

The complaint

Mr G and Mrs O have complained about The National Farmers' Union Mutual Insurance Society Limited's ('NFU') handling of an escape of water claim under their home insurance policy.

For the avoidance of doubt, the term 'NFU' includes reference to its agents, representatives, and contractors for the purposes of this decision letter.

What happened

This matter stems from a most unfortunate water-mains leak under Mr G and Mrs O's property. In January 2022, Mr G and Mrs O noticed a potential issue under their flooring. They lifted a piece of flooring and noted damp. They then submitted a claim to NFU as their insurers at the relevant time and NFU engaged an agent to source the leak. The agent conducted several further visits before the problem was identified in March 2022.

NFU accepted that the claim related to an insured event. However, Mr G and Mrs O complained to NFU about delays and poor communication in relation to the claim. NFU agreed that there had been some delays and communication issues, however it didn't accept that it was responsible for all delays between May 2022 and May 2023. It therefore offered £700 compensation for the trouble and upset caused. Mr G and Mrs O were unhappy with this amount, and they referred their complaint to this service.

The relevant investigator didn't uphold Mr G and Mrs O's complaint. With reference to the service's guidelines about the appropriate level of compensation, it was her view that £700 was a fair amount to recognise the unnecessary distress and inconvenience caused up until May 2023. She also asked NFU to provide a revised timeline and schedule of works to Mr G and Mrs O. The investigator made it clear that any delays after May 2023 would need to be the subject of separate complaint.

Mr G and Mrs O were unhappy with the outcome of their complaint. The matter was therefore referred to me to make a final decision in my role as Ombudsman.

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.

The key issues raised in Mr G and Mrs O's complaint to this service in late summer 2023 related to delays and communication issues for which they said NFU was responsible. NFU accepted that there had been service failures. The question for me to determine is therefore whether NFU's offer of compensation fairly and reasonably recognised those failures relating to the period May 2022 to May 2023. I've can't say that it acted in an unfair or unreasonable manner in its response to those failures, and I don't therefore uphold Mr G and Mrs O's complaint. I'll now explain the reasons for this decision.

In reaching this decision, I've fully considered the submissions of the parties, which are summarised as follows. I turn firstly Mr G and Mrs O's submissions. They considered that since the full extent of the water leak was discovered in January 2022, there had been '*a catalogue of errors, delays, poor workmanship. No schedule of work and no end date*'. They said they'd made numerous complaints to NFU, without satisfactory response, and they remained unhappy with the way in which NFU had addressed the issue.

Mr G and Mrs O noted that NFU had replied with a generic email and an offer of £700 compensation, however they felt that NFU hadn't investigated the claim or requested any information relating to it. Mr G and Mrs O said that; '*we are now 20 months and still no sign of being able to move back to the property.*' They said they wanted a clear schedule of work with a completion date. As to the financial impact, they had to pay increased mortgage costs and suffered decrease in house value at a time when they were looking to sell the property. They felt that the offer of £700 compensation was far removed from reality, and they were looking for compensation in the region of £250,000 to £300,000. They said that they'd spent weeks record-keeping and had taken time off work to accommodate meetings and calls.

Mr G and Mrs O said that the lack of progress with the works meant that they'd lived in their garage for a lengthy period. Communication had deteriorated, '*to the point where we are finding they are no longer responding to urgent emails*'. They also sent a document containing a timeline of events '*that catalogues the errors and details how much we have chased and chased for work to be done and for there to be a schedule of works.*' Mr G and Mrs O referenced the '*matrix of snags*' and said that there were still additions to be made.

Finally, Mr G and Mrs O said that by staying in their garage and accepting a monthly payment for alternative accommodation allowance, this saved the NFU high rental costs. It had also struggled to find them accommodation. They said that the stress and mental impact over an extended period had been horrendous. It had caused personal strain and they felt that there was no end in sight. They felt extremely distressed about the entire situation.

