

The complaint

Mr W complains about the way The National Farmers' Union Mutual Insurance Society Limited (NFU) have handled a claim he made on his home insurance policy for damage caused by subsidence.

Mr W is represented in bringing this complaint by Ms L. But for ease I've referred to all comments and actions as being those of Mr W, unless otherwise stated.

What happened

In 2017, Mr W made a claim for damage to his property caused by subsidence. Initially the claim was declined, but it was later accepted there was subsidence.

Since then, Mr W has raised a number of complaints about the progress of the claim. NFU has agreed to make a payment for alternative accommodation (AA) to renovate a chalet on Mr W's property, but there's been delays in this being paid. He's also concerned with the proposed method of repair, and whether the property is still moving. He asked for some assurance from NFU before any repair works commenced.

NFU didn't agree the property was still moving but did offer Mr W compensation of £400 for an incident with one of its contractors. Unhappy with its response, Mr W brought the complaint to our service.

Our investigator said she couldn't consider any issues about how the claim was handled before October 2019, as Mr W's complaint about this hadn't been brought to our service in time. So she looked at issues from this date, until NFU's offer made in February 2022.

Our investigator's view was that:

- NFU should make the payment for the AA as a matter of urgency, before repairs can start.
- NFU should carry out another survey on the property, given the amount of time that has lapsed since the last site visit.
- NFU should carry out the repairs needed to the property, rather than issue a cash settlement.
- NFU should increase its offer of compensation from £400 to £600 given the avoidable delays it had caused, and the unnecessary distress and inconvenience this had caused Mr W.

Mr W responded with numerous points, but in essence, was in agreement with what our investigator said. He did ask that someone visit the property to assess the living conditions he'd been living through over the last few years in order to pay proper compensation for it. He also raised some queries as to the AA amount being offered.

NFU responded to say:

- It was happy to pay the AA costs, it said Mr W's representative had delayed the payment by raising challenges to it.
- It didn't agree it should carry out another survey. It said whilst time had lapsed since

the last visit, from the videos and photographs it had seen, the cracks mentioned by Mr W's rep were not evidence the house was subsiding.

- It maintained that it wanted to cash settle the claim for repairs to the property.
- It didn't agree with the increased compensation.

In May 2022 I issued a provisional decision on this complaint, in which I said:

This is a long running claim with many issues and disagreements between the parties. As an informal service, I won't comment on everything that has happened. Instead this decision will focus on the key reasons for reaching the outcome I have. But I'd like to reassure both parties I've read and considered everything they've provided.

For clarity I'd also like to confirm that this decision covers issues from October 2019 to February 2022.

Alternative accommodation costs

I've considered this aspect first, given NFU's comments it is happy to pay the AA payment. It seems the issue now is the amount owed to Mr W.

NFU has said the total it will pay for the AA is £23,700. It said it isn't willing to pay anymore, and it has already paid some of the £23,700 to Mr W. It seems NFU's offer letter caused some confusion, but I haven't been provided with any evidence from Mr W which suggests this offer is too low or should include any other amounts. So to settle this part of the complaint, NFU needs to pay a total of £23,700 for the AA, less any amount already paid in relation to this.

Should NFU carry out a further survey before repairs are completed

As far as I'm aware, the last visit from NFU was April 2021, when further repairs to the drains were agreed. NFU said it reviewed cracks at that stage and it was satisfied that as cracks to the front gable wall (which had been repaired in 2020) hadn't reopened, it was satisfied there had been no further movement to the gable wall. Its view is that the photographs provided by Mr W don't show that the property is still moving, and some of the cracks are down to general wear and tear, and not subsidence.

Mr W has said during the site visit of April 2021, NFU didn't enter the property to review any new cracks. And that builders who have visited the property have said it's still moving, and the proposed scope of works from NFU won't resolve the issues. Mr W's provided a letter from a builder, dated December 2021. In relation to the cracks he said:

"I have been back and forth on site for number of months now and have seen one or two of these cracks increase/worsen and some new hairline cracks appear in new places."

I've considered this alongside the comments from NFU, and I find NFU's position to be more persuasive. I accept there has been no site visit for around a year now, but it's explanation around why further cracks may appear seems reasonable to me. And I find it persuasive that the previously repaired cracks haven't reopened. And these can be seen without the need to enter the property. So on balance, I'm not satisfied Mr W has shown the property is still moving. And so I think differently to our investigator in this aspect. I think another surveyor visit, before any repairs are undertaken, is unnecessary and would only delay this claim further.

