

## The complaint

Miss H has complained about her property insurer, The National Farmers' Union Mutual Insurance Society Limited (NFU) in respect of a claim she made to it when water damage occurred at her home.

## What happened

There was a leak from a shower in an en-suite bathroom at Miss H's home in early August 2019. NFU was contacted, drying equipment was installed and stripping out of the property began within ten days of the leak occurring. Miss H wanted to use her own contractor for the reinstatement work and an estimate was submitted to NFU. The estimate was for £104,730 (inc VAT) and NFU thought the work would cost significantly less (£75,088 inc VAT). A surveyor was appointed, and later NFU considered appointing a quantity surveyor. But, by this time, the 2020 pandemic had occurred and NFU decided to settle the claim based on Miss H's estimate. But it explained it would pay the settlement in stages. Miss H's contractor started work in July 2020 and by March 2021 Miss H reported that the work was nearly finished, with NFU's loss adjuster reporting in June 2021 that it was completed, with only an issue over some fitted wardrobes needing some further consideration.

Miss H felt the claim had been prolonged, that NFU's estimate had always been flawed and, that if it had accepted her estimate sooner, then delays caused by the pandemic could have been avoided. She also said the house had been uninhabitable since the leak – but NFU had refused to pay her so the family could move in to alternative accommodation (although it had paid for them to do so during the reinstatement work).

NFU said it would pay Miss H £100 compensation because there had been a delay between November 2019 and December 2019 in making a payment to her for works completed at the property. And also it acknowledged that it hadn't responded to her complaint in the timeframe it should have done. So it said it would pay £100 compensation for this too. Miss H complained to us.

Our investigator felt that as the incident that had led to the claim had occurred in August 2019, and the repairs hadn't been completed until 2021, the claim had gone on too long. He noted details Miss H had provided about the conditions they'd lived in during that time, and he accepted some significant distress and inconvenience had been caused. So he said NFU should pay £800 compensation.

Miss H said that wasn't enough – it equated to less than £100 a month. She said the compensation amount should be based on what NFU had unfairly saved on the claim – such as the alternative accommodation costs. She said compensation had to be substantial so that NFU would understand what had gone wrong, otherwise it wouldn't learn from the event.

NFU said it felt it had generally progressed the claim reasonably. It said some claims do take some time and it wasn't responsible for delays caused by Miss H's contractor. Regarding the property it maintained it had been habitable.

The complaint was passed to me for consideration. I didn't think NFU had caused material delays, or failed Miss H in respect of accommodation. So I didn't think it was fair or reasonable to require NFU to compensate Miss H, at least not beyond the £100 it had offered in respect of a delay in making a payment for work in November 2019.

NFU said it had nothing to add. Save to confirm it hadn't paid the £100 compensation.

Miss H said she was concerned that I had maybe only read NFU's submissions, and that they themselves may have been lacking in detail. Miss H noted that correspondence of October, November and December 2019 may not have been seen. She said this is crucial to her complaint. Miss H said she feels the findings "*belittled*" what they went through whilst not properly addressing her major points, nor many of her minor ones. She summarised her major points of concern as:

- They had to remain in an uninhabitable property when an initial offer to rehouse them was withdrawn.
- The drying out process lasted longer than necessary, with damage being caused because they couldn't contact the loss adjuster.
- Gaining authorisation for other work, such as stripping out, was difficult.
- Problems with removal of items added to the claim cost.
- The loss adjuster's schedule bore little resemblance to what was needed, but NFU sought to rely on it which caused delays. And when the surveyor set out what was needed, he had offered to cost it.

In reply Miss H also made comments against specific parts of the provisional findings I'd made. I've considered her comments within my final findings set out below, which include my provisional findings in italics.

### **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.

I've also carefully considered Miss H's entire response given in reply to my provisional findings. However, I won't mention every point made in reply when setting out my final decision. I have read and understood everything and referenced and responded to the key aspects material to my decision.

