

The complaint

Mr P is unhappy about The National Farmers' Union Mutual Insurance Society Limited declining his claim under his commercial business insurance policy.

What happened

A piece of equipment caught fire at Mr P's business premises. This had to be put out with a fire extinguisher. As the equipment was very important to Mr P's business, he arranged a repair and produced an invoice for NFU. NFU said it also needed a report to show details and as one wasn't forthcoming NFU said the claim wasn't covered. It said it would reconsider if a report/further evidence was provided. Mr P maintained that fat and build up of debris caused the fire but NFU didn't accept this. Mr P brought his complaint to this service.

Our investigator didn't uphold the complaint. He said he checked with the expert who had repaired the equipment and was told "*the electrical motor overheated and burnt out*". He said this was in line with the policy exclusion used by NFU and therefore it had declined the claim reasonably. Similarly, in relation to the accidental damage section of the policy he said there was an exclusion for "damage arising from *equipment breakdown*".

Mr P didn't accept this and asked for his complaint to be passed to an ombudsman for a final 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.

NFU confirmed it explained to Mr P that there was no resultant damage other than the burnt out motor itself. It said the fire cover would consider resultant damage but not the source of the failure/ignition (the motor). I think both parties accept that no other damage occurred.

NFU relied on the details within the policy wording. It says:

"including electrical burn-out, occurring during normal use."

This is the main point NFU has relied upon and is disputed by Mr P. But, NFU said throughout the claim that it would reconsider this point if Mr P got expert advice to back up his position that the damage was caused by fat and a build up of debris. Our own investigator spoke to the repairer himself to see if he could get any some further information. This evidence backed up the decision made by NFU.

NFU did request a report from the outset but one hasn't been forthcoming. Although it's clear Mr P feels strongly about this I can only consider if NFU have acted fairly and reasonably based on the evidence provided. In this case I think it has acted fairly and reasonably.

In line with his business needs it was perfectly understandable for Mr P to get the urgent repairs done. But I also think NFU's request for a report providing further evidence was fair.

The evidence I do have suggests the equipment did suffer from burn out and with no other details to go on NFU acted reasonably.

NFU did also consider the accidental damage section of the policy but said the following exclusion applied:

“mechanical or electrical defect of any part causing stoppage of its function”

I think without any evidence to the contrary this exclusion was also applied fairly in the circumstances of the claim.

NFU did accept that there had been some delays and service issues. So, it did offer Mr P £50 as an apology. Based on the details of this case I think that’s a fair offer.

My final decision

I don’t uphold the complaint.

I make no award against The National Farmers' Union Mutual Insurance Society Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P and Mr P to accept or reject my decision before 28 January 2021.

John Quinlan
Ombudsman