

The complaint

Mr H complains that The National Farmers' Union Mutual Insurance Society Limited ("NFU") mishandled his claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car made by a premium-brand car-maker and first registered in 2018.

For the year from June 2023, Mr H renewed a comprehensive policy for the car with NFU.

On 25 August 2023, Mr H contacted NFU. He reported that on the morning of 18 August 2023, he'd driven the car into flood water, damaging the car's engine. He said he'd phoned a friend who had recovered the car.

NFU engineers inspected the car.

On about 13 October 2023, NFU's investigators interviewed Mr H.

In mid-November 2023, NFU's consultant engineer reported on the car.

On about 10 January 2024, Mr H took the car to a garage franchised by the car-maker.

By early February 2024, Mr H had complained to NFU about delay in dealing with his claim (I will call that "the first complaint").

By a final response dated 8 February 2024, NFU turned down the first complaint.

Mr H brought the first complaint to us later in February 2024.

Our first investigator didn't recommend that the first complaint should be upheld. She thought that there had been no avoidable delays.

Neither Mr H nor NFU asked for an ombudsman to review the first complaint.

By a letter dated about 18 June 2024, NFU declined the claim, saying it was "tainted by fraud". NFU treated the policy as void from 25 August 2023. It declined to make any refund of premium for that policy. NFU said that it had cancelled another policy. NFU asked Mr H to pay its costs of its investigator and consultant engineer.

Mr H complained through us to NFU ("the second complaint" or "this complaint") that NFU should settle his claim.

By a final response dated 13 December 2024, NFU turned down the second complaint. Our second investigator didn't recommend that the second complaint should be upheld. She didn't think that NFU had acted unfairly.

Mr H disagreed with the second investigator's opinion. He asked for an ombudsman to review the second complaint. He says, in summary, that:

- His car wasn't broken down (on 17 August 2023.) There was no oil light showing on his dashboard. The car had gone into "limp" mode, a safety feature.
- NFU's policy said that it would supply a loan car until it repaired the car or reached a settlement. NFU said the loan car would be for two weeks or until settlement, whichever was earlier. That was a breach of contract.
- NFU said that the engine of his car was water damaged and it was considered a total loss.
- NFU telephoned him to ask for his bank details to enable settlement.
- NFU's investigators missed at least three calls with the friend who helped him on 18 August 2023. The investigator apologised and said he would trouble them no more.
- The consultant engineer said that he started the car. That was untrue, as he later admitted to NFU and it confirmed to him.
- NFU's consultant engineer didn't strip the airboxes and twin turbos of the car. Without that, he could never arrive at any substantive report.
- The franchised garage did a diagnosis and report, proving water damage.
- The franchised garage said it was impossible to ascertain engine damage from an oil sample.
- NFU's letter of 18 June 2024 stated the absence of salt and/or sea water.
- NFU said it spoke to the franchised garage and the salvage agent, but they say otherwise.

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.

NFU's policy covered accidental damage but it didn't cover mechanical failure.

NFU's policy terms included the following:

"If YOU or anyone acting for YOU:

a) makes a claim which is fraudulent and/or intentionally exaggerated and/or supported by a fraudulent declaration, statement or other device; and/or

b) intentionally misrepresents and/or misdescribes and/ or withholds any material relevant to this insurance;

WE will not pay any part of YOUR claim or any other claim which YOU have made or which YOU may make under the policy and WE will have the right to:

a) avoid, or at OUR option cancel, the policy without returning any premium that YOU have paid;

*b) recover from YOU any amounts that WE have paid in respect of any claim, whether such claim was made before or after the fraudulent claim; and/or
c) refuse any other benefit under the policy."*

So NFU had a contractual right in certain circumstances not to pay any claim and to "avoid" the policy, that is to treat it as void. There are similar remedies under Consumer Insurance (Disclosure and Representations) Act 2012 but that applies to misrepresentation at the time of taking out or varying a consumer insurance contract.