I note the extra detail Miss H has provided about my background in my provisional findings. Her comments were aspects I was aware of. But my background is necessarily a summary of what happened. It can't detail every aspect, each item damaged or even each instance that led to a reported failure by NFU, or upset being caused to Miss H. I'm satisfied that my provisional background, which I've used again here, in my final decision, is an accurate summary of events which led to, and are at the heart of, this complaint.

### **was the home habitable?**

I said provisionally:

*"I think, given the nature of Miss H's home, which is a large and old property, this was always going to be a complex claim likely involving significant sums and which would take a while to resolve with a substantial amount of inconvenience being caused to Miss H and her family. And I do think the inconvenience which arose here was a natural result of the loss which had occurred. For example, living in only part of the property whilst other parts were*

*stripped for drying and repair. And even needing to be aware of, and therefore avoid, minor safety hazards that one wouldn't usually have to cope with when living in their property – such as protruding nails on exposed wooden floorboards.*

*I note Miss H's home is a large property and that the leak, which involved clean water from a shower, only affected the main bathroom, some bedrooms and part of the ground floor living area. There were still bedrooms available for the family to use, en-suite bathrooms and full access to cooking facilities. The electrical installation at the property was checked early on and found to be safe. Whilst I see Miss H told NFU that her two (adult) children were arguing, as they now had to share bathroom facilities, and that the property would be cold over winter, that did not make it uninhabitable. Nor, I think, on this occasion, did the relatively minor safety issue of protruding nails. In that respect Miss H said that as protruding nails were found they were dealt with, but more kept appearing. I appreciate this was frustrating and a worry, but I don't think it was something that a house of adults couldn't cope with, or which made the house inherently unsafe for them to occupy. I've not seen any expert opinion which says the house, in the period between the leak and work beginning, was uninhabitable.*

*I think NFU's decision that the house was habitable until the reinstatement works began was reasonable. I don't intend to make NFU pay recompense to Miss H for not having provided her and her family with alternative accommodation because I don't think it failed her in this respect."*

Miss H said she didn't agree. She felt I'd misunderstood the magnitude of the leak with half the house being affected. She said the safety issues were not minor; a foot went through a floorboard and a nail through a foot could have caused septicaemia. She said they had to tread carefully and only their diligence prevented them from coming to harm. She further explained that most radiators were disconnected, and one of the remaining bedrooms they had to use, all of which were only accessible across the dangerous landing, was freezing. And an infestation of mice occurred.

Miss H said her insurance premium is based on the size of her home, so she shouldn't be penalised by being forced to stay in her damaged home when, for example a family in a three bedroom home, with three bedrooms damaged, would be moved into alternative accommodation. She didn't pay for insurance to choose to live in conditions like this. Rather her premium should allow her to use her whole house. At no stage, Miss H said, did anyone suggest getting an independent report done. She'd like to know why NFU changed its mind about the property being uninhabitable (she had been asked during an initial call with a loss adjuster if they wanted to move out).

It is regrettable that Miss H feels my provisional findings "*belittled*" what they went through. That was certainly not my intent. I fully appreciate that Miss H suffered inconvenience and had concerns about safety, and I certainly don't mean to make light of what they went through. But I have been asked to consider, in essence, whether NFU's decision that their home was uninhabitable was fair and reasonable. To do that I have to consider what is reported to have happened and make a judgement on what I think about the conditions the family were living in.

I can assure Miss H that, in the course of doing that, I've reviewed the details provided to us about the state of her home in the months after the leak. I appreciate it was difficult to live in the damaged house and they were living in their home in a way they weren't used to. But that was a result of the incident having occurred. And insurance isn't put in place to avoid damage occurring. And nor do the policies on the market that I'm aware of, agree to re-house policyholders immediately there is damage which stops them using their home in the normal way. Most policies, as does NFU's, require that a property can't be lived in – is

“uninhabitable” – for alternative accommodation to be provided. And whilst I know Miss H believes her home was uninhabitable, taking into account this service’s approach on that issue, I don’t think it was.

