

The complaint

Mr and Mrs C have complained about the impact on them financially of a delay on their claim under their home insurance policy with The National Farmers' Union Mutual Insurance Society Limited (NFU).

What happened

Mr and Mrs C submitted a claim for possible subsidence to their home in August 2022. There was a delay on the part of NFU in settling the claim, which Mr and Mrs C think was caused mainly by the loss adjuster it appointed, who'll I'll refer to as C. I will not go into detail on the delay, except to say Mr and Mrs C think it was between 12 and 15 months. And, as I understand it, NFU has accepted it was 12 months. Mr and Mrs C complained to NFU that this would lead to them incurring an additional cost to build an extension to their home of around £30,000, plus VAT. NFU admitted Mr and Mrs C had lost the opportunity to do this when they wanted to and offered them £1,000 in compensation.

Mr and Mrs C weren't happy with NFU's offer. They rejected it and asked us to consider their complaint. One of our investigators did this. He said he thought it was the subsidence at Mr and Mrs C's home that had led to the delay with their extension. And he suggested it was delayed from April 2024 to February 2025 when the work on it eventually started. He pointed out the evidence provided by Mr and Mrs C suggested building costs in this period hadn't increased. So, he felt the £1,000 NFU had offered was fair compensation in all the circumstances.

Mr and Mrs C did not agree with the investigator's view and asked for an ombudsman's decision. Mr C said the investigator was wrong to suggest the period of delay was April 2024 to February 2025 and that he introduced new arguments that NFU had not made. As far as Mr C is concerned he would have given his builder the go ahead for the extension around the end of May 2023 if it hadn't been for the delay caused by C.

I issued a provisional decision on 17 April 2025 in which I set out what I'd provisionally decided and why as follows:

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

Having done so, I've provisionally decided to uphold it.

I consider that the actual period of delay in respect of Mr and Mrs C giving their builder the go ahead to build their extension as a result of C's failings was 12 months. This is because I think it should have been clear to C by February 2023 that a fixed point in the ground as a base for measuring against was needed for effective level monitoring. I will refer to this as a temporary benchmark (TMB). I say this because I think it should have been clear to C after the first two level readings that the rest of the house was moving along with the area where cracking had been identified. And that this meant a TMB was needed. This is something that NFU appears to accept. The first two readings were taken in January and March 2023. But there was an unnecessary delay of a month on the first reading, as the engineer turned up in

the dark in a rainstorm in mid-December 2022 and couldn't take the reading. And he didn't come back until mid-January 2023. Due to C's failure to realise the need for a TBM when it should have done, this wasn't installed until August 2023. And this wasn't used for the first time until November 2023. And this meant the first reliable set of data wasn't available until January 2024.

If a TBM had been installed in February 2023 the first reliable data would have been available in March 2023. And I can see it would have been clear after a couple of readings that the area next to where the extension was to be built was not moving. So, even allowing for the fact that another reading or two would have been sensible, I think it is fair to say that if C had done what they should have done and put the TBM in place in February 2023 and level monitored against this, it would have been possible for them to tell Mr and Mrs C they could safely go ahead and build their extension by the end of May 2023. However, because of C's failing, they weren't in a position to do this until May 2024, once their claim had been settled and C's effective embargo on them building their extension was lifted.

I accept from the evidence Mr C has provided in support of his and Mrs C's complaint that they had committed to building the extension at their home via a verbal agreement with the builder in August 2022. And that this meant they were fully committed to doing it once they could be confident that the part of their property adjacent to where the extension was to be located wasn't moving. And I think my view on this is supported by the fact Mr and Mrs C did go ahead with building their extension in February this year. And I think that but for C's failure to realise the need for a TBM in February 2023 it is fair to say they would have been able to tell their builder they were going to go ahead with the extension by the end of May 2023.

