage. So you really want to make sure it is an A rated insurer. It's the same term throughout any provider. And that should be one of the first questions you ask is, does your insurer have a rating?

Ben Adam-Smith 15:32

And if it's an unrated insurer, what does that mean?

Jake Fitness 15:36

So an unrated insurer really refers to, to someone without any evidence of their stability within the market. And they might be a provider that's only just come in and started doing warranties and has no evidence of their future planning and whether they'll be there when you need them for a claim. So you can get other ratings other than A rated, but from our experience, and the potential of them actually withdrawing from the market, it's not worth looking for anything less than an A rating.

Ben Adam-Smith 16:08

So presumably, they might try to hide that fact, if they are one of these?

Jake Fitness 16:12

Yeah, you will usually find any insurer that is A rated or has a high rating, will advertise it on the front page of their website. If you go onto an insurers website and you struggle to find any note of it, it's usually because they are unrated.

Ben Adam-Smith 16:26

What other checks should you do on a provider?

Jake Fitness 16:30

The best thing to do is, is with self-builds, is there's a lot of blogs and things that you can go to. Go into a blog and post and ask if anyone's got any personal experience with that provider. As with self-build warranties, there's not that many providers out there. So the chances are going into a specialist self-build forum you will find hundreds of people that have actually got warranties with us or finished their building have a warranty with us. Also, look through magazine articles and things as well, look whose name is out there the most. So if you see one typical insurance provider through all advertisements and things, there's usually a reason for that. So just do your due diligence, look at reviews, look at any testimonials, and really go from there.

Ben Adam-Smith 17:17

Now, one aspect I must bring up is the construction system that you're using, because gone are the days that we do things in one way, and we're often pushing towards more sustainable methods. So will you cover all construction systems?

Jake Fitness 17:33

Yeah, so we cover any construction type, because as I mentioned earlier, each self build is completely different. They're all built to one person's specifications. And because of that we've known we have to be very flexible. And we rely mainly on the actual auditing process, and coming out to do the inspections rather than a fact finding sheet at the start of oh, it's ICF construction, we know that's unusual, we don't like it. So I don't really know of a construction type that we would turn away from. We even cover things like straw bale properties with a thatched roof, which is just obviously, complete fire risk, but we do still cover them. Green oak frames as well, we're still happy to cover. So you shouldn't struggle with any type of construction with us.

Ben Adam-Smith 18:19

Straw bale, I would have thought if it's all well compacted and so forth, it's actually not so much of a fire risk.

Jake Fitness 18:27

Well, that is true, if the fire gets detected early. And obviously, there's a certain amount of time that a straw bale can burn for before it will catch fire. And as soon as it gets to that point then it's just a complete loss. And it's not so much the actual risk of it burning, it's also the way the straws will inhale the smoke. So if it's even got smoke damage, you'll have to completely replace the bales.

Ben Adam-Smith 18:53

We've had Barbara Jones from Straw Works on the podcast before. And I know you guys you've been involved with some of the work that they've done. But that seems a big stumbling block for a lot of people. So what is it that you're seeing differently? Why are you allowing to insure this over other companies that might be a lot more closed minded, or only take one or two construction types?

Jake Fitness 19:18

I think it may be mainly due to our time in the market. So we've actually been a warranty provider for near 20 years now. So we've seen a lot of warranties purchased, issued by us and the full 10 year period actually happening and we can fully see our claims. There's quite a lot of new warranty providers to the market. They've only been in for five years. So they've not actually had not even a single warranty that surpass their full 10 year period. So they're not fully aware of what causes claims and the type of actual risks associated with most of the construction types. So they might rely on the point of view of a normal home insurance provider, where you know, as you know, you probably struggle with ICF construction, and SIP panels and things like that for home insurance. But with us seeing 1000s and 1000s of builds, we know it's just a much faster way and much more efficient way of building rather than being an unusual build type.

Ben Adam-Smith 20:15

And the 10 year period that is set for these, is there a reason why it's 10 years? Does it just sound good, you know what happens when we've gone past 10 years?

Jake Fitness 20:24

To be completely honest, I think it's mainly because the defective design and workmanship and materials that I mentioned, most of the claims will arise in the first 10 years. Anything after that is typically due to the area, or something completely beyond the self-builder or our control. So anything after that arising, you're essentially paying for cover you probably won't end up ever using. Some providers do also do a 12 year warranty which you can purchase, but anything after 10 years it won't be a requirement for a lender for you to have a warranty. So if you do sell the property at all, you shouldn't have any trouble. So after that 10 years, it's essentially the same as you buying a 1970s house.

Ben Adam-Smith 21:06

Right. That's quite interesting, isn't it? So it's just going back to having built the house and the 10 years is to give you peace of mind in case something is just developing under the surface?

Jake Fitness 21:17

Exactly that, and it's a huge requirement for lenders on any properties under 10 years old to have a structural warranty, otherwise they won't actually lend on the build. So it mirrors their requirements as well, because that's 10 years.

Ben Adam-Smith 21:32

Am I right in saying that the builder does have some responsibility straight off the back of the build for normally two years?

