

The complaint

Ms M complains about The National Farmers' Union Mutual Insurance Society Limited's handling of her home insurance claim.

The National Farmers' Union Mutual Insurance Society Limited (NFU) has been represented on the claim by its agents, including its loss adjuster. For simplicity, at points, I've referred to the actions of NFU's agents as being its own.

What happened

Ms M had a home insurance policy with NFU. In May 2023, she noticed damp and mould in some of her kitchen units and made a claim with NFU.

After inspecting the damage, NFU accepted a claim for damage caused by escape of water (EOW). In August 2023, it said the kitchen would need to be stripped out to determine the full extent of the damage. At this time, NFU said it would only make a contribution to units that were not damaged by the EOW, if they needed to be replaced due to any matching issues. Ms M said she would arrange her own contractor to do the strip out works.

In January 2024, Ms M said her contractor would be unable to match the undamaged kitchen units. NFU asked her to obtain a quote for a full replacement of her kitchen so it could consider a settlement.

In March 2024, Ms M said she was unhappy NFU was constantly asking her for information. After NFU said it would only contribute 50% towards undamaged items, Ms M said she expected NFU to cover the full kitchen replacement cost.

NFU issued a complaint response in September 2024. It said it hadn't caused any delays and had communicated with Ms M. It maintained its decision to contribute 50% towards undamaged items and said it was awaiting a quote from Ms M to progress the claim.

Ms M referred her complaint to the Financial Ombudsman Service. She was unhappy with the amount of time that had passed on the claim.

The Investigator didn't uphold the complaint. They said NFU didn't cause avoidable delays or communicate poorly, and its offer of 50% towards undamaged items was fair.

Ms M didn't agree so she asked for a final decision.

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.

Ms M told NFU in August 2023 she would arrange her own contractor to obtain a price for the strip out of her kitchen. In January 2024, she said it wasn't possible to match the undamaged sections of her kitchen and she wanted a cash settlement. Ms M was asked to obtain a quote for the replacement of her kitchen, so NFU could consider a settlement.

I've outlined the above as it's important to note I'll only be considering the complaint against NFU in relation to its actions. And I can't fairly hold NFU responsible for the actions, or any inaction, of Ms M's chosen contractor.

50% contribution

Ms M wants NFU to settle her claim based on the full cost to replace her kitchen.

Ms M said NFU initially told her the costs for the whole kitchen would be covered, but I've not seen evidence to support this. NFU's notes from August 2023 say it told Ms M it would only make a contribution to undamaged items. And it confirmed in March 2024 that this contribution would be 50%. So overall, I'm not persuaded NFU told Ms M it would cover the full costs of the kitchen, including undamaged items. I've therefore considered whether NFU's offer of a 50% contribution is fair.

The terms of Ms M's policy say NFU will cover damage to her building. And damage is defined as "*Unexpected and unintended physical loss or damage*".

NFU's report from May 2023 confirmed there was damage to the base units. This was confirmed in the subsequent moisture survey visit between July and August 2023, where mould damage was noted to the kitchen base units and strip out works recommended for further investigation. NFU confirmed in its letter to Ms M in July 2024 that there were other items in the kitchen that were not damaged, such as units on the opposite side of the kitchen, wall units and other areas of granite in the kitchen.

I've not seen evidence to show NFU's conclusion on the areas of damage was incorrect. And given that the damage to the base units was caused by "*a small drip...beneath the kitchen sink*" (the EOW), I think it's more likely than not damage caused by the EOW was limited to these base units and the immediate area around them. So I'm persuaded the undamaged areas included the wall units and areas as outlined by NFU.

Because Ms M's policy specifically covers damaged items only, I don't consider NFU is obliged under the terms of the policy to cover the cost of replacing undamaged items in her kitchen. I understand it's not possible for Ms M to match the undamaged items in her kitchen. I appreciate this leaves her in the difficult position of either having to accept a loss of match or pay to ensure her entire kitchen is matching. And in these circumstances, our service thinks a compromise is the fair and pragmatic way forward.