There would still of course have been a lead time for the builder to give them an estimate. But once he had done this, this would have been the price he would have built the extension for, assuming there were no major changes or unexpected problems. This amount would not have been affected by the actual date the builder started, as Mr and Mrs C would have told him he could start as soon as he was free to do so. And I think it is fair to say that if Mr and Mrs C had given the builder the go ahead at the end of May 2023 he would have given them his price by the end of June 2023. So, I've decided it is reasonable to take the date the builder would have provided his price but for C's failings as being 1 July 2023. However, instead of this, Mr C eventually got a price from the builder and gave him the go ahead in August 2024. He's explained he could probably have done this a bit earlier, but he was understandably waiting to see whether NFU would provide compensation for the extra cost.

Mr C has said that he thinks if they had built the extension to the size and specification they had originally planned to with a commitment from the builder to a price in July 2023, it would have been much cheaper than the price he got in August 2024. This is because material costs had increased substantially between July 2023 and August 2024. And this is backed up by the testimony of the builder.

Mr C has estimated this additional cost at around £30,000, plus VAT. However, he has recently explained to me that, due to the additional cost and the fact he and Mrs C didn't have a commitment from NFU to contribute anything, they decided to have their extension built in a different type of timber and for it to be two metres shorter. Mr C has said this saved about £10,000. But from what he has said, it still seems it will end up costing him more than it would have done but for the delay caused by C's failings.

So, I think as part of the fair and reasonable outcome to Mr and Mrs C's complaint NFU needs to compensate them for this financial loss. I think to do this it needs to assess – based on whatever appropriate information Mr C can provide – what the cost of the extension

would have been if Mr and Mrs C had committed with the builder to build it and got the price for doing so on 1 July 2023. And NFU should then pay Mr and Mrs C the difference between this and the price the builder gave them in August 2024. Of course, it will be for Mr C to provide evidence in support of the cost the builder gave to build the extension in August 2024.

I accept Mr C's testimony that they have had to build their extension in a different timber, which it seems will require more maintenance. And that it will now be smaller than they wanted. And that this is because of the delay caused by C. And I think this warrants a further payment for distress and inconvenience. I think the distress and inconvenience is in the category we describe on our website as causing substantial distress, upset and worry. And I think because of this a further payment of £1,000 in compensation is appropriate.

I gave both parties until 1 May 2025 to provide further comments and evidence in response to my provisional decision.

Mr C has responded to say that he and Mrs C accept my provisional decision.

NFU responded to say that it doesn't accept my provisional decision. It has provided a lengthy analysis of the claim by a senior loss adjuster at C along with his covering comments.

In summary, NFU doesn't accept that a delay in it dealing with the claim has led or will lead to Mr and Mrs C losing out financially as a result of building the extension to their home later than they had planned to do so. I will not repeat all the points made by NFU and C's senior loss adjuster, but the main ones are:

- It was Mr and Mrs C's structural engineer who said it was probably best to wait to do the extension works, but C could see no reason why the works couldn't be carried out as the claim only related to the main structure of the insured property.
- It is not known what original discussions took place in 2022 between Mr and Mrs C and their builder and how subsequent costings could be validated.
- It does not think that Mr and Mrs C needed to wait for the outcome of its decision on their claim for compensation with regards to the extension to go ahead with it, as it had always been their intention to do these works.
- It would not have been clear until the fifth set of monitoring readings in August 2023 that a TBM was needed. So I was wrong to suggest in my provisional decision that C should have realised one was needed by February 2023.
- At any point Mr and Mrs C or their builder could have withdrawn from the verbal agreement they had to build the extension.
- It cannot see how the additional cost of building the new porch is so vast due to the delay since 2022.
- Mr C contributed to delays on the claim by disagreeing with C's suggestions at times.

Having received NFU's response to my provisional decision, I wrote to it suggesting that the date the building of Mr and Mrs C's extension would have started but for C's errors and omissions was February 2024. I then went on to explain that because their builder does not provide a fixed price for works he carries out and instead works to a budget, it would be more appropriate to base the cost comparison on the period February 2024 to when the extension is completed in a month or two's time. This was on the basis that I felt it likely the builder wouldn't have been able to start work 1 July 2023 if Mr and Mrs C had given him the go ahead at this point. And would most likely have started in February 2024. This would have meant the cost of the work would have been based on prices in February 2024 and not prices in July 2023.