I understand why Miss H would like to know why NFU changed its mind. But I don’t think it’s fair to say that a clear offer was made and later revoked. It isn’t unusual when major damage is first reported for a pro-active insurer, taking account of its individual policyholder’s situation, to consider providing alternative, sometimes short-term accommodation. And that is especially the case where there might be issues such as a lack of power, as there was here. So I don’t think it was unreasonable for NFU to have had a discussion with Miss H about whether she wanted to move out of the property. But it is also not unusual, once the overall situation has been fully assessed, for an insurer to reach a firm decision on whether alternative accommodation, even before repairs start, is required. Again, I think that is what happened here; NFU noted that within about 24 hours the power had been checked and was back on, there was some heating and cooking facilities were available, Further, it was agreed that the strip-out works would be undertaken by Miss H’s contractor in such a way as to ensure the property remained habitable. I don’t think NFU made an unreasonable decision that the home was habitable and it follows that I don’t think Miss H and her family were unfairly treated by being left to live in an uninhabitable home.

how did the claim progress (up to February 2020)?

I said provisionally:

*“Having seen everything that happened, I think the claim generally progressed reasonably. As I said above, the nature of this claim meant it was never something that would be resolved quickly. As it was there were about three months of drying needed and it was first estimated the repairs would take four and a half months. And even NFU thought four months for repair was a reasonable period. That gives a very basic period for the claim of seven months. So if it had been possible to get all the work estimated and agreed, and all of the work done to schedule without any unforeseen delays occurring or further work becoming necessary, work would only have completed at the end of February 2020. And it isn’t unusual for the scope of works needed to change as the claim progresses, and sometimes, for example, it isn’t possible for reinstatement works to start as soon as the drying work has completed. And that, really is at the heart of what happened here.*

*The property was dried between August and October 2019. Meanwhile, in September, NFU agreed for Miss H to appoint a surveyor to give a view on whether additional damage noted at the property was likely related to the claim. The surveyor felt it was and NFU agreed for the damage to be included in the claim. Then, when an estimate for all work was received from Miss H’s chosen contractor, NFU felt it wasn’t detailed enough and asked the contractor for more information, Miss H felt NFU should have known to ask her surveyor to quote in the first place, which would have saved a considerable period of time, rather than having expected the detail to come from her contractor. But I don’t think that’s reasonable. At the time the surveyor was agreed it couldn’t have been known whether he would identify that more damage would be covered under the claim. In addition, it is not usually the role of a surveyor to calculate the cost of repairs when there is a contractor in place. That would be for the contractor to do and it couldn’t have been known that the contractor would put his costs forwards in such a basic estimate.*

*Miss H’s contractor presented a one page estimate which effectively bulleted the work he would complete and the cost. But no specific detail of the work was given. For example, he detailed “oak and engineered flooring - £4,300”. But didn’t say in which rooms or what quantity, or what the price per unit for the flooring was. And the cost for labour was given as £48,975 – but this wasn’t broken down between jobs or even rooms. Given the size of the*

*job, I don't think it was unreasonable for NFU to have expected that more detail would have been given in the first instance, or for it to have wanted more once it had seen the estimate. And I don't think it should reasonably have foreseen that this problem would arise. Miss H's contractor was then unable to provide further detail due to his workload and it was February 2020 before a meeting took place to try and resolve the impasse that had been reached. I don't think NFU was responsible for the works not progressing in the four months after the property was found to be dry in October 2019."*

Miss H feels NFU was responsible for things stalling post October 2019. And that no further drying was needed, so it's not true to say that issue is at the heart of the matter. She said it had always been NFU's design for works to start in December, with the surveyor having been appointed in October. Her contractor was then pushed by NFU to provide an estimate, although not a detailed one, and held dates open to meet NFU's deadline for starting work. But as work at Miss H's home couldn't start in December, he took on other work. This meant he had less time to be able to fulfil NFU's late demand for detail, although he did speak to it around Christmas time.

Miss H said the surveyor had to be appointed because the loss adjuster was being unclear about what her contractor should quote for. Her contractor had always been happy to give further detail on his estimate. And, she said, on 7 November the surveyor offered to provide a fully costed schedule, but NFU refused. Miss H said she had never considered that the surveyor should cost the work but asked that I explain why I felt it wouldn't have been reasonable for NFU to have asked the surveyor, in the first instance, to do so. Miss H said that although her contractor had all the details available that backed up his estimate, it had been reasonable for him to give the basic details he did because of NFU's refusal to have the surveyor provide a fully costed schedule.