Jake Fitness 21:40

Yes, but no! So that's usually something within some warranties, they have what's called a two year defects period, which means that the contractor is responsible for all claims for the first two years after completion. That's not something you typically see under a self-build warranty because a self-build can be anything from 100% DIY, or absolutely no involvement with just a main contractor doing the work. So it's not fair to us to add that cover in there. Now you you could rely on a contractor's guarantee if

they give you one separately. But that being said, if that contractor passes away or stops trading anytime within the next 10 years, you're not going to have anyone to go back to for any of the defects that may arise.

Ben Adam-Smith 22:23

Let's talk about our architects certificates. Now this is something that's come onto the market. So how is this placed? What is one of those compared to what you have as for a structural warranty?

Jake Fitness 22:34

Okay, so an architect's certificate, or sometimes known as a PCC, which is a professional consultancy certificate, is similar to a warranty only in the fact that it covers your build after completion. The architect's certificate will typically only cover defective design, so will not cover the actual workmanship and the materials of the property. An architect's certificate, you will also have to prove that it is the architect's fault that a claim has happened. Whereas with a warranty, you don't have to evidence the fault of any particular party to claim. Also, with an architect's certificate, they're only usually valid for six years, rather than the full 10 years that a structural warranty would be provided for.

Ben Adam-Smith 23:14

Would you have a couple of claims examples just to explain what happened and how it was resolved?

Jake Fitness 23:22

We had a claim over the last few months, someone who had a balcony which opened up from their bedroom, which had some habitable space below. So for us is considered a flat roof, because of that below. The flat roof wasn't actually installed correctly. And the property I believe is about four years old now. For the whole time from completion till now, there has been a small amount of water actually getting underneath the top layer of coverage of the waterproof membrane. So it's gone undetected for four years. And the client actually began to notice some water stains in their kitchen, on the ceiling. And when we actually came out to the site, we had to remove the flat roof essentially to assess the damage. And we realised that we weren't able to save it and had to replace the flat roof and that claim came in at over 40,000 pounds. So it's not visible to the naked eye. And you might even think it's just a small bit of damp or mould or whatever it may be, but it's actually a much larger issue that would probably have gone undetected without a warranty being put in place.

Ben Adam-Smith 24:26

Yeah, water is one of those things isn't it, that once it gets into building it causes lots of problems. So would I be right in thinking that anything structural tends to show up a bit earlier, and the water stuff, unless it's a huge great hole, could be later on in the years?

Jake Fitness 24:42

Typically yes, but that isn't always the case. We do get some subsidence claims happening after six years. But yeah, most commonly, if anything is structurally wrong with the property it would come up in the first two years.

Ben Adam-Smith 24:57

What else do we need to think about? What are the common questions you get asked?

Jake Fitness 25:00

Yeah, the most common question is, why do I need a warranty, which I've touched on it briefly is usually a lenders requirement. So you may not be getting funding for a project, but if you choose to re mortgage the property, or sell the property within 10 years after completion, even nine years and 11 months after, lenders will still ask for a structural warranty to be in place. They can be purchased later on, as I mentioned before, but they are more expensive and harder to get at that stage because we've not actually seen the property as it's built.

Jake Fitness 25:34

Another thing to mention is for the community infrastructure levy, some local authorities were actually asked for evidence of a self-build warranty to be in place to show that your property is a self-build so you don't have to pay that levy. It's something to bear in mind as well that even if you don't need it now, towards the end of the build and the local council's requirements change, you may have to provide one then.

Ben Adam-Smith 25:57

Jake, it's been fantastic to have all this information today. Thank you so much.

Jake Fitness 26:02

No problem, it's been a pleasure. Thank you.

Ben Adam-Smith 26:05

Head online to take a look at the show notes that accompany this session: houseplanninghelp.com/318. With a summary of the key items that we've learned today, also, if you have a comment, or you'd like to ask a question, do it within the show notes or we've got social media links as well. We'll link you to the Self Build Zone website. All of this at houseplanninghelp.com/318.

Ben Adam-Smith 26:32

What's new in The Hub I hear you ask? Well, we're always tinkering away, and if you are thinking about a retrofit, maybe researching one, then I certainly think you'll find our Kinver story really valuable for all sorts of reasons. Just seeing it physically what is happening to the building, we're breaking it up into different episodes. And in the current one that we've just added, they're applying a variety of different types of insulation as of course you would expect, but there are also areas which are ready for the final finish. So plasterer Bobby Layden is on site, and actually he's done this a couple of times before:

Bobby Layden 27:10

"I'm 81 years old. I was born on 17th July 1940, at five four in the morning. I've been doing it since 1955 I started my apprenticeship. I love doing it. When you see a place and it's all ragged and rough and that, and by the time you've finished you can look at it and think well I've done that.

Ben Adam-Smith 27:38

Amazing. See Bobby at work in our latest chapter of the Kinver story in our membership community, The Hub. Along with all the courses, the training, the input from me during office hours, our members only forum and the in depth video case studies that we have already mentioned. [Houseplanninghelp.com/join](https://houseplanninghelp.com/join) to investigate further.

Ben Adam-Smith 28:01

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