

The complaint

Mr B complains that The National Farmers' Union Mutual Insurance Society Limited ('NFU') didn't fully accept a claim on his home insurance.

What happened

Mr B made several claims to NFU between 2019 and 2020 for water and cracking damage to his home. He complained to the Financial Ombudsman Service about NFU's decision to only cover some of the reported water damage in 2022.

One of my ombudsman colleagues made a final decision on Mr B's complaint in January 2023. He concluded that NFU's decision to decline to cover the damage caused by condensation/steam damage was reasonable and that it had made a fair offer of settlement for the damage which resulted directly from the leak. Mr B didn't accept my ombudsman colleague's final decision, and so it was not binding upon him or NFU.

Mr B has come back to the Financial Ombudsman Service stating that following removal of various internal walls, floorboards and the bath, new damage has been discovered. He also shared a report prepared by a quantity surveyor which he says demonstrates NFU failed to appropriately determine both the cause and the extent of remedial works required. He says the damage caused by steam and condensation is a direct result of the escape of water, and so should be covered under his claim.

NFU failed to provide any response to Mr B's complaint within the eight-week period allowed by the Financial Conduct Authority (FCA). So, our investigator considered the issues and evidence Mr B had provided since my ombudsman colleagues final decision on his previous complaint.

I've issued a separate dismissal decision setting out why the Financial Ombudsman Service will not be reconsidering NFU's decision to decline the damage caused by steam, condensation and ventilation issues.

This decision is solely in relation to the new areas of damage Mr B says have been discovered following my ombudsman colleague's final decision and the removal of walls, floorboards and the bath.

I issued a provisional decision on this complaint, to give the parties the chance to respond before I reached a final decision. Here's what I said:

"What I've provisionally 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.

Mr B has complained that NFU's claim settlement offer doesn't take into account the new damage which has been discovered following removal of walls, floorboards and the bath. Mr B made a complaint about this to NFU but hasn't received a response within the eight-weeks NFU has to respond. So, this complaint is about NFU's apparent refusal to consider whether the new areas of damage should be covered under the earlier claim or not.

Because NFU hasn't responded to Mr B's complaint about the new areas of damage, I don't know what its position on this is. I've also not been provided with evidence of the new areas of damage, such as photographs, or any expert opinion from Mr B as to whether this newly discovered damage resulted directly from the escape of water, and so might be covered, or whether it occurred as a result of steam, condensation or a lack of ventilation – which my ombudsman colleague has already decided would not be covered. So, I'm unable to make a decision on whether this new damage should be covered under the claim or not.

However, in principle, I'm satisfied that damage which hasn't previously been included in NFU's claim settlement or considered by my ombudsman colleague, because it hadn't been discovered, ought to be considered by NFU and a decision made as to whether it should be covered. So, unless the responses to this provisional decision change my current thoughts, I'm minded to direct NFU to consider the new areas of damage – subject to Mr B providing it with evidence of the damage – in order to resolve this complaint.

To be clear, in response to my provisional decision, I'm not asking Mr B to provide me with evidence of the damage, or for NFU to make a decision on this damage. Instead, I'm setting out what I believe to be a fair way to resolve the current complaint – that NFU has refused to consider the new damage. And I think a fair way to resolve this complaint is for NFU to go ahead and consider whether the damage should be covered. So, in response to my provisional decision, the parties need simply to confirm whether they accept the proposed way forward or not.

Should both parties accept, or should my final decision ultimately remain the same as my current thoughts, then Mr B will need to engage directly with NFU to evidence the damage, and NFU may need to carry out further inspections or investigations before a decision on coverage can be reached. Should a dispute over NFU's subsequent decision on coverage arise, Mr B can raise a new complaint about this at that stage, and with NFU in the first instance.

Given that Mr B appears to have first raised these concerns with NFU in December 2023, and seems to have been ignored, I'm also minded to award £150 compensation for the understandable distress and frustration he would have experienced from this poor customer service."

I asked both sides to provide any further comments or evidence they wanted me to consider within two weeks.

