

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 NFU began work to reinstate the property. But that did not go to plan, poor work was done and re-work had to be organised. NFU acknowledged that in February 2021 a plan for resolving the poor work and reinstating the property was put in place. The plan involved putting the work out to tender. On 21 April 2021, with arrangements for the plan still being made, NFU issued a final response to Mr M, addressing concerns he had raised about the claim to that date.

At the end of April 2021 the plan to reinstate the property was progressing – with a Conservation Officer having been involved and a scope of work, following a meeting at the property in March 2020, having been drawn up. The approved scope was then put to tender in around July 2021. The tender completed successfully with a contractor being appointed in August and the re-work began in September 2021.

The property was stripped shortly thereafter, with plaster work beginning in October 2021. A specialist lime plaster was being used and the contractors were referring to a consultant for advice on this aspect. By December 2021 it was apparent that the plaster was not drying as expected, and the repair period had to be extended, with the expected completion date for the main work being revised to mid-March, with a further six-weeks allowed as a contingency and for carpet fitting and the like. Which meant NFU would cover the rent for the property to 24 April 2022 and Mr M was able to cancel bookings he had taken up to that date.

Reviews in January and February 2022 though showed that the plaster was still not drying as expected. Which meant the completion date for the main work was pushed back still further and NFU authorised Mr M to cancel bookings through May 2022. On 18 May 2022, NFU issued a final response to Mr M, considering the course of the claim since its previous final response in April 2021 and the impact on Mr M. NFU accepted that Mr M had been caused upset and inconvenience during this period and said it would pay him £500 compensation. But it said it couldn't pay him the £72,790 he had asked for – broken down between travel costs, loss of reputation, dilapidation to the property, and upset, including his health being affected. Mr M complained to the Financial Ombudsman Service.

Our Investigator felt that NFU should pay Mr M a further £300 compensation. Making the total compensation award for this period £800. She wasn't minded to make it pay more.

NFU agreed to the recommendation. Mr M said it was still insufficient and did not take into account his financial losses. Mr M also said that the extended claim and increased costs had affected his premium. He said contents items removed from the property by NFU had not been returned. 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 – after NFU’s final response letter of 21 April 2021 until its final response letter of 18 May 2022 – that compensation of £800 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 costs, plus interest. But I wasn’t minded to make any other award. Regarding Mr M’s concerns about premiums and contents items, I felt he should revert to NFU. So I issued a provisional decision, to explain my views to both parties, my findings of which were:

“Delays, claim handling and poor work

I think things were managed and progressed quite well during this period. But it has to be said that the work was only on-going at this time because of the poor work which NFU had undertaken earlier on in the claim. And because of the earlier poor work Mr M was much more involved than he otherwise would have been. Through most of this period NFU was providing Mr M with weekly updates – and that was a really good way to ensure he was updated and to ensure the claim kept progressing. But this only had to happen because of the previous poor work. So whilst I don’t think there was any poor work by the contractor which was completing repairs in this period, the effects and impacts of the previous poor work continued for Mr M.

The repairs were subject to some delays. But I don’t think that was through any fault of NFU. The delays and amendment to the timescale for repairs seem to have come from the specialist lime plaster not curing as expected. But I’m aware that lime plaster can be a difficult material to work with in terms of drying at least. And I note that the contractors were referring to an expert in this respect. I don’t think anything could have been done to avoid these delays.

I’m also mindful that NFU and the contractors kept an eye on what was happening with the plaster and what that might mean for the repair period. Which meant that they were able to advise in good time to amendments to the repair schedule. And I see that NFU, in line with those amendments acted pro-actively regarding the payments it was making to Mr M for lost rent. So I think the situation was managed well and the impact on Mr M was limited as far it was possible to do so.

Compensation for distress and inconvenience (non-financial loss)

I’ve noted above that I think NFU handled things well during this time, such that the impact on Mr M was limited. But I also said above that all the effort Mr M went to during this time was because of the previous poor work. I’m mindful that Mr M was not in the best of health at this time either. And I accept that as the prolonged claim continued to progress, the effects of dealing with that over a prolonged period would have impacted Mr M. So Mr M was dealing with an on-going claim for a year, with all the effort and time that entailed.

Mr M also had to cancel bookings in 2022 when the repair period had to be extended twice. This was a natural and unavoidable result of the specialist plaster not drying. But if the previous poor work had not occurred, the lime plaster wouldn’t still have been drying in the early part of 2022. Mr M was given good notice about the extensions to the repair programme – but he still had to spend time cancelling bookings. I’m also aware that he’d had to cancel some bookings earlier in the claim too – so I accept that cancelling more at this stage was frustrating for him.

So I think that Mr M did suffer distress and inconvenience during this period on account of failures by NFU. I’m satisfied that £800 compensation is fairly and reasonably due.

Travel costs

In October 2021 Mr M, talking about the claim as a whole, said he'd visited the property 14 times. I'm aware that seven of those visits occurred before 21 April 2021. Meaning that Mr M visited the property seven times between 22 April 2021 and his letter of October 2021. I think he likely visited it again in November and around that time NFU's loss adjuster provided some reassurance to Mr M that his regular visits weren't necessary at this stage – with work progressing well under the tender contractor – but he'd be invited to meetings where his input was required. From NFU's file it seems there were two such meetings at the property between November 2021 and 18 May 2022. And I don't doubt that Mr M visited again towards the end of the main repairs completing. That is 11 reasonably necessary visits in total by Mr M during the period I am considering here.

