

The complaint

Mr and Mrs E complain about how National Farmers' Union Mutual Insurance Society Limited ("NFU") has handled their home insurance claim.

NFU is the underwriter of this policy and the underwriter is responsible for complaints about claims. Part of this complaint is about what happened with other businesses (agents) that did work for NFU. As NFU has accepted it is responsible for anything these other businesses did, in my decision, any reference to NFU includes the actions of the other businesses.

What happened

In December 2022, Mr and Mrs E made a claim under their home insurance policy with NFU after an escape of water caused damage to their en suite bathroom and kitchen.

Mr and Mrs E got a quote for repairs from a contractor. But, NFU says it couldn't validate the claim with the information they supplied. And the contractor wouldn't provide NFU with a breakdown of their quote.

NFU arranged for a surveyor to visit Mr and Mrs E's property to validate the claim. It then offered Mr and Mrs E a cash settlement which was much lower than the amount on their contractor's quote.

Mr and Mrs E raised several concerns about NFU's cash settlement offer and its handling of their claim. They were unhappy that NFU was only willing to pay 50% towards the cost of replacing tiles that hadn't been damaged by the incident. They thought the amount NFU had used for the cost per tile was too low. They also complained about delays in progressing their claim and NFU's communication with them.

NFU said it wasn't liable for any repair costs to undamaged areas. It had chosen to pay 50% towards the repair costs of any area of tiling undamaged by the water escape as a goodwill gesture.

NFU said its guidelines and processes meant that it needed to request a detailed breakdown of repairs in writing from the repairer. It apologised for asking an agent to comment on the repairer's estimate when it wasn't qualified to do so. It said the delay in moving the claim forward couldn't be helped because NFU needed to validate Mr and Mrs E's repairers estimate after they declined to provide it with a more detailed breakdown. But it agreed it should have set up Mr and Mrs E's complaint sooner.

NFU also apologised about a miscommunication that led to its surveyor's first visit being cancelled.

NFU said it would send Mr and Mrs E a total of £250 to compensate them for the service issues.

Mr and Mrs E remained unhappy and asked our service to consider their concerns.

Our investigator didn't think NFU had done anything wrong with the steps taken to validate Mr and Mrs E's claim. She didn't think Mr and Mrs E had provided sufficient evidence to dispute NFU's assessment of the cost of the tiles. She thought NFU's offer to pay 50% towards the cost of replacing the undamaged tiles was fair. She also thought it was fair for NFU to limit the cash settlement to what it would have cost it to complete the repairs using its own contractors.

Our investigator thought NFU was responsible for around six weeks of delay in the progression of the claim. She didn't think the £250 NFU had offered Mr and Mrs E for distress and inconvenience was enough, given that Mrs E was suffering from a head injury. So, she recommended it pay them a further £150.

NFU accepted our investigator's recommendation. However, Mr and Mrs E didn't think £400 was enough to put things right. Mrs E said she and Mr E had spent hours compiling evidence when they should have been resting and supporting their young family, while coping with her injury. Mrs E also felt that NFU should have agreed to pay more than 50% for the undamaged tiles, given she was a vulnerable customer. So, the complaint has been 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 broadly the same conclusions as our investigator. I'll explain why.

I'm aware that Mr and Mrs E have had other concerns about NFU's handling of their claim since they brought their complaint to our service. I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

To be clear, in this decision I have only considered matters complained of up until the date of NFU's final response letter of 6 June 2023.

Validation of claim

The policy's terms and conditions say NFU will settle a claim by "*paying the cost of repairing or replacing your buildings*".

NFU says Mr and Mrs E wanted to use their own contractor to carry out the repairs. It's noted that Mr and Mrs E sent NFU images of the damage in January. I can see that they provided a quote from their chosen contractor in February 2023. The quote has a brief description of works with a total cost for "*labour and materials*". However, the costs aren't itemised.

I can see that NFU wrote to Mrs E a few days after she supplied the quote. It asked for an updated quote to show a breakdown of costs and for clarification regarding the flooring and tiles needed.