I would expect national roadside assistance companies to keep accurate records. One such company sent NFU an email including the following:

"The breakdown was 17 August and we were contacted at 15.36. They reported that there was a red oil warning light and that the engine was making a noise. We attended the vehicle at [location] and recovered it to [a garage]"

So I find that on 17 August 2023, the car had an engine problem such that Mr H was unable or unwilling to drive it.

After 17 and 18 August 2023, about a week passed before Mr H contacted NFU. Mr H didn't mention the incident on 17 August 2023. He reported that he'd driven into flood water on 18 August 2023.

I've noted that NFU inspected the car in late August 2023. Its notes included the following:

"large stones inside the airbox, however we can confirm that there is no other silt of stones within the engine bay which we would have expected to see..."

I accept that NFU told Mr H that it considered the car a total loss.

The insurance product information document ("IPID") included the following:

"Courtesy car - we'll provide a small car for the duration of repairs if you have an accident and use one of our approved repairers; or up to 14 days if your vehicle is written off or stolen"

The car was a total loss or write-off. So I consider that NFU's offer to provide a car for a maximum of 14 days was in line with the policy rather than a breach of it.

I don't accept that NFU's investigator's dealings with Mr H's friend made any difference to the outcome of the claim. I consider that, even with a clear statement from the friend, NFU would still have had concerns about the claim.

The garage franchised by the car-maker said that the air filter was water damaged and required replacement, along with the engine. In late January 2024, it said the following:

"...can see evidence of water damage, air filter water damaged and signs of debris in air box- suspect water has entered the intake system"

I accept that, NFU's consultant engineer said the following:

" Unexpectedly, I was able to start the vehicle."

However, by a letter dated 9 January 2024, NFU said the following:

"The only further thing I'd add here is that [consultant engineer] did not start the vehicle. They reviewed the videos that were originally sent through to us at the start of the claim. This is where they observed the noise of the engine starting"

Also, by a letter dated 12 February 2024, NFU said the following:

"I would like to clarify again as per mine of 9 January 2024, that the reference to the engine being started & running was from the [consultant] engineer's review of the videos that were sent to us at the outset of the claim. He did not start the engine himself."

Whilst I don't condone the consultant engineer's unsatisfactory statement about starting the engine, I don't consider that this undermines the reliability of his findings in general.

NFU's consultant engineer's further report included the following:

"The stones and debris found within the air filter housing could not have travelled through the air filter; therefore, there is no other explanation for them being there other than them being placed there."

NFU's consultant engineer also reported that a sample of oil from the car was contaminated with water that was not salt / sea water. I find that accurate but irrelevant since Mr H hadn't reported contact with salt water. I accept that NFU's letter of 18 June 2024 could've made clear that there was no suggestion that salt water had damaged Mr H's car.

On balance I accept Mr H's statement that in late September 2024, NFU asked for his bank details. I don't find that NFU ever accepted his claim that water had damaged the engine of his car.

In late December 2024, NFU declined to name the individuals it had spoken to at the franchised garage or the salvage agent. I don't consider that unreasonable and I don't draw any inference from it. I haven't seen any written confirmation from the franchised garage or from the salvage agent that NFU didn't contact them. So I don't find that NFU incorrectly said it had.

Overall I'm satisfied that NFU did a thorough investigation and took into account the evidence. NFU gave Mr H opportunities to give explanations and evidence.

NFU also obtained legal advice. That included that Mr H or the franchised garage hadn't provided enough evidence to counter NFU's consultant engineer's opinion that someone had put stones and debris within the air filter housing. The legal advice was that the claim was dishonest.

In my view, Mr H has fallen well short of showing that NFU treated him unfairly by relying on the consultant engineer's opinion and the legal advice. So I don't find it fair and reasonable to direct NFU to change the way it has responded to Mr H's claim or this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct The National Farmers' Union Mutual Insurance Society Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 May 2025.

Christopher Gilbert
Ombudsman