I haven't seen anything that makes me think strip-out works were delayed or that poor contact with the loss adjuster affected the drying regime. The drying contractor's report certainly doesn't indicate any issues that might give me cause to think problems were occurring, and even correspondence I've seen from this time doesn't indicate Miss H had any concerns about the way the claim, drying or work was progressing (although she did raise other concerns). I haven't seen evidence which makes me think more damage was caused here, that could have been avoided by a more careful strip-out (including removal of items) and drying regime. I'm not persuaded NFU failed Miss H in this respect.

I can assure Miss H that I have seen correspondence from, as well as detail of what occurred during, October – December 2019. I think it's fair to say that NFU would have liked repairs to start in December 2019, and neither party expected there to be such a prolonged stalling of the claim after the property was found to be dry in October 2019.

I appreciate that Miss H feels the surveyor was only necessary due to NFU's failings and that her contractor (who had completed an estimate after the surveyor's involvement) had always been happy to discuss matters. But I also note NFU agreed to appoint a surveyor on the basis of Miss H's explanation that she and her contractor felt such was needed to determine what work was necessary to reinstate the home – she didn't say this was because NFU's adjuster had been unclear as to what he felt was needed. And Miss H's contractor's estimate – produced following the surveyor's report and visit – was far below the standard I'd expect to see from a contractor looking to carry out work valued at around £100,000. Even without a specific request for a "*detailed cost breakdown*", I think most contractors would expect a client, whether an individual or an insurer, would likely want to see how a cost, for example, of over £48,000 for labour was derived. Whilst an insurer might choose to use a surveyor to price work, that isn't the way things are normally done. And Miss H's contractor reportedly had knowledge of the previous condition of the property, having been involved in a programme of works there in recent years. And he had been involved in this claim since

the immediate aftermath of the incident. So I don't think it was unreasonable for NFU to have only used the surveyor to determine what work was needed and then, for it to have expected the contractor to complete a reasonably detailed estimate for what that work might cost. I know there was contact between NFU and Miss H's contractor in December 2019 and, at this time, the need for the contractor to provide further detail had been discussed. But that further detail was only provided during the site meeting in February 2020. I appreciate that Miss H has a different view of things, but, having considered all of the evidence, I'm satisfied that NFU didn't delay matters in the period up to February 2020.

how did the claim progress February 2020 onwards)?

I said provisionally:

*"In the meeting in February 2020 Miss H's contractor did provide more detail to NFU. NFU took the view that the price it had costed the work at (which was roughly £30,000 less than Miss H's contractor's estimated price) would likely need revising. But it still wasn't persuaded that Miss H's contractor's estimate was reasonable. Proposals for resolving this were put forward and agreed – but then the pandemic arose and all plans were put on hold. I see that NFU then made an economic decision to settle the claim based on Miss H's contractor's estimate. I see it calculated that on-going costs, along with the likely and foreseeable settlement costs, could ultimately exceed the difference it was debating over. I think that was fair and reasonable consideration by NFU. The pandemic was unforeseeable and NFU reacted to that new factor in a reasonable way when it arose. I think that, but for the pandemic, the claim would have progressed with the difference in costs being fully investigated. I'm not persuaded NFU delayed by raising entirely reasonable concerns over the difference in price earlier in the claim.*

*I know Miss H says that the costs and scope NFU had been working too, and which it had set her contractor's estimate against, had always been flawed. If that is the case, that is far from ideal. But it doesn't mean NFU should always just have accepted her contractor's estimate without question. NFU being wrong doesn't necessarily mean her contractor must be right. NFU was entitled to validate the costs Miss H was claiming. And I think it made reasonable attempts to do that."*

Miss H said that during the February meeting it was proposed that a quantity surveyor was appointed. And it was around this time that, for NFU, *"the penny finally dropped"*. Miss H seems to think it's unfair for me to say that NFU reacted reasonably in response to the on-set of the pandemic, as it still took it two months to make settlement. And it only did that once it realised its quote was wrong. Further it never fully addressed the earlier issues it had raised regarding costs. And NFU had plenty of opportunity to discuss concerns but didn't, rather it just insisted on relying on its flawed quote. Miss H said if NFU hadn't failed to prepare proper costings, it wouldn't have believed that her estimate was flawed. And the delays would then have been avoided.