Following receipt of the investigator's view, Mr G and Mrs O provided further, additional submissions as to the delays which they considered to have occurred, as follows; -

- a complaint about the cost of utility bills should also have been considered.
- There had been a 12-month delay in making the property habitable and £700 was inadequate as it equated to £58.33 per month and one day's pay for them.
- They were advised in September 2022 that they needed to move out of the property to allow for a 12–15-week programme of works, but it was still uninhabitable.
- Mr G and Mrs O's audit log highlighting the fact that they'd regularly chased for updates, '*as no one communicating around lack of attendance on site at the property for weeks and weeks.*' No project plan had been provided.
- NFU issued instructions for a new kitchen to be fitted but this was still outstanding. An internal wall collapsed due to being left unsupported. Mr G and Mrs O had to intervene as the contractors attempted to concrete floors which were still sodden. They also referred to several complaints about works which post-dated May 2023.
- Mr G and Mrs O said that NFU's agents were unprofessional during a dispute over private electrical works to install additional plugs. NFU wouldn't progress works until they paid an invoice which they considered to be within the claim's scope. The standing down of contractors caused significant delays for which they were blamed.
- Mr G and Mrs O considered that the root cause of dispute was NFU's agents not giving clear guidance to the electrical contractors around what was in scope and what was out of scope of the works, '*so there ended up being some grey areas of verbal conversations that could not be proved / disproved around liability.*'
- They said it was clear that there hadn't been a full and audit of fixtures and fittings prior to gutting the property and this caused difficulties.

- Mr G and Mrs O said that the heating had stopped working, due to the contractors ripping out pipework and causing another water leak at the property.
- Throughout the duration of the claim, they'd endured significant mental strain, stress, and anxiety attacks due to the way they'd been made to feel.
- They said NFU hadn't responded to formal complaints, failed to adhere to complaints timescales, and closed them without remedy. The complaints had a consistent theme around the delays, with the claim still open and the works not yet completed. Responding to complaints wasn't the same as satisfactorily resolving them.
- They'd accepted the £700 cheque as 'part payment'. NFU had stated that the matter would be further investigated by the loss adjusters, yet there was no further follow up and the complaint was closed. They also said that NFU's complaints system made it extremely challenging to keep a solid and accurate record of activity.

I now turn to NFU's submissions regarding this case. NFU stated that once its agent had sourced the problem, it offered to supply a quote for re-routing the mains pipe and this happened in early April 2022. NFU said the quote took longer than expected due to the complex nature of the work. Mr G and Mrs O agreed the quote and the works commenced in early May 2022. It said that the works took longer than expected, but the pipes were re-routed as per the quote. A further visit was then booked to inspect the internal damage and it was noted that this was substantial. Equipment was installed to stabilise areas and a proposal was prepared for major strip-out and drying. Towards the end of May 2022, Mr G and Mrs O raised a complaint about delays and a loss adjuster was then engaged by NFU.

The loss adjuster appointed a further agent to project manage the claim and a building surveyor attended the site in June 2022. A schedule of works was completed in July 2022 and put out to tender. The relevant estimate was also approved in July 2022. NFU considered that any delays were '*due to the complex nature of the works*' and that there was more water damage than expected. From August 2022 until October 2022, NFU said there were a lot of amendments made to the schedule and it was finally approved in early November 2022. NFU acknowledged that Mr G did chase for updates during this time, and it felt that the loss adjuster '*could have managed the insured's expectations better*'. NFU stated that Mr G and Mrs O were informed that work to the interior would commence in November 2022, however they were unhappy because arrangements hadn't been made for storage of items and the loss adjuster then arranged a storage container.

In summary, NFU agreed that its communication with Mr G and Mrs O could have been better as to when the works would recommence due to their extent and nature. It had offered £700 compensation for the trouble and upset caused. It also apologised to Mr G and Mrs O for the delays in progressing their claim and for its communication not being good enough.

As to NFU's case-notes on file, they recorded reasons for delays as follows: -

- It took two months for NFU to source the leak and, due to its location, the leak couldn't be fixed and needed re-routing.
- The ground works proved difficult due to the ground conditions found, and the contractors had to change direction and tackle the problem differently.
- The works were complex in nature, and it therefore took time to finalise what work, equipment and materials were required.
- It became necessary for a loss adjuster to be appointed due to the nature of damage.
- the leak had been undetected for a long time, and this led to additional complexity, for example a garden room also had to be factored in, which led to delays.
- Some delays resulted from private works which were carried out and underfloor heating was accommodated.
- Some agreed changes went beyond a like-for-like solution.
- NFU said that the loss adjuster and surveyor worked hard to keep the project on

- track, however the tone of Mr G and Mrs O's response didn't always assist.
- Additional works were required to comply with building regulations.
- NFU received a report for urgent authorisation in May 2022. However, the project was placed on hold over the summer of 2022 during appointment of an agents and surveyors to assess and project-manage the claim.
- By December 2022, extensive strip-out works had been completed, however there had been delays in making arrangements for storage.
- There were also periods when Mr G and Mrs O were away from the property and some delays were to accommodate these absences.
- The need for additional works became apparent once floors were uncovered.
- NFU agreed alternative accommodation arrangements in view of Mr G and Mrs O's specific accommodation requirements in terms of animals and vehicles.

