

## **The complaint**

Mr M is unhappy that The National Farmers' Union Mutual Insurance Society Limited (NFU) has declined to renew his insurance policy.

## **What happened**

Mr M had an insurance policy with NFU which covered his agricultural outbuildings. Following a storm causing damage in November 2021, Mr M made a claim to NFU.

NFU later declined to offer renewal of Mr M's policy. They said that they realised Mr M only required cover for agricultural outbuildings in isolation, without cover for his home, but this is outside their risk acceptance criteria. So NFU told Mr M that they wouldn't be able to offer renewal in January 2023.

Mr M is unhappy with NFU's decision as they have insured his agricultural outbuildings for a number of years. Mr M says NFU should continue covering them, and it's unfair to refuse to offer renewal. NFU maintained their position regarding the renewal, but they offered Mr M £100 compensation for the inconvenience caused.

As Mr M remained unhappy with NFU, he approached this service.

One of our investigators considered Mr M's complaint and upheld it in part. She said NFU had acted fairly when declining to offer renewal. But she said NFU had a number of opportunities to realise they were providing cover in error, so she said the compensation should be increased from £100 to £200 for the inconvenience caused.

NFU agreed to the increased compensation. Mr M didn't agree and maintains that NFU should offer him renewal.

As an agreement couldn't be reached the case was passed to me to decide.

## **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.

Having done so, I've reached the same outcome as our investigator.

Firstly, I should confirm that as part of this final decision, I'm only considering Mr M's complaint about NFU's decision to decline to offer renewal of his policy.

Whilst Mr M has mentioned he is unhappy with NFU's handling and settlement of a claim he made, he has confirmed that NFU's decision to decline renewal is the only complaint he wants us to consider here, and any wider information he gave us about NFU's claim handling was to highlight their wider treatment of him.

When Mr M made a claim for storm damage to the outbuildings in late 2021, NFU realised that they were only insuring the outbuildings in isolation as this was all Mr M needed cover for – but this was actually outside their risk acceptance criteria. NFU accepts that they have been covering Mr M's agricultural outbuildings in isolation for a number of years – since 2014 – but this was actually in error.

However, NFU should have recognised the error and that they were only covering the outbuildings much sooner than they did. Their agent visited Mr M at inception to discuss the cover for the outbuildings and to arrange the policy. And Mr M also had a claim which was accepted by NFU in 2015 for damage to the outbuildings, however it still wasn't recognised by NFU at that point - but should've been.

NFU has explained that they only cover outbuildings when they are also covering the main home. They accept they have only been covering Mr M's outbuildings for a number of years – in error. But just because NFU made an error in providing cover for a prolonged period which they otherwise shouldn't have been, doesn't mean they must continue to do so if it is outside their risk acceptance. So, I don't think NFU has acted unfairly by declining to offer renewal, as I'm satisfied it is outside their risk acceptance.

As a result of how long NFU were insuring the outbuildings in isolation in error, they made the decision to not offer the policy at renewal, rather than cancelling mid-term. And I think that was a fair and reasonable thing to do. However, NFU could've communicated that to Mr M in March 2022, rather than much later - in November 2022. But that was still two months before the policy was due to lapse at renewal. So, whilst it could've been communicated earlier, it still gave Mr M a reasonable amount of time to obtain alternative cover elsewhere.

Mr M has also said that he has spoken to a neighbour, and they are only insuring outbuildings with NFU, so he says this supports they do in fact provide cover for this. I can't consider Mr M's neighbour's insurance arrangements here as they aren't part of this complaint, and beyond what Mr M has said, I don't know if NFU has made an error with their policy too, or if it is a different type of policy, providing different cover. However, NFU has confirmed more generally that if they do have such risks on cover that have been added in error, they would take the same stance in no longer providing cover when they become aware.

As I've outlined above, NFU accepts they have been insuring the outbuilding in isolation in error for a number of years. And as a result of the error in recognising this, Mr M has had the benefit of two claims being covered when the policy shouldn't have been in place. But just because an error has been made, NFU don't have to continue to provide insurance outside of their risk criteria. And given they declined to renew the cover, rather than cancelling mid-term, I think they've acted fairly and reasonably in the actions they've taken.

NFU offered £100 compensation for the inconvenience caused. But I agree with our investigator that NFU had a number of opportunities to realise they were providing cover outside of their acceptance criteria, and the failure to do so resulted in the policy continuing to renew for several years and caused a loss of expectation and inconvenience to Mr M when it was finally recognised. So, I agree with our investigator that increasing the compensation from £100 to £200 is fair and reasonable in the circumstances.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct The National Farmers' Union Mutual Insurance Society Limited to:

- Pay Mr M a total of £200 compensation (including the £100 already offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 August 2023.

Callum Milne  
**Ombudsman**