I note a meeting was planned for the end of March, but that couldn't happen. NFU, at that time, did want to wait for things to ease and then progress with the quantity surveyor. But following some correspondence with Miss H, a review and some guidance by the government being issued, in April NFU opted to settle the claim. I don't think it's fair to say it did this because it had been shown its scope and costs were wrong. Rather it looked at the value in dispute and what it might cost to continue calculating what a fair cost would be. Having noted the cost of continuing the dispute would likely approach or even exceed the disputed amount it took what I view to be a pragmatic decision to end the dispute by paying the amount requested. I think that was a fair and reasonable thing for it to have done at that time. And I remain of the view it isn't fair to say this is something it should reasonably have done earlier in the claim. Miss H, based on her contractor's estimate, was asking for a lot of

money without providing much detail in support. And because she was wanting to use her own contractor it was always up to her to evidence the sums requested were reasonable. And NFU was always entitled to investigate the claim in order to validate the sums proposed.

#### in summary

I said provisionally:

*“I know Miss H was disappointed that work didn’t start until summer 2020, after initial pandemic restrictions lifted somewhat, and that it was then into 2021 before work was completed. But NFU wasn’t responsible for the contractor. Or any delays caused by the pandemic. If it had delayed the claim such that work which should have been started and most likely finished before the 2020 pandemic hit, then I might have taken any delays during the work into account. But as I’ve said above, I haven’t found NFU caused any delays in progressing the claim. So I don’t intend to make NFU make any additional compensation payment to Miss H.*

*However, as I said above, NFU has accepted it caused delays of about a month in making a payment to Miss H in late 2019. It offered £100 compensation for that. I think that’s fair and reasonable. As I haven’t seen that NFU has paid that yet, I’ll award it below. I see NFU also offered £100 compensation for delaying its complaint response. The rules that govern this service don’t allow me to comment on, or make awards in respect of, how an insurer handles a complaint. So I won’t make any finding or award about this aspect, if Miss H hasn’t received this sum from NFU and wants to, she can contact it directly.”*

Miss H said her point wasn’t that work only began in summer 2020, rather that it could and should have started in December 2019. Which was when NFU had planned for. But instead there was an eight or nine month delay. And, if it had started in December 2019, it would have been nearly completed by the point of the pandemic in March 2020. She’d like to see copies of correspondence from NFU which evidences it did not cause delays. Miss H says NFU offered her £100 for other reasons, it wasn’t in respect of a delayed payment.

I understand that Miss H thinks work could have started in December 2019. But my view, having carefully considered everything that happened as set out in all the testimony from both parties, all the formal reports and correspondence, is that NFU wasn’t at fault for the claim progressing as it did. So there’s no one piece or specific set of correspondence that shows NFU didn’t cause delays. And I’ve explained why above, having seen all of that, that I don’t think NFU caused delays.

Whilst I appreciate Miss H recalls the reason for NFU’s offer of £100 compensation differently, NFU’s letter to her of 1 May 2020 said £100 was offered for a delay in payment. I’m satisfied that is fair and reasonable in the circumstance, and I note NFU hasn’t previously paid it. So I’ll award it below.

With regret for any upset my final decision cause Miss H, having reviewed what I said provisionally, in light of her reply to my findings, my view on her complaint hasn’t changed. I’m satisfied that NFU didn’t cause her to live in an uninhabitable home when, instead, the family should have been moved out. And nor do I think NFU completed poor work or otherwise caused damage and/or delays which materially and negatively affected the claim.

#### **My final decision**

I require The National Farmers' Union Mutual Insurance Society Limited to pay Miss H £100 compensation. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 March 2022.

Fiona Robinson

**Ombudsman**