

The complaint

J complains The National Farmers' Union Mutual Insurance Society Limited handled its commercial property insurance claim poorly.

J is a limited company. It's been represented by a director for the complaint. For ease of reading, I've referred to the actions and comments of the director as being those of J itself.

What happened

In June 2022 fire damaged J's buildings - including a cottage. The fire caused a loss of power to a caravan park. J claimed against its NFU commercial property insurance. The claim was accepted. NFU appointed a loss adjuster (LA). A contractor 'C' was appointed by NFU for reinstatement works.

In August 2022 J raised concern that the cottage roof was still uncovered, causing additional damage. In September 2022 J raised concern with the standard of C's reinstatement works. NFU then cash settled the claim, based on a quote from J. C was removed from the reinstatement work. In January 2024 J started work on the site. Reinstatement was completed in April 2023.

In the summer of 2024 J raised a formal complaint with NFU. NFU had declined a business interruption claim for the caravan park. It considered the caravan park to be owned by a different entity to J, so not covered by its policy. J considered NFU responsible, through avoidable delay, for the caravan park being out of use for much longer than necessary. So it wanted NFU to cover that loss of income.

J considered NFU was, by failing to promptly provide a temporary cover to the cottage's roof, responsible for additional damage. J believes C charged NFU for work it hadn't undertaken, which had resulted in J paying a higher VAT contribution than necessary. And J provided NFU with a surveyor's report critical of the quality of C's work.

NFU didn't accept C had been paid for work it hadn't done. It said it had verified its claim costs. It accepted elements of C's work weren't up to standard, but said some of the issues raised would have been addressed by completion. NFU explained some costs, for rectifying C's work, had been included in the cash settlement paid to J. NFU didn't agree to cover loss of rental income for the caravan park. It didn't agree it was responsible for avoidable delay to reinstatement. NFU said the cottage couldn't be covered immediately after the fire as, due to its condition, it had been unsafe to do so. It offered £300 compensation in recognition of some poor repairs and poor service.

That outcome didn't satisfy J, so it referred its complaint to the Financial Ombudsman Service. It said delay had caused it financial loss, the cottage had suffered avoidable damage, C had charged NFU for work it hadn't completed, it had undertaken some work at its own expense without reimbursement and it was still waiting for payment from NFU.

This Service has considered NFU's decline of the 'business interruption' claim under a separate complaint. I haven't considered J's complaint about it not being covered, by the

policy terms, for loss of caravan income. But this complaint has considered J's request that the loss be paid by NFU, outside of the terms of the policy, as one its responsible for through poor service.

Our Investigator said NFU had settled based on quotes provided by J. He concluded he didn't have enough evidence to find the quotes didn't cover all the works required because of C's poor workmanship. He said if J did present evidence to NFU he would expect it to be considered, and for it to cover the cost of any work required because of its avoidable delay and C's poor workmanship.

The Investigator wasn't persuaded any loss of income, from the caravan park, was J's. So he didn't recommend NFU pay any related compensation. The Investigator said he hadn't seen sufficient evidence to persuade him NFU had overpaid C, so he didn't require it to refund any of the VAT J had paid. But he felt it had made mistakes, causing inconvenience to J over several months. So he recommended the compensation be increased to £450.

NFU accepted that outcome. As J didn't the complaint was passed to me to decide on. J said £450 compensation isn't enough to reflect the issues it's faced over the past 12 months due to NFU and its agents' performance.

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.

As this is an informal service I'm not going to respond here to every point or piece of evidence J and NFU have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Where a firm's act or omission has caused a loss to a policyholder, this Service's approach is to require it to take steps to put things right. With that in mind my first deliberation, for the key aspects of J's complaint, is to consider if it's demonstrated a loss. Where I'm not persuaded of one, as there wouldn't much benefit from the activity, I haven't considered if NFU got something wrong.

VAT

J paid around £5,700 in VAT for the works undertaken by C. J is VAT registered and able to reclaim that cost, so it's reasonable in principle for it to have paid it. J considers C's cost inflated, meaning the VAT element was correspondingly inflated.