I understand that Mr M was taking a keen interest in the property. I think that is understandable given the previous poor works. And I think it is fair to say that, but for those poor works, Mr M would not have had to visit the property at all during the period I am considering here. So, in my view, all of these 11 visits were only necessary due to NFU's failure. I understand that each visit cost Mr M £90 in fuel. I think NFU should pay Mr M £990, £90 each for 11 trips, with interest added to the total amount from 21 April 2021, the date of NFU's previous final response, and applied until settlement is made.*

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. And I understand Mr M's concern about repeat bookings. But I haven't seen any evidence which makes me think that these cancellations were made in respect of returning clients, or clients which would likely have become returning clients but for the cancellations. I'm also conscious that Mr M had ample time in this period to arrange cancellations and I'm mindful that most customers, particularly as the country continued to still be affected by the Covid-19 pandemic, had a more flexible attitude to cancellations. So I don't intend to make any award in this respect.

Dilapidations

Mr M said that during the extended repair period, the property, in areas not subject to the insured work, had deteriorated. He said he would incur a cost to reinstate these areas. In a letter dated October 2021, Mr M said he'd have to spend £7,000 replacing carpets, and £5,000, £1,000, and £1,000 respectively decorating the hall/stairs and landing, kitchen and ground floor toilet.

I understand Mr M's concern in these respects. For example, not all of the hall/stairs and landing required decorating under the claim, so Mr M felt the works left the rest looking out of place. And I know he was worried, for example, that carpets, not planned to be replaced by NFU, wouldn't clean, and leaving them in place to be cleaned would make other reinstatement work more complicated. But I bear in mind that a holiday let, of the type and standard of Mr M's, would likely at least require regular maintenance work such as decorating. So I think Mr M would always have incurred some cost for upkeep of the property. I'm also mindful that NFU identified a cost saving during the work of some £17,000. This was the cost to wallpaper the property. The property had been papered before but it was felt that it shouldn't be reinstated in that way. And NFU, in recognition of the fact that Mr M wanted to do some maintenance work and replace some carpets which it didn't think needed replacing due to the incident or prolonged repairs, passed this sum on to Mr M. I think that was fair and reasonable of it. I don't think it would be fair and reasonable for me to make it pay Mr M anything more for reinstating the property.

Premium and contents items

I appreciate that these are issues of concern for Mr M. But they did not form part of his complaint which NFU answered in May 2022. Mr M will need to refer to NFU in the first instance on these matters.”

NFU said it accepted my decision. Mr M said that the compensation award should be increased. He said that in respect of the property reinstatement it was professional advice he had received that identified the property shouldn't be wallpapered. Whilst that meant NFU didn't spend £17,000 for wallpapering, it meant he had to spend £5,000 on a better paint finish – and the property does not look as impressive without the wallpaper. And the carpets – with that amount of building dust, and even though they were protected – would never have cleaned to a satisfactory standard. It cost Mr M £8,000 to replace carpets for which he feels a contribution from NFU seems reasonable.

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 understand why Mr M thinks my compensation award should be increased. And I did note provisionally that between April 2021 and May 2022, Mr M should not have still been going through any repairs. I also appreciate that this is a period of just over a year. But I do think that the repairs and claim during this period were handled reasonably by NFU. I also noted provisionally that it acted during this time with a view to limiting the on-going impacts on Mr M. It gave specific reassurances after six months, for example. Also, in respect of taking and cancelling bookings – whilst I don't doubt Mr M suffered some frustration, NFU was handling things better so Mr M was given more notice to deal with this than he had been at other times, so I think he was impacted less.

I appreciate that, from Mr M's position, my view might seem unfair. But I can assure Mr M that I have carefully taken into account what went wrong here and I absolutely acknowledge that NFU's poor work, in the period before that which I am assessing in this decision, had far reaching impacts on him into this period. I am satisfied though with the award made provisionally. I do think £800 is fair and reasonable in the circumstances here, as well as being in line with our general approach to awards of this nature and other awards made by this service in similar situations.

I understand that not being able to wallpaper the property is a cause for concern for Mr M. But I don't think that arose due to any failure of NFU. And I don't think it much matters whether Mr M identified the issue or NFU. I also understand that Mr M incurred a cost because the property wasn't wallpapered. But he received £17,000 from NFU which is what it would have cost to do that work. I note Mr M then spent £5,000 to implement a paint finish he was happy with. So that still left Mr M with £12,000. I know he spent £7,000 on redecoration – but I said he'd likely have had to redecorate in the period since the claim even if the loss and poor work had not occurred. Mr M previously said his cost for carpeting was £7,000, I note he has now clarified that was £8,000. But taking that £8,000 from the £12,000 left after applying the paint finish as an alternative to wallpapering, still left Mr M £4,000 'in credit'. In the circumstances I can't fairly and reasonably say that NFU should have to pay even a contribution towards the carpets Mr M felt he needed to replace.

Putting things right

I require NFU to:

- Pay Mr M a total of £800 compensation – if it has paid £500 already, it will now only need to pay the remaining £300.
- Pay Mr M £990 as compensation for fuel costs incurred travelling to the property, plus interest* applied from 21 April 2021 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