

## **The complaint**

Mrs W complains that her home insurer, National Farmers' Union Mutual Insurance Society Limited (NFU), handled her claim for flood damage very poorly, causing delays and limiting payment for aspects of her claim.

## **What happened**

Mrs W's home was flooded in February and August 2020, and she claimed to NFU. NFU appointed loss adjusters to manage the claim on its behalf and contractors were appointed to carry out the repairs at Mrs W's home.

Mrs W said it took the contractors six months and they terminated the contract because she was unhappy with the workmanship. Mrs W said this meant she postponed decoration and appliance installation. Mrs W appointed a surveyor to get the work back on track, but this was unsuccessful, and a new contractor was required, which she appointed.

It took about two months for NFU to agree and settle the new contractor's quote for the repairs, which it then paid. Mrs W was also concerned about the second contractor's work, but NFU said her property was habitable from March 2022 and it stopped paying for Mrs W's alternative accommodation.

Mrs W complained to NFU that it had caused delays in reviewing and authorising remaining repairs, and refused to pay for storage of her home contents. She also complained that NFU had refused to pay for her surveyor, and for her loss of business income from August 2021.

NFU responded in October 2021 that following the withdrawal of the first contractors the next quote was much higher and had to be validated by its loss adjusters, but they kept in regular contact with Mrs W during this process. NFU said it hadn't caused any avoidable delays and the alternative accommodation had been the subject of a previous complaint. It said Mrs W significantly increased her contents claim and so part of this took longer to consider.

Our investigator recommended the complaint be upheld in part. She said Mrs W's policy provides up to 12 months loss of profit and for storage of her contents until her home is fit to live in. However, she thought it would be fair for NFU to pay for Mrs W's loss of profit up to March 2022 because of unforeseeable delays in her home becoming habitable again.

The investigator said the original estimated completion date for the work was February 2021, however following the difficulties with the contractor NFU continued to pay storage for Mrs W's contents up to 1 June 2022. She said NFU stayed in regular contact with Mrs W throughout the claim and kept her updated and progressed the claim properly with costs agreed in a timely manner.

NFU disagreed about paying additional loss of profit. It said the investigator acknowledged that the delays weren't its fault and so it was unusual to award further costs against it. NFU said the policy covers a maximum of 12 months loss of profit and it wasn't fair to extend this when Mrs W was responsible for the delays. NFU agreed some delays were outside Mrs W's control but said she had failed to take reasonable precautions to mitigate further losses.

Mrs W also disagreed. She thought her home was still uninhabitable in March 2022. She said NFU was responsible for many of the delays, and these are ongoing. And she said her contents were returned full of mud, with delayed inspections that followed. Mrs W requested an ombudsman review her complaint.

### **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.

As Mrs W will be aware, extensive damage claims from flooding are complex to resolve, involving multiple parties and generally take many months to complete. Mrs W has also complained about the decline of her claim for legal expenses and non-provision of a new kitchen worktop, but these issues have been considered separately.

The present complaint concerns delays in the completion of Mrs W's claim and the effect on aspects of the claim. I have looked carefully at the timeline of the claim to see where and why it was held up and whether any delays were avoidable by NFU. I have considered Mrs W's complaint issues up to early March 2022. Mrs W has mentioned issues with the claim after this point and it is open to her to bring a further complaint about this to NFU and then to our service if she wishes.

Mrs W said NFU caused delays in arranging and dealing with the contractors that repaired her home. NFU said delays were caused by Mrs W and so it ended payments for her loss of income in August 2021 when the work didn't finish until early in 2022 and in paying Mrs W's alternative accommodation when it said her home was habitable again in early March 2022. NFU paid for the storage of Mrs W's contents until the start of June 2022.

It's clear that Mrs W was very unhappy with the work carried out by the contractors and the repair contract was terminated. It took time to appoint a new contractor, which delayed the repairs. However, I think the two months NFU took to validate the new contractor's quote was reasonable as it was much higher than before. It then paid for the work to be completed.

From what I've seen, NFU appears to have made payments at appropriate intervals during the claim in respect of building work and replacement of contents. I don't think NFU was responsible for the disputes with contractors that caused the main delays. And I have seen that NFU responded to the many communications from Mrs W during the claim and kept her updated within a reasonable time. There were times when NFU might have considered a quote more quickly, but on the whole I don't agree with Mrs W that it was responsible for long delays.

Mrs W's policy provides cover for up to 12 months loss of business profit and storage costs until her home becomes habitable again.

NFU said the property was habitable from early March 2022. This isn't to say the work was finished, only that basic facilities allowed the house to be lived in. Mrs W said her house wasn't fit to be lived in, but given the work that had been carried out I think this was a fair decision by NFU to stop paying her alternative accommodation at that time. NFU has paid Mrs W's storage costs from the start of the claim until 1 June 2022, and I think this was fair.

Mrs W's policy doesn't cover her for costs in the appointment of a surveyor. I haven't seen anything to suggest that she needed to appoint a surveyor to oversee the repairs as NFU said its surveyor would sign off on any works as part of the oversight of the claim that was

managed by its loss adjusters. And so I think it was reasonable for NFU to decide that the cost wasn't covered by her insurance.

NFU paid Mrs W for 12 months loss of business income in line with the terms of her policy. Our investigator said this should be extended until early March 2022 as this was the revised completion date for the repairs after the covid restrictions.

I agree with the investigator as the early March date is when NFU determined that Mrs W's property was habitable and so until that time she couldn't have benefitted from returning home and re-establishing her business income. NFU agreed that some of the delays were outside Mrs W's control and so although this takes the period beyond the cover offered by the policy I think that is fair in the circumstances of the loss and bad financial position Mrs W has endured. I don't think NFU has shown that Mrs W failed to take precautions to avoid further losses of her business income at this time.

I know that Mrs W thinks that NFU are responsible for long delays. NFU is entitled to consider quotes for work and replacements and obtain the best value, and from what I've seen, NFU appears to have progressed the claim without allowing unreasonable delays. Many of Mrs W's issues are with third parties and not to do with NFU. And so I haven't awarded Mrs W any compensation from NFU for the difficult experience she has endured.

### **My final decision**

For the reasons I have given above it is my final decision that the complaint is upheld in part. I require National Farmers' Union Mutual Insurance Society Limited to pay for Mrs W's loss of business income from 11 August 2021 until 4 March 2022 plus 8% simple interest from 11 August 2021 until the payment is made.

If National Farmers' Union Mutual Insurance Society Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 February 2023.

Andrew Fraser  
**Ombudsman**