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Gallagher presented a well-supported position to insurers and advisers that reinforced the limitations of the original inspection.

Seven-year gap leads to complex building inspection claim

A building inspection oversight exposed potential for a significant remedial cost claim.

Claim background

Our client, a building inspection company, became aware of a potential insurance claim after concerns were raised about an earlier pre-purchase inspection report.

The property was purchased at auction in late 2014, with the buyer relying on a report prepared by our client. The report had been commissioned by the vendor and shared through the real estate agent. At the time, it noted only minor cosmetic issues, with no concerns identified around moisture, and the exterior and roofing assessed as being in acceptable condition.

Around seven years later, the owner, who had purchased the property in 2014, asked our client to carry out another inspection while preparing the property for sale. This inspection identified a number of issues that

had not been recorded previously, including elevated moisture levels, signs of water ingress, and defects in cladding and sealing.

The owner later raised concerns that these issues had not been identified, or clearly highlighted in the original report. They claimed this led to financial loss due to the cost of repairs, and that they may have made a different decision at the time of purchase had the issues been known.

Resolution

After the issue was raised, we notified insurers on behalf of our client and agreed on next steps in managing the claim.

A detailed review was undertaken, considering the original inspection, its scope and limitations, the time that had passed, and whether the condition of the property may have changed over that period. Legal advisers were brought in early to support the response and help guide the overall approach.

The response focused on the original inspection as a point-in-time, visual assessment limited to accessible areas. Consideration was given to whether the issues identified years later would have been reasonably identifiable at the time, or whether they developed over time or were not visible during the initial inspection. The scope, limitations and reliance terms in the original report were a key part of this position.

By taking a structured, evidence-based approach, the client was able to respond in a clear and measured way while protecting their professional position.

The Gallagher difference

Gallagher's early engagement with insurers and active coordination of legal support ensured our client's position was strongly represented from the outset. Our practical approach and oversight of the defence strategy brought the right expertise in at the right time, resulting in a well-managed outcome while minimising both disruption and potential exposure for the client.

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