NFU responded to say that neither it nor its supplier had any record of Mr B making a new complaint, or any evidence of any new damage. So, it said it was unwilling to agree that it had failed to respond to a new complaint. But it confirmed it was willing to consider a new complaint if required.

Mr B also responded. But his response focused primarily on issues considered and answered within my ombudsman colleague's previous final decision. To broadly summarise, he said:

- The damage was caused by hot water/steam from the faulty boiler going into the expansion tank in the loft, condensing onto the underside of the roofing felt, running down the roof between the sarking boards and underfelt and then down behind the plasterboard in the external wall and down to the floorboards and joists.
- Damage was observed in the shower room only four days into the claim and again was caused by hot water generated by the faulty boiler/heating appliance in the loft.
- There is no exclusion in his policy for damage caused by steam. The steam only built up because of escaping hot water. But for the escape of water, the damage would not have occurred.
- The Financial Ombudsman Service has issued numerous decisions directing insurers to deal with damage caused by steam.
- He wants all rental costs paid until he can move home, additional storage costs paid, full payment for repairs based on competitive tenders and to be reimbursed the costs he's incurred in engaging a surveyor.

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've also carefully considered the responses to my provisional decision. But having done so, my conclusions remain the same. I'll explain why, addressing the responses from the parties in turn.

NFU says it has no record of a new complaint being made. But I've seen that Mr B wrote to it on 26 December 2023 expressing dissatisfaction with the position on his claim and stressing that matters needed to be reconsidered. This email explicitly stated that Mr B disagreed with the decision arrived at by the Financial Ombudsman Service and that he had separately resubmitted his complaint. I consider this email amounted to a complaint which NFU ought to have considered and responded to.

I accept that this email predated the discovery of newly discovered areas of damage and so didn't refer to it. But in answering Mr B's complaint our investigator referred to there being newly discovered damage following some stripping out works, which Mr B wanted to be covered. Our investigator issued his findings in February 2024. So, in my view, NFU has been notified that Mr B was complaining about new areas of damage, as well as issues he had complained about previously, and has had well over eight weeks to investigate and respond to those issues. But it's response to my provisional decision is the first time I've seen it engage with these issues.

Taking the above into account, I remain of the view that NFU has failed to engage with Mr B's new complaint, including his concerns about newly discovered areas of damage, up to this point. To put things right, I think NFU now needs to engage with Mr B, subject to being provided with evidence of the newly discovered areas of damage. I also think NFU needs to pay Mr B £150 compensation for the avoidable distress and inconvenience it has caused, by failing to engage with his complaint until this point.

Mr B provided a detailed response to my provisional decision. But as explained, his response seems to focus on the overall claim decision which has been made, rather than on the newly discovered areas of damage in isolation.

I explained in the separate dismissal decision I issued, alongside my provisional decision, that the Financial Ombudsman Service would not be reconsidering matters that have already been decided by my ombudsman colleague in his final decision. I appreciate Mr B disagrees with my ombudsman colleague's decision. But I explained in my dismissal decision why that wasn't sufficient for me to reconsider the same complaint again. None of the responses to my provisional decision have altered my thoughts on this.

As explained in my provisional decision, and the separate dismissal decision I issued at the same time, because most of Mr B's "new" complaint was about issues that had already been considered and decided, that my decision would focus solely on NFU's apparent failure to consider the complaint he made, including whether new areas of damage ought to be included in the earlier claim or not. So, while I appreciate and understand Mr B's strength of feeling around the other issues he's highlighted, these all stem from the claim decision NFU reached, which has already been decided by my ombudsman colleague.

My final decision

For the reasons set out above, and in my provisional decision, I uphold Mr B's complaint in part.

The National Farmers' Union Mutual Insurance Society Limited must:

- Consider and decide whether the new areas of discovered damage ought to be covered under the earlier claim – subject to evidence being provided by Mr B.
- Pay Mr B £150 for the avoidable distress and inconvenience it has caused by ignoring his complaint up to this point.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 September 2024.

Adam Golding
Ombudsman