

The complaint

Mr M has complained about his let property insurer The National Farmers' Union Mutual Insurance Society Limited (NFU). He feels it completed poor work at his property and delayed his claim for storm damage, causing him financial and non-financial loss.

What happened

Mr M's property, which is grade 2 listed and situated about 250 miles from his home, was damaged in a storm in March 2020. He made a claim and was initially asked to arrange temporary repairs and an estimate for reinstatement. When estimates were presented NFU felt they were too costly and included unnecessary work. NFU's loss adjuster at the time arranged for a contractor to complete the work.

Reinstatement work began in August 2020. Mr M was concerned within the first few days that work was not being done to standard and in line with the schedule of works. Following further visits to the property in October and November 2020 Mr M asked that the contractor stop work, he then presented a surveyor's report and NFU accepted that poor work had been done by its contractor.

A plan was put in place to resolve the problems and reinstate the property. In February 2021 NFU explained the plan to Mr M and said that on a provisional assessment, it would then be about six months to completion. Mr M was pleased that matters were getting resolved – but he pointed out to NFU how much work he'd had to put in to get to that point. He noted six visits to the property up until December 2020, which all came with a cost incurred to and disruption suffered by him. He said that whilst NFU had reimbursed him for rental income lost for the property, it was a holiday let which relied a lot on repeat bookings, so repeated cancellations were affecting his reputation. He said his health was also suffering.

In April 2021 NFU issued a final response to Mr M. It said that there had been lengthy delays in the claim's progress and poor work completed. It accepted Mr M had been caused distress and inconvenience as a result and said it would pay £450 compensation. Mr M said that was insufficient and complained to the Financial Ombudsman Service.

Our Investigator ultimately felt that NFU should be paying a total of £950 to Mr M as compensation for distress and inconvenience suffered. She wasn't minded to make any other award.

NFU agreed to the recommendation. Mr M said it was still insufficient and did not take into account his financial losses. The complaint was passed to me for an Ombudsman's consideration.

I felt it should be upheld. That, in the period relevant to this complaint – between the claim being made in March 2020 until NFU's final response of 21 April 2021 – that compensation of £950 was fair and reasonable for Mr M's non-financial loss. But that in respect of Mr M's concerns about his financial losses, NFU should pay Mr M's fuel and expert costs, plus interest. So I issued a provisional decision, to explain my views to both parties, my findings of which were:

“Delays, claim handling and poor work

NFU has accepted that the claim has been subject to delay, not least those caused by its contractor’s poor work. But Mr M believes that if NFU had merely accepted his quote at the outset, the property would have been reinstated by summer 2020, and all of the worry and concern caused by NFU’s contractor would have been avoided. I don’t think things would have been that simple though. One of the delays experienced by NFU was a lead time on materials. I think it’s fair to say, given the pandemic and its effects, that this is something Mr M’s contractor would likely have encountered too.

In any event, I think it was reasonable for NFU to have initially asked Mr M to get estimates and, once it assessed them, to change its mind about progressing the claim in that way. For example, the estimate included the cost of reinstating a lathe and plaster ceiling, where that ceiling comprised a plasterboard finish. So NFU didn’t think the estimate reflected reinstating the property on a like basis. NFU chose to appoint its own contractor and lead times for materials then further impacted the progress of the claim.

I think NFU though didn’t manage Mr M’s expectations about the claim effectively. NFU told Mr M, in June, that the work would likely be finished by August 2020. But I think the lead time for materials was likely already known about – or should have been. And because NFU had set Mr M’s expectations in this respect, he had taken bookings for August, which by early July had to be cancelled. In late July assurances were given that work would complete by the end of August, and Mr M was encouraged to arrange bookings for September. But the poor work which then started in August meant that completion date wasn’t possible either. And a further promise of work being finished by December 2020 was also broken – meaning bookings for the Christmas period had been taken and had to be cancelled too. I think it’s good that NFU had tried to assist Mr M with mitigating his situation by trying to help him plan ahead – but I’m not persuaded, having seen what was going on – and knowing the ultimate repair programme did take a few months, that any of this advice was particularly accurate or realistic.

In terms of delay I think the claim’s progress began to be avoidably impacted when the work started. For example, despite the claim having involved an element of water ingress, none of the professionals involved checked the property was dry, a delay occurred with a wallpaper order – but later investigations showed the property should not really be wallpapered, and incorrect plaster was applied to the walls which wasn’t allowed to dry before decorating was attempted. Mr M was visiting the property more than he’d have liked around this period because he was concerned about the work being done. And following two visits in October and November work stopped completely.

Not unreasonably time was then spent by NFU reviewing the situation. It was agreed, amongst other things, that work would need doing, that retrospective listed building consent would be needed and that the re-work would be done by a different contractor following a tender process. In February 2021 NFU told Mr M that would likely take around six-months and it was whilst these plans were all being put in place and progressed in April 2021 that NFU issued its final response.

I think the initial claim was not that complex, but the building is grade 2 listed. So, I think it should always have been recognised that some specialist contractors or at least the in-put and oversight of a listed building specialist working alongside contractors, might be required. I’m aware that when the successful tender contractor did start work, work was completed at the property in around eight months. I am not looking at that period here, but the time the repairs did eventually take gives a good indication of what Mr M would have been looking at if suitable contractors or a specialist had been appointed earlier. Here contractors started

work in August 2020, and nine months later, when NFU's final response was issued in April 2021, Mr M was facing an expected further four months of work to reinstate his property. Whereas an actually completed eight-month repair programme, satisfies me that if NFU had handled the claim better, with a more appropriate contractor starting work in August 2020, the property should've been fully reinstated by April 2021, if not a little earlier.

