

The complaint

Mr A complains about The National Farmers' Union Mutual Insurance Society Limited ("NFU") and the sale of his bespoke home insurance policy, which he doesn't think suited his needs at the time. Mr A also complains about the premiums applied to this policy, and the increases at renewal.

What happened

In 2018, Mr A transferred from a standard home insurance policy to a bespoke home insurance policy, underwritten by NFU. This bespoke policy renewed yearly. But in 2022, Mr A became unhappy with the policy, and its cost, so he raised a complaint.

Mr A didn't think the bespoke policy he'd purchased was fit for purpose for several reasons, which included one of his two properties insured on the policy being listed as a mid-terrace which he disputed. And he was unhappy with the increase in premiums this policy incurred each year at renewal. So, Mr A wanted to be compensated for what he felt was a mis-sale of the policy and he wanted to be refunded a portion of the premiums he'd paid.

NFU responded to the complaint and didn't uphold it. They thought the classification of a mid-terrace was correct, as the building was adjoined to a property on either side. And they thought a bespoke policy was correct for Mr A's needs at the time of sale, due to the value of the contents Mr A wanted to ensure. NFU also thought the premiums Mr A had been charged were calculated fairly, with discounts being applied as they would expect. So, NFU didn't think they needed to do anything more. Mr A remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought NFU had provided Mr A with clear and fair information when changing him to a bespoke policy. And they were satisfied this policy was suited to Mr A's needs, due to the level of cover he required for the value of his contents. So, they thought NFU had acted fairly here. And they were satisfied the premiums for Mr A's renewals were calculated fairly, in line with their underwriting criteria, and that the increases were based on risk factors, rather than taking advantage of Mr A's loyalty as a customer. So, our investigator didn't think NFU needed to do anything more.

Mr A didn't agree. He maintained his belief the policy wasn't suited to his needs, as he didn't think his second home was a mid-terrace property. Mr A also provided several other comments, most of which related to issues considered by our service as part of a separate complaint. Our investigators view remained unchanged and so, the complaint has been passed to me for a 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the

investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr A. I recognise Mr A feels strongly about the suitability of the policy he holds, and the amount he's paid over several years. I appreciate the premium price is significant and so, I can appreciate why Mr A would feel the need to complain if he was unhappy regarding the policy itself.

But for me to say NFU should do something more, such as compensate Mr A or refund him all or part of the premiums he's paid, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied NFU provided Mr A with unclear or misleading advice at the inception of the policy, which resulted in him paying for a policy not suitable to his needs. Or, that they calculated the premiums each year unfairly, without reasonable risk factors being considered. And in this situation, I don't think that's the case.

Before I explain why I've reached my decision, I think it would be useful for me to set out exactly what I've been able to consider. I note in response to our investigators view, Mr A provided comments about specific claims he'd made on his policy, and advice he was given during these claims that he feels was incorrect. These issues have been considered separately by our service, under a separate complaint reference. So, I won't be discussing these issues any further.

Instead, my decision focuses solely on the sale and suitability of Mr A's bespoke policy. And then, the pricing of this policy including the renewal premiums.

When considering the sale of the policy in 2018, and its suitability, our service would expect NFU to provide Mr A with clear and accurate information to ensure Mr A was able to make an informed choice. And, that the policy taken out was suitable for Mr A's needs overall.

I've seen notes of the initial sale conversation, which was held in person. And within these notes, I can see Mr A made it clear he wanted to increase the level of cover from the standard policy he held, as the value of the contents he wanted to insure exceeded £150,000.

And I've seen NFU's underwriting criteria, which shows that where the value of contents exceed this amount, they would expect a bespoke policy to be put in place. So, I'm satisfied the policy Mr A purchased was the most suitable policy that NFU had available at the time.

And within the notes, I can see the description of Mr A's home was appropriately considered. And, while it was accepted Mr A himself resided in a lower floor maisonette, he made it clear he believed he was responsible for insuring the entire building. And I'm satisfied this building was fairly described as a mid-terrace building, as it contained two maisonettes on separate floors, with adjoining buildings either side of it. So, I can't say that NFU acted unfairly when describing it as such within the policy.

I note Mr A has also raised concerns about having cover for items he doesn't himself own. But whilst the policy is titled bespoke, the policy itself comes with automatic cover for a range of eventualities and items, whether Mr A owns them specifically. And I'm satisfied that this cover came as part of the policy and incurred no additional cost to the premiums Mr A paid. So again, I don't think this means the policy was unsuitable, or mis-sold.

I've also seen that, in both 2019 and 2022, policy reviews were undertaken by NFU. And I think this shows NFU acting proactively, to ensure Mr A's policy continued to suit his needs over time, taking into account a person's situation can change. And I also note that Mr A was

able to utilise the policy on more than one occasion and so, I think this supports the fact that the policy was fit for the purposes Mr A intended.

So, because of all the above, I think NFU acted fairly when incepting the policy, providing clear and reasonable advice that allowed Mr A to purchase a policy that was suitable for the level of cover he required at the time. And so, I don't think they need to do anything more for this aspect of the complaint.

I've then turned to the pricing of the policy, and in particular the rise in his premium prices at renewal. While we as a service can't tell a business what it should, and shouldn't, charge a customer for a policy, we are able to consider each complaint's individual circumstances, to ensure a customer has been treated fairly.

And when thinking about this, we'd expect any premium increases to be based on risk assessment and risk factors, rather than a generic increase based around a customer's loyalty, and lack of engagement.

In this situation, I can see that across the lifetime of the policy, the risks associated to Mr A's policy changed for several reasons. And I've seen NFU's unwritten information which sets out clearly NFU's approach to the pricing of Mr A's policy, considering these risk factors. And I think these show NFU ensuring the premium charged was both fair and reasonable. While I'm unable to disclose the specifics of this approach as it is commercially sensitive, I want to ensure Mr A I've examined it thoroughly, and at length.

And I think this reasonableness is supported in NFU's renewal documentation, where they offer Mr A the chance to shop around for cheaper policies should he wish to do so, which they also reiterated in conversations with Mr A directly. But Mr A chose not to do so, instead continuing to renew with NFU on several occasions. So, I think he did so with an awareness of the policy premium he would be paying.

So, because of the above, I'm satisfied NFU acted fairly when calculating the premiums associated to Mr A's policy over its lifetime and because of this, I don't think NFU need to do anything more.

I understand this isn't the outcome Mr A was hoping for. And I appreciate this may conflict somewhat with Mr A's view of NFU overall, considering his unhappiness with the way they've handled some of his claims which is an issue our service has looked into separately. But I hope this decision goes some way to reassuring Mr A that the policy he purchased was fit for purpose in 2018, and that it's been priced fairly during its lifetime meaning that Mr A hasn't incurred what I would deem to be unfair, or unreasonable, financial losses.

My final decision

For the reasons outlined above, I don't uphold Mr A's complaint about The National Farmers' Union Mutual Insurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 November 2023.

Josh Haskey
Ombudsman