

The complaint

Mr and Mrs S complained that The National Farmers' Union Mutual Insurance Society Limited (NFU) have declined to cover the cost of paying for flood defences.

What happened

Mr and Mrs S have a buildings and contents policy with NFU. I was sorry to hear that their property was flooded in January 2024. Mr and Mrs S raised a claim with NFU which was accepted. However, Mr and Mrs S believe that an effective and lasting repair can't be completed without additional work being done to avoid floods in the future. NFU offered Mr and Mrs S an additional £5,000 in line with their policy terms but said any further payment would lead to betterment. Mr and Mrs S were unhappy and so raised a complaint.

NFU didn't uphold Mr and Mrs S's complaint. They said they'd complied with their policy terms and conditions and didn't need to do anything further. Mr and Mrs S were unhappy with the outcome and so brought the complaint to this service.

Our investigator didn't uphold the complaint. They felt based on the evidence the repair would be effective and lasting and so NFU hadn't done anything wrong by sticking to the policy terms and conditions. Mr and Mrs S appealed. They said the report our investigator relied on wasn't accurate as it didn't take into account local factors causing the flooding. As no agreement could be reached, the complaint has been passed to me to make 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.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether NFU acted in line with these requirements when it declined to settle Mr and Mrs S's claim.

Having done so, and whilst I appreciate it'll come as a disappointment to Mr and Mrs S, I've reached the same outcome as our investigator.

At the outset I acknowledge that I've summarised their complaint in far less detail than Mr and Mrs S have, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

As a starting point, it's important to understand what the policy terms and conditions say.

Mr and Mrs S are insured for damage caused by a flood. The policy says NFU will settle a claim as a result of a flood by paying the cost of repairing Mr and Mrs S's building. NFU have accepted the claim and has made a cash settlement offer to repair the damage caused by the flood.

Mr and Mrs S's policy also includes an additional benefit for flood resilience. The policy sets out the following:

"Flood resilience

We will pay up to £5,000 towards the costs that YOU incur to install flood resilience measures as part of the repair or replacement to YOUR BUILDINGS that suffer DAMAGE caused by flood, provided that;

- *The cost to repair or replace YOUR BUILDINGS, excluding the flood resilience measures is greater than £10,000; and*
- *YOU have our prior consent and approval which WE will decide during the claims process."*

NFU has also agreed to pay Mr and Mrs S an additional £5,000 in line with the above term.

Mr and Mrs S have said that any repairs won't be effective and lasting as the property will flood again unless comprehensive flood defences/avoidance measures are put in place. In this case, Mr and Mrs S believe the best option is to rebuild the property higher up but it has also been suggested the existing building structure can be lifted higher instead.

As a service, we have a long-standing approach that repairs completed by insurers need to be effective and lasting. So, I need to consider whether in this case, the repairs are most likely going to be effective and lasting.

NFU has provided us with an expert flood report which sets out there is a moderate risk of flooding to the building footprint affecting one corner. The report made the following finding:

"The property is in an area which may be exposed to groundwater flooding from the Chalk aquifer with a moderate to high (1.3%) annual probability of groundwater levels rising above surface level. This does not necessarily indicate that the property will flood and properties with basements may be more vulnerable."

In response to the investigator's outcome, Mr and Mrs S said they didn't agree with the flood risk report. They advised that the flood risk was caused by a local issue and which meant the flood risk was higher. It was local mismanagement as opposed to a weather issue, which is what the report would have been based on.

I've considered all the information provided by both parties carefully in coming to my outcome. I also appreciate how difficult a situation this has been for Mr and Mrs S. To ask NFU to cover the cost of either lifting or rebuilding the property, I would need to be satisfied that Mr and Mrs S's property will definitely flood again once the repairs are complete. Whilst I appreciate there are local issues at play here, I haven't received enough evidence to convince me that the repair won't be effective and lasting against the expert report provided by NFU. As such, I don't think NFU have been unfair or unreasonable in how they've settled the claim.

I'm very sorry that my decision doesn't bring Mr and Mrs S more welcome news at what I can see is a very difficult time for them. But in all the circumstances I don't find that NFU has

treated Mr and Mrs S unfairly, unreasonably, or contrary to the policy terms and conditions in declining to pay to rebuild or lift their property.

Mr and Mrs S have asked this service to extend their alternative accommodation. This isn't something that forms part of this complaint and as such, it isn't something I'll be providing comment on. Should Mr and Mrs S be unhappy with their alternative accommodation, they'd need to raise this as a new complaint with NFU.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint. I don't require The National Farmers' Union Mutual Insurance Society Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 25 April 2025.

Anthony Mullins
Ombudsman