

The complaint

Mrs W is unhappy The National Farmers' Union Mutual Insurance Society Limited (NFU) didn't provide cover for legal expenses she incurred when defending a claim a contractor brought against her.

What happened

Mrs W has home and lifestyle cover with NFU which includes legal expenses insurance. In August 2020 there was a flood at her property and she contacted NFU to claim for repair costs. She subsequently appointed a contractor to carry out the work but was unhappy with the quality of work. The contractor claimed against her for the amount it felt was owed and instructed solicitors in November 2021. Mrs W asked NFU for assistance and said "*a legal response is required*". NFU said this was a civil matter between Mrs W and the contractor which it wouldn't be able to assist with.

Mrs W instructed her own solicitors. There was further correspondence with NFU in which it reiterated that, while the amount due to the contractor was covered by her policy, the legal costs incurred fell outside of the insurance contract and it wouldn't consider these. In February 2022 Mrs W's solicitors advised they had agreed settlement with the contractor and NFU made payment for that amount. It again said there was no cover under the policy for costs relating to the private legal dispute she had with the contractor.

Our investigator agreed there was no cover under the buildings insurance section of Mrs W's policy. But her policy included legal expense insurance. She thought NFU should have considered a claim under that section rather than telling Mrs W this was a civil matter that fell outside of her insurance. She accepted that claim was unlikely to be covered because the legal expenses policy excluded construction claims with a value of over £50,000. But she thought providing inaccurate information had caused Mrs W avoidable distress at a particularly difficult time. She said NFU should pay her £250 in recognition of that.

NFU didn't agree. It said as the legal expenses policy wouldn't have been able to assist there was no need to refer Mrs W to the administrator of it. It also said Mrs W had made previous claims on her legal expenses insurance so would have been aware of the process for doing so. So I need to reach 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.

I appreciate Mrs W has concerns about the handling of her buildings insurance claim by NFU. However, those are being considered as part of a separate complaint. In this decision I'm only considering the complaint about her legal expenses and the action NFU took when she asked for these to be considered.

I agree with our investigator there's no cover for legal expenses under the buildings insurance section of her policy. But Mrs W does have legal expenses insurance cover so I

think NFU were wrong to tell her (on a number of occasions) that this was a civil matter that fell outside the cover provided by her policy. Mrs W was clearly seeking assistance with a matter that fell within the scope of her legal expenses policy. So NFU should have dealt with it as a separate claim under that section of cover.

I've gone on to think about whether Mrs W has lost out because it didn't do that. I can see the legal expenses policy does exclude claims for "*construction work on any land, or designing, converting or extending any building where the contract value exceeds £50,000 (including VAT)*". I don't think it's in dispute that the value of the contract in this case was in excess of £50,000. So that exclusion would likely apply here. That means even if NFU had considered a legal expenses claim, cover wouldn't have been provided under the policy.

But it did provide Mrs W with inaccurate information about the reasons for that. And if it had let her know the correct position from the outset she'd have been clear about that. I think it's reasonable to say some of the subsequent correspondence with NFU about this issue from Mrs W and her solicitors could then have been avoided. I've also taken into account that this was clearly an extremely difficult time for Mrs W given the ongoing issues she was facing with her property and the uncompleted works to it. I think that's likely to have increased the impact on her of this error.

NFU says Mrs W was already aware of the legal expenses element of her policy because she'd made previous claims on it. The evidence it's provided in support of this is limited. But even if that is the case the issue isn't that Mrs W was unaware she had legal expenses cover but that NFU didn't set up a claim from her about this when it should have done or provide a correct rationale for why that wouldn't be covered. I think the £250 our investigator recommended for the distress she was caused by that failing is reasonable.

My final decision

I've decided to uphold this complaint. In order to put things right The National Farmers' Union Mutual Insurance Society Limited will need to pay Mrs W £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 December 2022.

James Park
Ombudsman