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**The Observer  
Business and Media**

Edition: 01  
Date: 15-02-2009  
Type: General Consumer  
Frequency: 52 Per Year  
Circulation: 442137  
Page: 14

Articleid: 21137223



## Builders hit by insurance 'conviction' feud

Construction firm may have to lay off workers as Norwich Union tries to claw back payout, reports **Jamie Elliott**

**A** construction firm caught up in a dispute between a woman whose house burnt down and her insurer says it may have to cut jobs if it does not receive thousands of pounds it is owed for rebuilding work carried out on the insurer's behalf.

Two weeks ago, *Cash* revealed how

Michelle Barber fell victim to a clause in many insurance policies of which thousands of householders are unaware ("How the hidden 'criminal' in your home could rob you of insurance", 1 February). For insurance policies to be valid, policyholders need to declare even the most minor conviction of anyone in their household – including tenants, if they are a landlord.

Barber failed to declare a £150 fine imposed three years earlier for an overpayment of benefits when taking out her policy. Her insurer, Norwich Union, found out about the fine and is now trying to claw back the £240,000 that it paid out when her house burnt down.

Now the *Observer* has learnt that Heritage Construction, the company



Cash revealed how a 'convictions' clause invalidated Michelle Barber's insurance

that rebuilt the property, has been told by Norwich Union that it will not pay the final £48,000 installment for the rebuilding of her house. The Hull-based builder, which employs 19 staff, says it is struggling to cope with the loss of such

a large sum and that jobs may have to go if it does not get the money. "Times are hard in the building industry," says Heritage director Paul Batty. "If we don't get this £48,000, we may have to make staff redundant." Batty says his company learnt in November last year that Norwich Union would not pay for the work, which had been approved by the insurer's surveyor only a month earlier. Instead, Norwich Union told Batty his company should seek to recoup the money from Barber.

Peter Duffus of Andrew Jackson, the firm of solicitors representing Heritage, says Norwich Union is putting his client in an impossible position. "Ms Barber cannot pay and Norwich Union decline to do so," he says. "My client has laid out

tens of thousands of pounds in completing a contract. The sensible thing would be for Norwich Union to pay the full amount due and then seek to recover this from Barber."

Heritage is awaiting the outcome of a county court claim that it has issued against Norwich Union and Barber. A spokesman for Norwich Union said: "As this case is subject to legal proceedings, it would be improper to make further comment."

Julia King of the National Federation of Builders says her members should not suffer because of disputes for which they are not responsible. "Any dispute after work has been completed should be between the insurer and homeowner, not the contractor who carried out a job"