Given that a substantial portion of the kitchen is likely to be undamaged by the EOW, I think NFU's offer of a 50% contribution towards undamaged items is fair and reasonable in the circumstances. And I think it's fair for NFU to pay this cost in cash to Ms M. So I won't direct NFU to do anything different to what it has proposed already.

In addition to the above, NFU told Ms M it would also consider any damage caused by strip out works required to address and investigate the EOW damage. It also said it would cover other costs, such as a gas engineer or plumber, if they are required to rectify the insured damage. Finally, NFU agreed to consider any cost increases in quoted works if Ms M undertakes the work within a reasonable period of time after a settlement is agreed. I consider all the above to be fair and reasonable in the circumstances. So I think NFU has treated Ms M fairly in how it proposed to settle her claim.

Delays and poor service

From what I've seen, NFU attended Ms M's property promptly in May 2023, after she first made her claim. Shortly after, in June 2023, it carried out investigations into the cause of

damage and recommended further investigations.

There was some delay in arranging the further investigation, as Ms M was unwell. So this didn't take place until around July/August 2023. I can understand Ms M's reasons for wanting to wait till her health improved, but I can't say NFU caused this delay.

In August 2023, after NFU advised that further strip out works would be required, Ms M said she'd speak to her own contractor to obtain a price for removal of the kitchen. NFU chased this between September 2023 and November 2023. Ms M told NFU in January 2024 she was on sick leave and recovering from a major operation. I don't think NFU caused any avoidable delays up to this point, as I'm satisfied Ms M needed time due to her health.

In January 2024, Ms M told NFU she wanted a cash settlement. NFU asked Ms M for a detailed, itemised quote. And in February 2024, when Ms M said her contractor wasn't sure what to price for, NFU advised her this would be for a full replacement, if her contractor was unable to obtain matching items. NFU explained further in February 2024 this would be for a replacement of her kitchen using the alternative material her contractor had referenced, itemised to show wall unit costs, base unit costs and worktops, and this needed to be broken down. In light of the above, I think NFU gave Ms M clear information on what she'd need to provide so it could progress the claim. And because she requested a cash settlement, I don't consider the information NFU asked for was unreasonable.

In March 2024, NFU wrote to Ms M twice to explain again what it needed, and I can see it chased this further between April 2024 and August 2024. And I can't see that Ms M provided NFU with the itemised quote for a full replacement of her kitchen.

Given the above, I'm not persuaded that NFU caused avoidable delays in the settlement of Ms M's claim. It asked for information that was reasonable in the circumstances, made it clear to Ms M what that information was, and took steps proactively to chase this information. So I don't consider there was any shortcoming in NFU's communication with Ms M either.

I've also considered whether there was anything else NFU ought to have done in the circumstances. Ms M requested a cash settlement and agreed to use her own contractor. And she didn't ask NFU to arrange a quote itself at any point, even when she experienced difficulties with the availability of her own contractor.

In the circumstances, I think Ms M's health problems would likely have prevented NFU from attending her property to arrange a quote. And because NFU's own quote for the works were likely to be lower than any quote Ms M obtained herself privately, I don't think NFU offering to arrange a quote would've resulted in the claim being settled earlier. I'm also conscious that a significant reason why Ms M is unhappy is NFU's offer to contribute only 50% towards undamaged items. But I've explained above why NFU acted fairly in offering this.

So overall, I'm not satisfied NFU could reasonably have done anything else that would've meant Ms M's claim was settled earlier.

NFU was awaiting a quote from Ms M (as outlined above) for the replacement of her kitchen, so it can progress the claim and consider a settlement. But if Ms M is unable to arrange this, she should let NFU know so it can consider alternative actions to progress her claim.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 24 February 2025.

Monjur Alam
Ombudsman