I also sent a copy of my email to NFU to Mr C. He has come back with an email from his builder which I think suggests that if Mr C had given him the go ahead in May 2023 he would have been able to start at this time. But, by the time Mr C did give him the go ahead in 2024 he'd taken on other work, which he was committed to until February 2025.

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.

Having done so, my view on the fair and reasonable outcome to it remains the same as set out in my provisional decision.

I have noted NFU's point that I was wrong to suggest that C should have realised the need for a TBM in February 2023. However, I note that NFU itself in its final response letter dated 9 November 2023 admitted that there was a delay of 10 months in the deep datum monitoring starting. And C has itself admitted it caused some delays on the claim due to some omissions, the misreading of a report and poor communication. In the circumstances, I think it is fair to say that there was a delay of 12 months on Mr and Mrs C's claim caused by NFU or its agent. And this is irrespective of any delays that occurred because Mr C disagreed with C's approach at times.

I can see that C agreed with Mr C's structural engineer's suggestion that the building of the extension should be delayed. And I think this meant Mr C had no option but to wait to give his builder the go ahead until C had lifted the effective embargo they had put on it. If C didn't think building the extension needed to be delayed it should not have agreed with Mr C's engineer when he suggested this and instead told Mr C that as far as it was concerned he could go ahead with the extension. It didn't do so. And I think this means it gave Mr C no option but to put a hold on building his extension.

It seems NFU and C are under the impression that I am satisfied that Mr and Mrs C will lose £30,000 because of having to build their extension later than should have been the case. But this is not what I said in my provisional decision. What I said was that I accepted Mr and Mrs C were committed to building their extension and had committed to this with their builder in August 2022. And that it was only their subsidence claim that stopped them doing this. I also explained why I thought it most likely Mr and Mrs C would have given their builder the go ahead in June 2023, but for the delays which NFU itself admits they experienced due to errors by C. But this doesn't necessarily mean Mr and Mrs C will lose £30,000. Especially, as they have decided to build a smaller extension.

As I set out in my provisional decision it will be for NFU to assess whether Mr and Mrs C have lost anything by the time it makes this assessment. The assessment will involve Mr and Mrs C providing the evidence needed to support what the extension they had planned to build in 2022 would have cost compared to what the extension they are having built now actually costs them. And I am now satisfied from what Mr and Mrs C's builder has said that he would have started building their extension on 1 July 2023 at the latest but for C's failings with regards to monitoring and the other errors it caused. I say this because he was free to start at the end of May 2023 and I have allowed approximately a month for him to organise the materials and labour to actually start. This means the comparison NFU needs to make with the assistance of Mr and Mrs C and their builder is between what the extension would have cost if the builder had started on 1 July 2023 and what it costs them when it is finished in the not-too-distant future.

The assessment by NFU should be based on information supplied by Mr and Mrs C and

their builder. But it can also be based on evidence NFU obtains itself or through other sources on the increase in the cost of materials and labour between 1 July 2023 and current costs. And it should be based on what it would have cost Mr and Mrs C to have the larger extension they had planned to build before their subsidence claim.

As it remains my view that NFU and C caused a delay of 12 months on Mr and Mrs C's claim and this led them to suffering the distress and inconvenience of having to build a smaller extension, it also remains my view that NFU needs to pay them a further £1,000 in compensation for this.

Putting things right

For the reasons set out above, I've decided to uphold Mr and Mrs C's complaint and require NFU to do the following:

- Assess what it would have cost Mr and Mrs C to have the larger extension they planned to have built prior to their subsidence claim built with their builder starting it on 1 July 2023 compared to what the smaller extension costs them when it is completed. And pay them any additional amount it costs them to build their extension.
- Pay Mr and Mrs C a further £1,000 in compensation for distress and inconvenience.*

* NFU must pay the compensation within 28 days of the date we tell it Mr and Mrs C accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I uphold Mr and Mrs C's complaint and order The National Farmers' Union Mutual Insurance Society Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 5 June 2025.

Robert Short
Ombudsman