Proposed method of repair

The main area of subsidence damage appears to be to a gable wall. In early 2020, two schemes were proposed by NFU's contractor. NFU decided to go with the less costly option of restraining the gable wall, rather than demolishing and rebuilding it. Mr W has raised

concerns about this and asked why a second option would be needed if NFU think it can be repaired without rebuilding it. Mr W's builder also made some comments on the proposed repair. He said:

"we would need a structural engineer report to state the timber would be structural strong enough to hold if there was further movement"

He recommended taking the gable wall down. NFU's position is that a suitably qualified expert has already commented on the scheme of work, and there is no evidence to show its proposed repair won't work.

Having considered all of the comments, I'm not persuaded Mr W's builder has shown NFU's proposed repair won't work. He just says a structural engineer would need to comment on it. NFU has said it has had input from a structural engineer. So on balance I'm persuaded NFU's proposed method of repair is suitable, and I'm not going to interfere with its decision.

Is it fair for NFU to cash settle the claim?

NFU has said dealing with Mr W's representative has caused delays and has described some of her behaviour as challenging, meaning its preferred contractors don't want to attend the site. It's given this as one of the reasons it wants to cash settle the claim. It also says there are none-subsidence related repairs which are needed to the property. Mr W has said he's been suffering from poor health, and given the remote location of the property, has had his own issues in sourcing contractors to carry out any works, so he wants NFU to carry out the repairs.

NFU's policy terms do allow it to cash settle claims. But its decision to do so must be fair and reasonable in the circumstances of the case. NFU has said this claim is complex, and numerous repairs are needed. It also accepts matters are complicated by the remote location of the property. There are also two possible ways to resolve the issue with the gable wall. I think it's reasonable for NFU to try the option of securing the gable wall, rather than demolishing and rebuilding it. But if it cash settles on that basis and the repair isn't successful, I think this will leave Mr W in a difficult position. All of this leads me to believe the fair and reasonable outcome is for NFU to arrange for the repairs to be carried out. It's already drafted a schedule of works which it says doesn't need to be changed, so it is now required to ensure the work is carried out.

I've noted NFU's comments on Mr W's representative, Ms L. It seems accepted by both parties that a site visit didn't go well, and Ms L's reluctance to accept the cash settlement for the AA and for works to start without another survey has likely caused some delays. I hope this decision helps to draw a line under the disagreement so that both parties can work together to start the repairs as soon as possible.

compensation

In November 2021, NFU offered Mr W £400 compensation. This was in relation to one of its contractors, who had confirmed it hadn't dealt with a visit in an acceptable manner. I understand Mr W has raised other issues about the progress of the claim, and Ms L has asked for someone to visit the property to fully assess the compensation Mr W should receive.

I've reviewed whether NFU's compensation is enough, and I agree with our investigator that it should be increased. Whilst it has compensated for the incident with the drainage company, I find there were other delays involving the drainage. The first contractor assigned to review the drains didn't attend an appointment in February 2021, which couldn't then be rebooked until around a month later. This left Mr W in a difficult position, as the drains were overflowing. It also meant other works being organised by Mr W were impacted. I consider

this would have caused Mr W further distress and inconvenience given his health issues around the time, so I think £600 is a fair amount of compensation to account for this.

I've taken on board the comments about a visit being needed to assess compensation, but I don't think that's necessary. I accept Mr W's property has damage caused by subsidence, but this isn't what our service awards compensation for. We'd only make an award where an error from the business has caused unnecessary distress and inconvenience. And whilst I accept Mr W's representative has put a lot of time and effort into this claim, as far as I'm aware she isn't a policyholder, and so I can't award compensation to her even if I felt it was warranted.

Responses to my provisional decision

Mr W's responded with various points and questions; in summary they were:

- Mr W hasn't been fully reimbursed for the refurbishment to the chalet, as NFU said it was betterment, which he disputes.
- NFU hasn't investigated whether the repaired cracks have reopened.
- If NFU do carry out the building work, would this include any additional issues/problems which arise as they are doing the work.
- He had to replace his water tank as it wasn't repaired properly by NFU. Mr W asked if I would be considering this as part of my decision.

Mr W's representative, Ms L also responded with the following:

- Whilst she isn't a policyholder, she was acting on behalf of Mr W.
- She wanted to know how her behavior had caused problems, as she feels she has been polite throughout.