Compensation for distress and inconvenience (non-financial loss)

I accept that Mr M has put a lot of effort into making sure the claim and reinstatement work progressed. This holiday let earned Mr M income and he was also situated quite a distance from the property. So I think it's understandable that he was worried about it and, certainly once it was clear work was not being done to standard, that he felt the need to visit. And I know he did so even though he was not in the best of health. I also note that following the problems identified by Mr M in October and November 2020, his involvement with the claim and repairs increased. I think that's understandable, but his time and effort reasonably has to be recognised – if things had been handled better, earlier Mr M would likely have been content to let NFU progress matters.

I'm also aware that Mr M tried to plan ahead as much as possible – so working to get new bookings made for periods when he reasonably expected work to be completed by. I accept it was frustrating for him when, in August, September and then December 2020, bookings made for when work was expected to be completed, had to be cancelled. There was obviously an element of time and effort involved in the administration of those bookings and cancellations too.

So I think Mr M has suffered a lot of distress and inconvenience due to the way NFU handled this claim up until it issued its final response in April 2021. I think some more realistic management and the appointment of an appropriate contractor could have avoided that. I'm minded to award a total of £950 compensation, if NFU has already paid £450, it will now only have to pay the remaining £500.

Travel costs

Mr M, in a letter dated December 2020 said he'd had to visit the property six times. I note he then had to visit again in March 2021 to assist in a review of the schedule of work. I think it's fair to say that review was only necessary due to the poor work – so Mr M's visit was only necessary due to NFU's failures. It's only fair that it reimburses Mr M for his fuel costs associated with that visit. The other six visits I'm going to halve – a policyholder/property owner will often want to have some involvement. I think that even if things had gone well Mr M would've wanted to visit at the start of the claim, then once repairs were underway and then at the end. So I think it's fair to say that out of six visits to the property up to December 2020, NFU should reimburse Mr M's costs for half of them. Taking the visit in March into account too, that is four visits in total.

Mr M said it cost him £90.00 a trip for fuel. Given the distance of the property and the price of fuel, I think that is not an unreasonable sum. So I'm going to require NFU to pay Mr M £360, £90 each for four trips, with interest* added to the total amount from the date of the visit in March 2021 and applied until settlement is made. Three of the four visits pre-date March 2021 but I feel interest applied from then is fair as by that point NFU should have acknowledged the extra outlay and acted to compensate Mr M for it.

Loss of reputation

I've taken into account above that Mr M had to cancel some bookings. And I've also taken into account his time, effort and frustration involved in that. I'm not persuaded though that

cancelling bookings in August, September and December 2020 would have materially impacted Mr M's reputation as a holiday let provider. I say that not least given the problems in the country at the time with the Covid-19 pandemic. So I don't intend to make any award in this respect.

Expert fees

Mr M instructed a damp specialist and a surveyor in December 2020. It seems the input of experts like this likely influenced the claim. If Mr M incurred a cost for these experts, and unless NFU can show me good cause why it should not do so, I think it should reimburse Mr M's outlay, subject to proof of that being provided. NFU should add interest to the costs shown applied from the date they were incurred until settlement is made."*

NFU said it accepted my decision. Mr M said that £950 is not fair and reasonable compensation in the circumstances. He said he wanted to highlight the delay at the start of the claim and some of the poor work issues which, if he hadn't spotted them, might have resulted in penalty to him and the work not completing properly. He feels my decision glossed over the poor work issues. He emphasised the complete lack of oversight by and negligence of the loss adjuster throughout the claim. Mr M said the award seems out of line with examples of awards given on our website.

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 thank Mr M for providing a further account of what happened, particularly in the first few months of the claim. I know he thinks the quote from his contractor was like-for-like and that he believes that if his contractor had started work there wouldn't have been any delays. But I'm not persuaded the quote was like-for-like and, in any event, it was always for NFU to choose how it wanted to implement the repair programme. I also note Mr M had checked with his contractor and been assured all materials were available. But I'm not satisfied it's most likely that work could have concluded in short order without disruption. It may have done but, in my view, it's by no means most likely it would have.

I appreciate that Mr M has reviewed some examples of awards on our website. But along with the examples, our website also provides detail about the bands of awards we often apply. So an award of between £750 to £1,500 might be made where substantial upset has been caused which has significantly affected daily life over a sustained period of many months, sometimes over a year. I set out provisionally the upset I found Mr M had been caused by NFU's failures. Those being (in summary) it not managing his expectations properly and its poor work – meaning Mr M, even though his health was suffering, had to manage the claim much more closely, including taking long journeys to visit the property, the inconvenience and frustration of making and cancelling bookings, and that by April 2021, if not a little earlier, the repairs should have been completed. I remain satisfied that the period all of that occurred over was ten months (June 2020 to April 2021) and that Mr M was substantially affected by it. I am also satisfied that my award of £950 is in line with our general approach to awarding compensation, as well as being in line with other awards made by this service in similar circumstances.

Having considered Mr M's reply, my view on the complaint – including that NFU failed Mr M here, that it did poor work and he suffered substantially as a result – has not changed. As such my provisional findings copied above, along with my further findings here, are now those of this, my final decision.

Putting things right

I require NFU to:

- Pay Mr M a total of £950 compensation – if it has paid £450 already, it will now only need to pay the remaining £500.
- Pay Mr M £360 as compensation for fuel costs incurred travelling to the property, plus interest* applied from the visit date in March 2020 until settlement is made.
- Reimburse Mr M the cost he incurred for a damp specialist and surveyor, subject to Mr M providing proof of costs. To any reimbursed amount interest* should be added, applied from the date costs were paid by Mr M until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require NFU to take off tax from this interest. If asked, it must give Mr M a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require The National Farmers' Union Mutual Insurance Society Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 April 2023.

Fiona Robinson
Ombudsman