J's given examples of work or items it feels C shouldn't have charged for. NFU's disputed J's claims, saying it took reasonable steps to validate the costs. I'm not going to make a finding on NFU's response or C's claim costs. J confirmed it reclaimed the VAT. So even if C's costs were exaggerated there wasn't any ongoing loss for J. I appreciate inflated claim costs may have a future impact on the cost of J's insurance. But when the amounts being disputed are set against the overall claim cost it seems unlikely.

Delay

J considers NFU's claims handling and contractor caused the reinstatement works to complete much later than they should have. NFU has denied responsibility for any significant delay. Again, I'm not going to undertake a detailed assessment of this matter, as even if

I considered there was significant delay, I wouldn't be able to require NFU to cover the significant loss J reports here. That is the rental income for the caravan site.

The caravan park income appears to be retained by a separate legal entity to J. Even if it is one of J's directors that receives the income as sole trader, it's still a separate entity. I realise this will be frustrating for J's directors, but I'm unable to require NFU, in this complaint of J's, to cover losses experienced by another entity.

Additional damage from lack of temporary roofing

J explained there was avoidable damage to the cottage, including to flooring. NFU argues it wasn't safe to fit a temporary roof. Unfortunately, J hasn't provided evidence of the additional damage, just referred to it. I've considered everything provided by J and NFU. But I haven't seen photo evidence or a relevant surveyors report, for example. I can't fairly require NFU to cover items without persuasive evidence of loss. If J can provide further evidence, I'd expect NFU to give it fair consideration.

Outstanding costs

In its initial submission to this Service, in March 2024, J said it was still waiting for payment from NFU for claim costs - around £6,600 plus a further amount. In a recent final submission it reported receipt of a further payment of approximately £12,000. J hasn't mentioned any other payments or costs being outstanding. So, as it seems agreed payments have now been made, I won't consider that matter any further.

J said it undertook claim related work, redoing some of C's work, it hasn't been reimbursed for. It said it hadn't included the work in its original quote to NFU. I haven't been provided with a clear understanding of what that work was, why it needed redoing or what the cost implications were. Without such evidence I can't fairly require NFU to make a payment. Again, if J can provide evidence to NFU, I'd expect it to be fairly considered.

Surveyor's report

J commissioned a surveyor to make an assessment, based on historic photos, of C's work. The report returned by the surveyor is very critical of quality. NFU accepts some of the criticism, but rejected large parts of it. As an example, it says the photos shows work before completion. It also refuted some of the surveyor's claims, including that C hadn't built foundation footings.

In any event the report provides an interesting analysis of the quality of C's work. It does give support to J's concerns about the work. But I can't see that it had any significant impact on the claim outcome or complaint. The only difference it's made is an increase in the compensation offered. NFU had already agreed to cash settle the remainder of the claim. The report didn't, as far as I'm aware, lead to NFU covering additional claim costs or losses, for example. If it had I might have required NFU to reimburse the report's cost, as it stands, I'm not going to.

Compensation

J considers £450 compensation is inadequate, given the impact of NFU and its agents' response to the claim. I should first explain that I can only award compensation to the complainant. The complainant here is J - a limited company. I can't compensate its directors or their families personally for the impact of any poor service by NFU. A limited company can't suffer distress, so I'm limited to awarding compensation for inconvenience or damage to reputation.

It may seem to J, from my consideration of its complaint, that I've overlooked much of its concern. I'd like to reassure it that I haven't. I just haven't gone into detail where there isn't a demonstrated loss. I accept there was at least an element of poor work by C, I acknowledge NFU was responsible for some avoidable delay. This will have had an impact on J, including inconvenience and it being required to cover costs from its own funds for a time. But having considered all that I'm satisfied £450 is a fair amount for NFU to pay to compensate J for its poor service.

My final decision

For the reasons given above, The National Farmers' Union Mutual Insurance Society Limited needs to pay J a total of £450 compensation (including £300 already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 18 April 2025.

Daniel Martin
Ombudsman