NFU has noted contacting Mr and Mrs E's contractor directly at the end of March because it hadn't received a breakdown. The contractor told it the quote was like for like but they didn't offer a breakdown. NFU later arranged for a surveyor to visit Mr and Mrs E's property and this visit took place at the end of April.

I appreciate that Mr and Mrs E feel this visit was unnecessary and NFU should have accepted the quote from their contractors. However, NFU says the quote wasn't approved because the costs were excessive, and the tiles were not quoted on a like for like basis. I don't think it was unreasonable for NFU to want to validate the quote before agreeing to pay a cash settlement. The information from Mr and Mrs E's contractor wasn't sufficiently detailed to allow them to do this.

I understand that Mr and Mrs E are unhappy with the cash settlement they were offered as this was considerably lower than the quote they'd received from their own contractors.

NFU's cash settlement offer seems to be based on the cost of using its contractors to carry out the work. I don't think this is unreasonable, as it appears to have been Mr and Mrs E's decision to use their own contractors and it wasn't satisfied with the quote they'd provided. Mrs E says that if the limitations of using their own contractor had been explained at the outset, they would have been happy to consider using NFU's contractors to complete the repair works.

Since our investigator issued her outcome to their complaint, both parties have indicated that they'd be willing to consider the option of NFU's contractors carrying out the repairs. This seems like a reasonable way forward.

If NFU is unable to arrange repairs using its own contractors, then I would expect it to cover Mr and Mrs E's reasonable costs of repairs (less any applicable excess) in line with the terms of the policy. This wouldn't necessarily mean that it needs to pay the amount showing on Mr and Mrs E's quote as they may be able to get the work carried out by different contractors for a lower amount.

Tiles

The terms of the policy cover the cost of repairing or replacing parts of the building that have been damaged by an insured event.

NFU says only a small part of the flooring was damaged as a result of the incident. However, it's allowed for the floor tiles to be replaced in full. I understand it's also agreed to cover the full costs of damaged wall tiles along with 50% towards the costs of the undamaged tiles.

I appreciate Mrs E feels that NFU should offer a contribution of more than 50% towards undamaged tiles, given her current vulnerable circumstances. However, strictly speaking NFU isn't required to pay anything towards the cost of replacing tiles that weren't damaged by the escape of water event. So, I'm not persuaded it needs to do more here.

Mrs E has disputed the costings NFU has used for replacement tiles and provided an advert for tiles which were more expensive. However, this isn't enough to persuade me that like for like replacement tiles couldn't be purchased for the amount NFU has said. NFU has agreed to review the costs of the tiles as they may have increased since it made its offer in June 2023. I think this is reasonable.

Customer service and delays

I understand this has been a particularly difficult situation for Mrs E, who suffered a head injury early on in the claim after she fainted. I can see she made NFU aware of this at the time.

Mrs E says she's had to use the bathroom across the landing while the en suite has been out of action. This has caused her some worry because it means her husband can't always watch out in case she falls again.

I've explained why I don't think NFU acted unfairly in taking the steps it did to validate the claim. However, I think it could have done more to progress the claim more quickly at times. For example, the first agent it asked to validate Mr and Mrs E's quote wasn't qualified to do so.

There was also a delay because the first appointment with NFU's surveyor was cancelled. Mrs E says she missed a call the surveyor made to confirm the appointment the day before, but she returned it straight away and there was no answer. She says she also sent a message and there was no reply. This was understandably frustrating for Mr and Mrs E who had made plans to accommodate the visit.

NFU says the compensation it offered Mr and Mrs E in its final response letter (totalling £250) has already been paid to them. It's also agreed to pay the additional £150 our investigator recommended in her outcome.

I appreciate Mrs E feels the compensation should be higher. But the amount NFU has agreed to pay is in the range of what our service would expect a business to pay where its mistakes have caused considerable distress, upset and worry. Even taking into account Mrs E's vulnerability, I think £400 is a reasonable amount to put things right. So, while I understand that my answer will be disappointing for Mr and Mrs E, I'm not persuaded to increase this.

Putting things right

NFU should pay Mr and Mrs E £150 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr and Mrs E's complaint and direct The National Farmers' Union Mutual Insurance Society Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 5 February 2024.

Anne Muscroft
Ombudsman