

## The complaint

A company, which I'll refer to as C, complains about the way The National Farmers Union Mutual Insurance Society Limited ("NFU Mutual") has dealt with a claim on its commercial property insurance policy, saying repairs were of poor quality and further work is needed.

## What happened

C owns a property which is let to tenants. Following an escape of water in 2021, NFU Mutual accepted a claim on the policy and arranged for repairs to be done.

C was unhappy with the quality of repairs and made a complaint. NFU Mutual responded to that complaint in April 2022. C was unhappy with the response and referred the complaint to this Service. We didn't uphold that complaint on the basis the actions NFU Mutual had taken up to that point were reasonable.

C then provided further evidence indicating there were ongoing problems and a further complaint was made. C referred to a report from the local water company indicating the repairs did not comply with regulations.

In response to this complaint, NFU Mutual said:

- This complaint concerned events after April 2022.
- It needed a copy of the water company's report to review the claim and had requested that on several occasions but never received it. All it had was a copy of a letter referring to the report and to a breach of regulations.
- It was happy to review the claim on receipt of the report and was also willing to arrange a site visit.

C was unhappy with the response and referred this complaint to our Service. Our investigator said:

- C had provided the water company's letter which referred to a survey report confirming the details of the rectification work needed, but NFU Mutual hadn't seen the report.
- It was reasonable for NFU Mutual to request a copy of the report. Without the report or further details of the problems, NFU Mutual didn't have all the information it needed to deal with the matter. If C provided the report, NFU Mutual could then consider it.
- If C provided evidence confirming what C said, that bathroom repairs were directly linked to the pipes in the rear garden, she'd expect NFU Mutual to consider this as well.
- C had also referred to breaches of Building Regulations but the evidence didn't show how the repairs carried out by NFU Mutual were in breach.

C disagreed and requested an ombudsman's decision. In brief, C said:

- The water company's report confirms the problems with the repair work and that it didn't comply with the regulations.
- It has also provided reports from two other experts confirming the repairs were not done to the required standard.

- The full report from the water company was provided to NFU Mutual and it had agreed to meet the costs of the further work but didn't accept the need to move the tenant out again.
- NFU Mutual asked it to carry out the repairs to the cold water service only, but to carry out these repairs the bathroom needs to be taken out and reinstalled.

Before proceeding with a decision, I contacted both parties to clarify some points arising from C's comments. I said there was no doubt an insured event had arisen; the issue was whether an effective and lasting repair had been done. While there was some evidence of work being defective, my initial thought was that NFU Mutual's offer to either carry out the work on receipt of the report or reimburse C's costs for doing the work itself was reasonable.

In response, C provided further comments, including:

- Building Control has confirmed the foul drain was not installed correctly and this needs to be put right.
- NFU Mutual has seen the report from the water company, together with the report C obtained from an expert and an email from Building Control.
- There are issues concerning the party wall as a load bearing slab was removed.
- The faulty pipe is under the floor and so the floor needs to be lifted, meaning the bathroom has to be taken out and then put back.
- NFU Mutual only agreed to it carrying out repairs to the cold water service and doesn't seem to understand the floor has to come up for the work to be done. It has never offered to do all the work.

C said it had no issue engaging an independent engineer to prepare a schedule of work and to oversee the work being done by any contractor NFU Mutual instructs.

After considering these points I issued a provisional decision saying I was minded to uphold the complaint and direct NFU Mutual to carry out the work required to provide an effective and lasting repair.

I set out my reasons as follows:

*The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.*

*I'd expect the settlement to put the customer, as far as possible, back in the position they were in before the loss or damage. Where repairs are being done, that means carrying out an effective and lasting repair.*

*It's not disputed that the policy provides cover for the claim, which was accepted and dealt with by NFU Mutual. The issue is that C says the repairs were not done properly and NFU Mutual has failed to take the necessary actions to address this.*

*NFU Mutual agreed to consider the matter further. It was happy to review the case in more detail once a copy of the report from the water company was made available and said the loss adjuster also advised that it might be best to arrange a site visit.*

*C says NFU Mutual had the full report but the evidence I've seen indicates it only received a copy of the covering letter, not the report itself. NFU Mutual's records show it then requested a copy of the report. I haven't seen evidence confirming it was received.*

*C has also referred to advice from Building Control. NFU Mutual's loss adjusters commented on this and said they hadn't seen references in correspondence to Building Control requesting a structural report.*

*On the face of it, NFU Mutual's offer seemed fair. But it's not clear what work needs to be done.*

*I appreciate NFU Mutual said it was happy for C to go ahead or allow the water company to do it, after which it would ask the loss adjuster to validate the costs and the claim would be settled. C says, however, that NFU Mutual has*

- never accepted the full extent of the work needed and doesn't accept the faulty pipe is under the floor – it only agreed to C carrying out repairs to the cold water service;*
- doesn't seem to understand the floor has to come up for the work to be done; and*
- has never offered to do all the work.*

*The extent of the work that C says is necessary goes beyond what NFU Mutual seems to have offered. I can see why C might be concerned about doing further work without knowing that NFU Mutual will cover the full cost; if it does more extensive work and this is not validated by the loss adjuster, it could be left out of pocket.*

*Ultimately, NFU Mutual is responsible for ensuring an effective and lasting repair has been done. Based on the evidence I've seen, it hasn't demonstrated this has happened. The evidence shows the repairs were not effective and lasting. The letter from the water company says it wasn't compliant with regulations and there was a potential risk.*

*C says it has provided a copy of the report from the water company but, for whatever reason, NFU Mutual doesn't appear to have it. If C provides the report, NFU Mutual can then arrange for the work to be done, remembering that whatever work it arranges needs to provide an effective and lasting repair.*

*It's not for me to say what work needs to be done. If the only way to do that is to remove the bathroom floor then NFU Mutual will need to arrange for that to happen. On the other hand, if NFU Mutual considers an effective repair can be done without lifting the bathroom floor, it will need to demonstrate that.*

## **Replies to the provisional decision**

C says it is happy with the outcome set out in the provisional decision.

NFU Mutual says the only comment it wishes to add is that it has been waiting to establish why the further works being requested by C are required – that's why it asked to see the report. Subject to receiving the relevant information, it would be happy to consider the costs of any additional justified works.

NFU Mutual says on that basis it's surprised the intention is for the complaint to be upheld.

## **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 appreciate NFU Mutual says it has always been willing to carry out repairs on receipt of the water company's report. But C says NFU Mutual has never offered to do all the work; it only agreed to C carrying out repairs to the cold water service and hasn't accepted the floor has to be taken up for the work to be done properly.

The key point is that NFU Mutual needs to ensure whatever work is done will provide an effective and lasting repair. So if it doesn't agree with C that the work is as extensive as C says, NFU Mutual will need to demonstrate how the work it does authorise will provide an effective and lasting repair.

NFU Mutual suggested as an alternative that C carry out the works and then discuss a cash settlement but I can see why C might be concerned about doing expensive works without knowing whether the cost will be covered. That may simply lead to a further dispute about the amount offered. So I don't think that would be an appropriate way to settle the claim.

In these circumstances I think it's fair to uphold the complaint and direct NFU Mutual to arrange for the necessary work to be done to ensure there is an effective and lasting repair.

### **Putting things right**

Subject to C sending NFU Mutual a copy of the water company's report, NFU Mutual should carry out the work required to provide an effective and lasting repair.

### **My final decision**

I uphold the complaint and direct The National Farmers' Union Mutual Insurance Society Limited to take the steps set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 8 May 2024.

Peter Whiteley  
**Ombudsman**