I now turn to the detailed reasoning for this final decision. I note that NFU's final response letter in relation to the complaints in question was dated May 2023 and related to Mr G and Mrs O's complaints regarding events over the previous 12-month period. I've carefully considered all submissions and the detailed documentation including the relevant surveyor's report, NFU's case-notes, Mr G and Mrs O's detailed timeline of events, and Mr G and Mrs O further submissions following receipt of the investigator's view.

Firstly, the water-leak in this case was significant and caused a large amount of damage, which required a significant amount of costly work outside and inside the property. Due to the complexity of the claim, and the fact that additional work was identified during excavations, the involvement of a loss adjuster became necessary. His professional opinion was that further input was required, including that of a building surveyor, to report on the necessary works. I note that Mr G and Mrs O moved out of their home and into their garage. This will have undoubtedly been an upsetting and worrying experience for Mr G and Mrs O.

Unfortunately, a major leak from a water-pipe under a property will often lead to considerable disruption and upheaval for an extended period in most cases. The process of appointing agents, specialists and contractors often takes some weeks. Compiling and agreeing the necessary, detailed schedule of work can also take some weeks and I'm satisfied on the evidence that this was a complex project.

The question for determination however is whether, and the extent to which, any additional unnecessary distress and inconvenience was caused by NFU's handling of the claim. In other words, I must establish the extent to which the handling of the claim caused distress which was over and above the inevitable upset and worry that arises due to the incident itself, project management, the nature and extent of remedial work and dialogue. Here, NFU candidly admitted that its agent was responsible for certain delays and communication issues, and that it didn't successfully manage Mr G's and Mrs O's expectations.

I've carefully considered Mr G and Mrs O's detailed evidence. From this, I agree that NFU was responsible for some avoidable delays and communication issues. As to the two months it took for NFU to source the leak, I note the buried location of a complex network of pipes. I also note that it became clear during excavations that the leak couldn't be fixed and needed re-routing instead. I can't say that the delay in this respect was unfair or unreasonable. Logistical issues and their resolution in relation to underground mains pipes will inevitably take some time to resolve.

I note that there was then a significant delay over the summer of 2022 whilst a loss adjuster, agents, a building surveyor, and contractor were appointed. Again, unfortunately these processes do take time to resolve. In this instance however, I consider that the appointments should have been managed in a more efficient manner. This caused avoidable delays and I

therefore conclude that this led to a period of unfair and unreasonable delay by NFU and that this would have caused additional distress and inconvenience to Mr G and Mrs O.

As for the time it took to agree and complete the necessary schedule of works, this is a process which inevitably takes time, particularly in a complex and expensive project of this nature where some of the damage only becomes apparent following excavations. It's also expected that contractors will have regard to the views of the policyholder and again, this dialogue and any ensuing changes in design or layout can lead to additional but unavoidable delay. I can't say that NFU acted in an unfair or unreasonable manner with the regard to the compilation of the schedule of works. I note that the leak had been undetected for a long time and that additional elements had to be factored in and this led to delays. Again, I can't say that this was a result of any unreasonable handling of the case by NFU.

I note that there was evidence of a breakdown in relationship between the contractor and Mr G and Mrs O. I consider that this was most unfortunate, and no doubt led to some unnecessary delays. I note that Mr G and Mrs O say that this was because NFU's agents hadn't given clear guidance to contractors around as to what was in scope and what was out of scope of the works. NFU said that the loss adjuster and surveyor worked hard to keep the project on track. Whilst relations can become strained during a complex project, I can't therefore say that all delays which occurred during the autumn of 2022 were due to NFU's failures. On the balance of probabilities however, I consider that NFU could have better handled the dispute and was therefore responsible for some delays here.

