

## **The complaint**

Mr G has complained about the way The National Farmers' Union Mutual Insurance Society Limited ("NFU") has administered his home insurance policy.

## **What happened**

As the circumstances of this complaint aren't in dispute, I'll summarise what's happened.

- In 2019, Mr G bought his home and took out NFU home insurance. NFU later told him that if he increased the height of his chimney, his premium would be reduced. He arranged for that work to be carried out and paid around £30,000 for it.
- At the 2021 renewal, the premium increased by £200. When Mr G questioned this, he was told the chimney height had no impact on the premium. And the information NFU had given him about it was purely a recommendation for safety purposes.
- After a similar increase in 2022, Mr G complained. NFU then accepted it had given Mr G incorrect information in 2019. Whilst it had said it would discount the premium by 15% if he heightened the chimney, that wasn't a discount it offered to its customers. So it had made a mistake. To put things right, it discounted the policy by 15% for the 2022 renewal and paid £75 compensation.
- At the 2023 renewal, the premium increased again and Mr G reiterated his complaint. NFU said the premium included a 15% discount and paid a further £125 compensation. Mr G referred this complaint to this Service. He said NFU had offered him a 'substantial' discount for heightening his chimney and the premium increases over the years didn't reflect that commitment.
- Our investigator didn't think NFU had gone far enough to put right the mistake it made in 2019. She suggested NFU pay £4,000 toward the cost of the work Mr G had undertaken. This was loosely based on the kind of premium saving Mr G could have expected for the foreseeable future.
- NFU didn't think this was fair and made a number of points, which I'll summarise:
  - It had provided a 15% discount for the 2022 and 2023 renewals, but it couldn't continue to do so as it doesn't offer a chimney discount to other customers. And Mr G wasn't told he could expect it indefinitely.
  - There's no guarantee Mr G would choose to renew with NFU in the future – or that NFU would choose to offer renewal.
  - It didn't require Mr G to carry out the work and it amounted to 'betterment'. Given the cost of the work and the likely premium savings, it couldn't be seen as a purely financial investment.
  - So it wouldn't treat NFU fairly to make a payment based on potential future premium savings and/or a contribution to the cost of the work.

## **My provisional findings**

I recently issued a provisional decision in which I said:

- NFU initially suggested Mr G increase the chimney height to reduce the risk of fire damage. I've looked at the information it provided Mr G and I'm satisfied it was clearly positioned as a recommendation, and not a requirement. Nor was it linked to a premium reduction. So I'm satisfied that NFU initially recommended a safety measure without any indication it would reduce the cost of insurance.
- NFU later discussed the matter with Mr G over the phone and told him that once the chimney work was completed, he would receive a 15% premium discount. I haven't seen any evidence to suggest he was given any other figures and/or an expectation of a more substantial discount than this at any time.
- I understand the chimney work was completed prior to the 2021 renewal. But when Mr G questioned the premium increase at this time, he was told the chimney height didn't impact it. However, at the 2022 and 2023 renewals, NFU accepted it had earlier told him he would get a 15% premium discount for the height reduction and made those deductions to his premium.
- As a result, I think it would have been fair for NFU to have done the same in 2021. That would have meant a premium reduction of around £200 at that time. I think NFU should pay this amount to Mr G in keeping with what it did in 2022 and 2023.
- Whilst NFU applied the discount in 2023, the premium nonetheless increased. But I don't think that's unfair. NFU, like any insurer, is entitled to decide what premium it will charge for the risk it perceives of providing insurance at a particular property. That can change over time for a variety of reasons. Mr G is entitled to accept or reject NFU's premium offer at any renewal. NFU must also treat all of its customers consistently in line with its view of risk to ensure each consumer is treated fairly. I haven't seen anything to suggest NFU has treated Mr G unfairly in relation to the 2023 premium increase.
- So, with a £200 payment, NFU will have fulfilled what it said it would do originally by offering a 15% discount at the renewals since the chimney was heightened. I haven't seen any evidence to suggest it offered to do anything more than this or that it otherwise ought to have done more than this. So, with that additional payment, I'm satisfied it will have treated Mr G fairly in relation to his premiums.
- Recently, Mr G has told us the main factor which influenced his decision to carry out the work was an interaction with NFU in early 2021. He says he was reminded of the earlier recommendation to increase the chimney height to reduce the risk of fire. And it highlighted a significant fire elsewhere, linked to insufficient chimney height. Mr G says this led him and his wife to feel particularly concerned that if they didn't make the change, there would be an increased risk of fire – and of NFU not covering their subsequent claim if they needed to make one.
- I appreciate Mr G's concern about the risk of fire and why he would want to reduce that by carrying out the recommended work. But I haven't seen any suggestion from NFU that in the event of a claim, his policy cover would be impacted by not carrying out the work. NFU was clear throughout that it recommended an increase in the chimney height for safety – it wasn't a requirement and/or linked to policy cover.

- And I don't think NFU's offer to discount the policy by 15% was a significant factor in Mr G's decision to carry out the work. Given the cost of the work was up to £30,000 and the annual discount in 2021 was around £200, even with premium increases over time, it would have taken many years before the discount began to offset the cost of the work in any meaningful way.
- As a result, I'm satisfied Mr G chose to spend the money to have the chimney heightened in order to reduce the risk of a significant fire. Whilst NFU recommended this work, I'm not persuaded it gave Mr G the impression it was a requirement and/or it was linked to his policy cover. Nor do I think its mistake to tell him he would get a 15% discount was a significant factor in his choice. So I don't think it would be fair to expect NFU to contribute to the cost of the work.
- It's not entirely clear what NFU intends to do at the 2024 renewal. It might offer the policy, with or without the discount, or it may not offer the policy at all. And, if it does, depending on the premium, Mr G may or may not choose to renew. If Mr G is unhappy with what happens at that time, he'll be entitled to make a complaint.
- It's clear this matter has caused Mr G avoidable distress and inconvenience. NFU set his expectation and didn't fulfil it. It gave him different reasons for how it had acted, which added to his disappointment. NFU did take steps to fulfil the expectation it set, but it didn't fully put things right. So I think it was right NFU paid compensation – but I'm not satisfied it's offer of £200 has gone far enough to put things right.
- Overall, including the refund for the 2021 premium, I think it would be fair for NFU to pay a total of £500. If it's already paid any of the amounts offered earlier, NFU need only pay the remainder.

### **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.

Neither party responded to my provisional decision, so I assume both parties agree with what I've said and have nothing further to add.

As a result, I see no need to comment further and/or change my findings.

### **My final decision**

I uphold this complaint.

I require The National Farmers' Union Mutual Insurance Society Limited to pay a total of £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 2 April 2024.

James Neville  
**Ombudsman**