NFU also responded. In summary it said:

- Mr W has refused the scope of repairs for a long time, which is why it decided to provide a cash settlement.
- It cannot place any contractors on site given previous behavior.
- It maintained it shouldn't increase the compensation. It said delays with AA were down to Mr W changing his mind.

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.

Alternative accommodation

Mr W has said the AA settlement amount wasn't broken down by NFU, so he didn't know what it was all for. And he says he carried out works to restore electricity and water to the building which cost him £3,800, but NFU only reimbursed him £2,500 for that. NFU may not have agreed to fully reimburse this amount, but it has offered a total of £23,700 to restore the chalet for use as AA. And I'm still not persuaded there's any evidence which suggests this overall amount is too low. So I'm not going to ask it to pay anymore in relation to this. If it hasn't done so already, NFU should issue the payment of £23,700, less any amount already paid.

Should NFU carry out a further survey before repairs are completed

Mr W has said NFU didn't carry out a review of the cracks at the front of the property, as when it last attended it was there to look at the drains. NFU has said it did review the cracks and was satisfied they hadn't opened. Whether NFU reviewed them or not, I haven't been provided with any evidence to show that the previously repaired cracks have reopened. So my findings on this point remain as set out in my provisional decision. And I'm still persuaded that NFU doesn't need to carry out a further survey before starting the repairs set out in its schedule of works.

Proposed method of repair

Neither party has provided any further information in relation to this part. So having considered matters again, my findings are the same as those reached in my provisional decision. Mr W has asked me to confirm whether any additional damage found by NFU would be included in repairs, as he'd previously been assured. I would expect NFU to carry out a lasting and effective repair on any damage that is related to the claim, this would include any additional issues (that are linked to the insured event) that it hadn't identified previously.

Mr W has said a repair that NFU previously carried out on a drain has now failed as it wasn't done properly. He wanted to know whether I'd be reviewing that as part of my decision. This service can only look at complaints where a business has had an opportunity to respond. As far as I'm aware, NFU hasn't received a complaint about that, so I haven't considered it as part of this complaint.

Is it fair for NFU to cash settle the claim?

NFU has said one of the reasons it wants to cash settle the claim is because of long delays caused over the arguments on the schedule of works. However, I've set out that I'm persuaded NFU can proceed with its schedule, and no further surveys need to be carried out before the work can start. It's also said the behaviour of the parties (and I think it's referring to Mr W's representative, Ms L) means its contractors no longer want to attend the site.

I appreciate it may be more challenging for NFU to source contractors to carry out the works. But I haven't seen any evidence of such poor behaviour from Mr W or Ms L that persuades me it would be unreasonable for NFU to continue with the works.

As set out in my provisional decision, NFU's scope of works allows for a more cost effective and less disruptive repair. But if this isn't possible, it will need to carry out more extensive works. So I don't think it's reasonable to cash settle based on the original scope of works, because a failed repair from Mr W's own contractor could then leave Mr W in a difficult position. Having considered everything, I still don't think it's fair for NFU to cash settle the claim. So based on everything I've seen so far, I'm satisfied it needs to arrange for the repairs to be carried out.

Compensation

Mr W has said he's never asked for someone to come out to review the compensation. I apologise if I was mistaken on that. I said in my provisional decision that even if I was minded to award compensation to Mr W's representative, I couldn't as she isn't a policyholder. In response Ms L said whilst she isn't a policyholder, she was acting on behalf of Mr W, who has been suffering from poor health. I accept that. But it still wouldn't qualify Ms L for any compensation. Ms L has asked that it be confirmed how her behaviour has been inappropriate. I'm not going to comment on this other than what I've set out in my provisional decision. My role isn't to review Ms L's behaviour, it is to review whether NFU has treated its customer, Mr W, fairly.

NFU has said no more compensation should be paid as delays with AA were not caused by it, but Mr W changing his mind. I accept that NFU isn't responsible for all of the delays on this case. But it had offered £400 compensation. I felt the impact on Mr W had been greater given his ill health and the overall impact on his property. And having considered matters again, I still consider £200 is reasonable compensation. NFU's comments haven't changed my mind on this.

My final decision

My final decision is that I direct The National Farmers' Union Mutual Insurance Society Limited (NFU) to:

- Issue the AA payment of £23,700, less any amount already paid (if it hasn't done so already).
- Arrange for the repair works to be carried out.
- Pay a total of £600 compensation for unnecessary distress and inconvenience caused to Mr W for issues between October 2019 and February 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 June 2022.

Michelle Henderson
Ombudsman