I further note that NFU's agents had failed to make appropriate and necessary arrangements for storage. Whilst this was subsequently arranged, I consider that NFU could have arranged this and liaised with Mr G and Mrs O sooner. Mr G and Mrs O produced a helpful 'audit log' highlighting the fact that they'd regularly chased for updates, *'as no one communicating around lack of attendance on site at the property for weeks and weeks.'* No project plan was provided, even after they consistently requested one. However, I also note that there were periods when Mr G and Mrs O were abroad and that communications may have been affected to some degree during their absence. However, on balance, I consider that NFU's communications had been poor.

Finally, as to Mr G and Mrs O's complaints that a kitchen still hadn't been fitted, and an internal wall collapsed due to it being left with little base flooring, as well as items of complaint regarding works which post-dated May 2023. Unfortunately, this decision can deal only with the period up to May 2023 when NFU's final response letter was sent, and the issues referenced in that letter are the matters which are subject to this complaint. Any subsequent complaints must be referred and handled separately.

As to Mr G and Mrs O's argument that the cost of utility bills should be considered as a part of this complaint, unfortunately, that isn't possible as a final response letter hasn't been issued by the NFU in that regard. I would however state that I expect NFU to honour any agreement they've already reached with Mr G and Mrs O about such issue.

In conclusion, I consider that NFU was responsible for delays and communication issues and that these failures led to the claims process not progressing as quickly as it should. I consider that this was unfair and unreasonable. However, I don't find that delays were due to NFU's action or inaction for the entire period. Some were due to unavoidable factors, and some were to do with relationship issues. The relationship issues were likely to have been partly due to a lack of clear guidance by NFU to its contractors. I'm also satisfied that Mr G and Mrs O were only kept up to date on a sporadic basis and this will no doubt have added to their frustration.

The second question for me to then consider is whether NFU's payments of £700 in compensation adequately recognises the distress and inconvenience caused by its failures over the period in question. Mr G and Mrs O said that they'd endured significant mental strain, stress, and anxiety attacks. However, the purpose of compensation awards under this service's jurisdiction, is not to replicate the award of damages which might be awarded by a court, but to recognise the impact of service failures upon policyholders in accordance with published guidelines. Unfortunately for Mr G and Mrs O, compensation of £700 in this jurisdiction is consistent with the service's guidelines in circumstances such as these. It recognises that serious problems have been caused by the insurer's failures. By offering this amount, NFU candidly accepted that Mr G and Mrs O had suffered considerable inconvenience which had been avoidable, and it apologised for its failures.

An award at the level of £700 is referenced in the service's guidelines as being at a level which recognises a situation where considerable distress, upset and worry has been caused over many weeks or months as in this case. In the circumstances I'm satisfied that the compensation amount was a fair and reasonable response in relation to the complaints covering the period in question up to May 2023.

As for complaints handling, I agree with Mr G and Mrs O that responding to a complaint doesn't equate to satisfactorily resolving it. For the first complaint dated May 2022 however, the case-notes record that NFU agreed to call the loss adjuster to say that the matter was urgent. They record that the policyholder was happy with this resolution, didn't want compensation and was happy for the complaint to be closed. In the circumstances, whilst I appreciate that Mr G and Mrs O consider that their on-going complaints haven't been resolved, I can't say that NFU failed to resolve complaint regarding initial delays up to May 2022. The initial events do however build a contextual picture of the relevant issues. I appreciate that Mr G and Mrs O would wish this decision to also encompass matters about which they've raised further complaints to this service. Unfortunately, this is not possible as it is a requirement of the complaints process that the insurer must firstly have the opportunity to respond to any complaint.

In conclusion, I have sympathy for the difficult conditions which Mr G and Mrs O have been living in, and I conclude that there had been significant and unreasonable delays by the NFU at times during the relevant period. However, this final decision can deal only with the period up to May 2023 when NFU's final response letter was sent. Any subsequent complaints must be referred and handled separately. In the circumstances, whilst I appreciate that this will come as a great disappointment to Mr G and Mrs O, I'm satisfied that in relation to this particular complaint, NFU provided a fair and reasonable response following its service failures. I would add that I expect NFU to provide regular updates upon any changes to the schedule of works and the timeline for completing those works.

My final decision

For the reasons given above, I don't uphold Mr G and Mrs O's complaint and I don't require The National Farmers' Union Mutual Insurance Society Limited to do any more in response to their complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs O to accept or reject my decision before 25 March 2024.

Claire Jones
Ombudsman