

Court of Appeal decision on the meaning of cover under NHBC's Insolvency cover before practical completion section

In *National House Building Council v Peabody Trust* [2025] EWCA Civ 932, the Court of Appeal (Coulson, Lewison and Moylan LLJ) upheld the High Court's decision to dismiss an application made by the NHBC for summary judgment / strike out of a claim brought by the Peabody Trust.

The insurance cover under scrutiny was the widely used 'Option 1 – Insolvency cover before practical completion' extension to the NHBC Buildmark policy which applies if you [i.e. the employer / insured] “...*have to pay more to complete the building of the home(s), because the contractor is insolvent or commits fraud*”.

The Court of Appeal's decision confirms that the NHBC's interpretation, that the cause of action arose at, and time for limitation purposes began to run from the moment of the contractor's insolvency, is wrong in law. Instead, the cause of action accrues when the employer (insured) has to pay more to complete the building of the home(s).

[Mek Mesfin](#) acted with Noel Casey KC of 7KBW for the successful Respondent, the Peabody Trust, instructed by Mark London, Will O'Brien and Alicia Ogborn of Devonshires.

The full judgment is available [here](#).