

## **The complaint**

A limited company, which I'll refer to as E, complains about delays by The National Farmers' Union Mutual Insurance Society Limited ("NFU") in handling a claim on its business interruption insurance.

Mr P, who is a director of E, brings the complaint on E's behalf.

## **What happened**

After a fire in April 2020 caused extensive damage at E's premises, Mr P made a claim on E's insurance for property damage and business interruption. This complaint concerns the claim for business interruption.

NFU accepted the claim and appointed loss adjusters to assess the amount to be paid. Mr P instructed a loss assessor to help him with E's claim.

Mr P first complained about how long the claim was taking in November 2020. NFU sent a final response to that complaint in January 2021.

Further complaints were made about the progress of the claim, with further responses from NFU.

In June 2022, after Mr P referred the matter to this Service, we explained that it was too late to complain about the issues NFU had already addressed. But we referred the complaint about how the claim had been dealt with since January 2021 to NFU to consider.

NFU issued a final response in November 2022. NFU said the claim had been managed correctly and had taken some time to consider due to its complex nature. But it accepted there had been some delay replying to emails and to the latest complaint and paid compensation of £100.

Mr P remained unhappy and asked us to look into E's complaint.

Our investigator said that, with regard to issues since January 2021, she did not think NFU was at fault.

The investigator considered further comments Mr P made on E's behalf but didn't change her view. So he's requested an ombudsman's decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for E's claim and there's no dispute about that. The issue I need to consider is whether there was unreasonable delay by NFU in assessing the claim in the period after January 2021.

In her view the investigator set out a chronology of events, after which both parties provided further comments on what had happened. I won't repeat everything that has been said or set out in detail everything that happened. My role is to use my judgement to decide what is fair, based on the main crux of a case. So will focus on the key points that are relevant to the outcome I have reached.

In the first instance it's for a policyholder to prove their claim. And the policy terms require E to supply details of the claim, including any supporting evidence that NFU requires. So it was up to E to provide the evidence NFU needed to assess the claim and calculate how much should be paid.

The claim involved applying the rate of gross profit to the amount by which turnover had fallen short compared to standard turnover, together with other expenses, with a deduction for any savings E made during the relevant period. So NFU needed to gather evidence about all of this and then calculate the loss to be covered.

Given the size and complexity of the claim, interim payments were made as things progressed. That's in line with standard industry practice and was a reasonable approach to take. Even where an interim payment is to be made, it's still reasonable for an insurer to request relevant information when deciding how much to pay.

In his response to the investigator's view, Mr P focused on the period in March 2021, in particular a delay from 18 to 29 March dealing with the interim payment.

The loss adjuster had noted on 22 February 2021 that "*There is a significant difference between the claimed amount, the amount that we have been able to validate, and the reserve (which sits between these two amounts at present).*" In March it was noted that the claim stood at around £700,000 whereas the draft adjustment was around £450,000. The claim was not straightforward. E's business is split into two parts and different considerations applied to each. Assessing the amount to be paid involved, amongst other things, using trends data to calculate likely uplifts in sales based on past turnover figures, together with savings made on items such as rent.

E requested an interim payment of £100,000 on 1 March 2021. There were discussions about an interim payment of around £130,00 while further information was gathered to enable the claim to be finalised. NFU's loss adjuster requested further information, such as clarification of information contained in a spreadsheet and on the reinstatement of equipment, and an explanation of particular points such as the difference between recurring and non-recurring costs.

An interim payment of £100,000 was processed on 1 April 2021.

I appreciate this was a very difficult period for E, but I don't consider that an unreasonable time to deal with a large payment based on detailed correspondence.

Further information was still needed to assess the claim, which was received on 14 April 2021. Correspondence continued through April and May until the loss adjuster provided calculations. In June E's loss assessor said it intended to accept the calculations as an interim payment and then refer the matter to this Service. Discussions about the calculations continued until E's loss assessor signed a form of acceptance in October.

Looking at the correspondence as a whole, NFU replied promptly and I can't see any points in the period I'm considering where there was unreasonable delay in proceeding with the claim.

NFU was entitled to wait for evidence from E and to challenge this where further clarification was reasonably required for it to validate the claim. The enquires made were reasonable and the information requested was relevant to the claim. In the context of a complex claim, the amount of time taken to deal with things after January 2021 was reasonable.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 3 January 2024.

Peter Whiteley  
**Ombudsman**