

The complaint

Mr and Mrs W complain that when they bought their home insurance policy, The National Farmers' Union Mutual Insurance Society Limited (NFU) didn't include their barn.

The policy is in joint names but, for ease of reading, I'll refer just to Mr W.

What happened

The background to this complaint is well-known to both parties. So I've summarised what I think are the key events.

Mr W took out his home insurance with NFU over the phone. He asked to include a barn which was due to be built the following day. NFU confirmed it would be covered under the main buildings rebuild cost.

When Mr W was due to renew his policy, the barn wasn't specified on the documents. He called NFU which said it wasn't covered under the policy. After checking his original policy documents, he noted it wasn't specified there either.

Mr W complained.

After listening to the original sales call, NFU responded to say it had made a mistake when it told Mr W his barn wasn't covered. It offered £100 by way of apology for the distress and inconvenience caused.

Mr W didn't think that was enough to resolve matters, so he brought his complaint to this service. He said he didn't think his barn had been covered, the policy was mis-sold, and he wanted his premiums refunded.

One of our investigators looked into the complaint, but she didn't think NFU needed to do any more. She said there was no evidence that Mr W had suffered any detriment as a result of NFU's mistake and, although not specified in the documents, the policy did include cover for the barn.

Mr W didn't agree. He said if he'd made a claim NFU wouldn't have validated it, and he repeated that its agents had told him at renewal that his barn wasn't covered. Therefore, he didn't think it could be classed as an administration error.

The complaint was passed to me to decide.

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.

Having done so I've decided not to uphold Mr W's complaint. I understand he won't be happy with my decision, but I'll explain my reasons.

The regulator's principles say that firms must act in the best interests of their customers and treat them fairly. With that in mind, my role is to decide whether NFU treated Mr W fairly based on the evidence available.

As I understand it, there's no dispute that Mr W asked for the barn to be covered under his policy. I've listened to the call recordings and I'm satisfied he did make that request and NFU confirmed cover at the time.

I also think there's no dispute that NFU failed to add it as a separate item in the policy documents, or that it told Mr W the barn wasn't covered when he called at renewal.

So, it's for me to decide whether NFU caused Mr W any detriment and, if so, how it should put matters right.

NFU confirmed that if Mr W had made a claim during the policy year, and there was any doubt about cover, it would've listened to the sales call. As NFU has already confirmed that cover was available, and up to renewal Mr W hadn't noticed anything wrong with his documents, I can't reasonably say that he suffered any detriment during the policy term.

Although Mr W said NFU mis-sold the policy, the evidence doesn't support that. As I've said, the sales call recording confirms cover was available for the barn within the overall rebuild value. I've considered the underwriter's comments about the level of risk and the associated premium. As the barn wasn't of the same construction as the house, it would've been considered a greater risk, thereby attracting a higher premium. As it was treated in the same way as the house, NFU confirmed it didn't charge Mr W an additional premium for the barn. So, I'm satisfied that the evidence shows NFU made a simple mistake when it included the barn within the overall rebuild value rather than listing it as a separate item. I see no reason to ask NFU to refund the premium.

I can understand that Mr W would've been upset and inconvenienced when, at renewal, NFU said his barn was never covered. But that would've been limited to the period up until NFU confirmed that actually he did have cover. So, while I do think compensation is warranted in respect of this point of complaint, it would be in recognition of the mistake NFU made in failing to specify the barn on the documents rather than any financial detriment.

Had Mr W made a claim, I expect the level of distress and inconvenience would've been significantly greater. That's because Mr W likely would've been concerned about the repairs and associated costs if NFU at first told him the barn wasn't covered. And if he'd challenged NFU's response, at the very least the claim wouldn't have gone smoothly. But, as he didn't make a claim, this scenario didn't occur. I can't reasonably ask NFU to pay compensation for something that might've happened but didn't.

I understand Mr W made a claim for the cracked floor of his barn after bringing his complaint to this service. He felt it would prove his case and he remains of that view since, he said, NFU declined the claim. I can't consider anything Mr W complained about after he first brought this complaint to our service. I appreciate that he might find it inconvenient, but Mr W would need to raise a formal complaint about any claim outcome directly with NFU in the first instance. If he remains dissatisfied with its response, he may then ask this service to consider his new complaint.

In summary, then, the evidence indicates that the distress and inconvenience caused by NFU's mistake was limited, and there was no financial detriment to Mr W. NFU offered £100 by way of apology, which Mr W declined. I think it was a fair offer in the circumstances so, if Mr W now wishes to accept the payment, he should let NFU know.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr and Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 18 May 2024.

Debra Vaughan
Ombudsman