

The complaint

H, a micro-enterprise, complains that The National Farmers' Union Mutual Insurance Society Limited, declined a claim made on their group income protection scheme.

What happened

H has a 'Farm Select' policy which includes cover for their employees for accidents, illness and injury. The original policy was inception in 1989.

H contacted NFU because they expected a claim to be made in relation to an employee. It was established that H needed to pay an additional premium because the employee was over 65. H paid the additional premium and the policy was amended.

The employee made two claims on the policy which were declined on the basis that they had relevant medical conditions which existed before the employee was added to the policy.

NFU also referred to an exclusion in the policy which sets a time limit for a claim for disablement to be made. H complained to NFU.

NFU acknowledged their customer service hadn't been good at times and they offered H £150 compensation. However, they maintained their decision to decline the claim was fair and in line with the policy terms. H referred their complaint to the Financial Ombudsman Service.

In February 2025 I issued a provisional decision. I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

NFU recommended the policy to H and so they needed to ensure it was suitable for their demands and needs. And they also needed to ensure that H was provided with clear, fair and non-misleading information so that they could decide if the policy was right for them.

The policy terms and conditions

The policy offers cover for:

"an ILLNESS which, within 104 weeks of diagnosis by a doctor, is the sole and direct cause of temporary TOTAL DISABILITY".

The relevant exclusions in the policy say:

"WE will not pay for:"

"ACCIDENT to or ILLNESS of an INSURED PERSON under 16 or over 65 years of age unless individually named on YOUR schedule".

And:

“WE will not pay for:”

"ACCIDENT or ILLNESS consequent upon or contributed to by any pre-existing physical or mental condition".

The terms define an insured person as:

"A person or individual member of a group shown on YOUR schedule".

The renewal and midterm adjustment to the policy

I'm not persuaded that NFU did treat H fairly when the policy was renewed and when they enquired about a possible claim for their employee.

The employee was always named on H's policy and was named on the schedule. When H enquired about the cover for a potential claim it became apparent that an additional premium would be payable.

The policy has been in place for many years. At renewal NFU completed a fact find. They accept they didn't ask for information about the age of employees or about whether any employees had existing medical conditions. So, I'm not persuaded that NFU gathered enough information to be able to properly advise H about the suitability of the policy for their needs. In my view these were significant and important aspects of the policy which were key aspects of cover for H and their employees.

I also note that the information about these exclusions isn't very prominent in the policy terms. The detail about the exclusions appears at page 129 of the 131 page policy documents. And the exclusion is only briefly referenced on page 7 of the most recent demands and needs statement. So, it's not very prominent or transparent. And, in any event, I think it would have been reasonable for the advisor to ask sufficient questions during the renewal process or at the point of the mid-term adjustment to establish if any employees were likely to be impacted by these exclusions.

I'm persuaded that if the information about H's employees and the impact of these exclusions had been properly explored with H they were most likely to have ensured that their employee was added to the policy as soon as they turned 65. As soon as H were made aware that employees over 65 attracted an additional premium they paid the additional premium for the relevant employee.

I'm therefore satisfied that NFU's actions were not fair and reasonable in all the circumstances. So, I don't think it's fair for NFU to rely on there being a gap in cover between the employee turning 65 and the claim being made when they've failed to ensure that the policy was suitable for H and their named employees. Had this information been properly explored I think H would have most likely ensured the employee concerned was added to the policy when they turned 65.

The claim decision

I've thought about the impact on H and the employee of not being added to the policy. I'm not currently persuaded it's fair and reasonable for NFU to rely on the exclusion related to age for the reasons I've already explained.

I've also considered the exclusion relating to pre-existing conditions. Based on the current available medical evidence the employee was diagnosed with the condition in 2023. In my view, as I've outlined above, H would most likely have added the employee onto the policy in 2019 when they turned 65 if they'd been advised to or had been made aware of the requirement to do so. Therefore, H and the employee would have most likely had the benefit of cover from that time and would have been able to make a legitimate claim on the policy in 2023 without the condition being considered to be pre-existing.

Finally, the medical evidence doesn't clearly indicate when the employee was first diagnosed with the condition which led to the two claims. I think this ought to be explored further by NFU to determine if the 104 week time limit referenced in the other relevant exclusion applies. I think they need to obtain further medical evidence from the employee to properly assess this information for each of the claims.

Putting things right

I'm intending to direct NFU to put things right by reassessing the claims on the basis that the employee was added to the policy at the point he turned 65. In the event of a successful claim NFU is entitled to deduct the premiums that would have been charged to H for the relevant period from any settlement made.

NFU should also obtain more detailed medical evidence in relation to the onset of the employee's condition in relation to both claims before determining the outcome of the claim.

If the employee is unhappy with the outcome of the reassessment of the claim they may be able to make a further complaint to the Financial Ombudsman Service.

NFU awarded £150 compensation to H for issues with customer service. As H brings the complaint in their capacity as a micro-enterprise I'm not persuaded it's fair and reasonable to direct NFU to pay any further compensation in the circumstances of this case. However, they should pay H the £150 compensation they offered to pay if they haven't done so already.

H accepted my provisional decision and clarified they hadn't received the £150 compensation. NFU said that this was group cover where individuals aren't named and nor are details about their ages recorded. They didn't think it was reasonable to place the onus on them to discuss this at each renewal and said the policy terms highlighted the exclusion. They said the only mistake made was not asking if the employee had pre-existing conditions before adding them in 2023 but as the employee had been diagnosed in July 2023 it fell outside the scope of cover.

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.

The further representations by NFU haven't changed my thoughts about the overall outcome of this complaint.

I'm not making a finding about NFU's wider sales and renewal process for group policies. My decision focuses on the specific facts of this complaint. As I explained in my provisional decision I'm not persuaded, on the facts of this case, that NFU gathered enough information to be able to properly advise H about the suitability of this policy for their needs. There were

significant and important limitations on the policy which were key aspects of cover for H and their employees. In reaching this conclusion I've carefully considered the nature of this particular group scheme, including the size of it.

NFU has said that the exclusion is clear in the policy. However, as I set out in my provisional decision the detail about the exclusions appears at page 129 of the 131 page policy documents. And the exclusion is only briefly referenced on page 7 of the most recent demands and needs statement. So, it was not very transparent or prominent in the information provided to H. Therefore, I'm not persuaded there are compelling reasons to depart from the conclusions I set out in my provisional decision.

Putting things right

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My final decision

I'm upholding H's complaint and direct The National Farmers' Union Mutual Insurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 17 April 2025.

Anna Wilshaw
Ombudsman