

The complaint

Mr M, representing F (a partnership), complains about the handling of a legal expenses insurance claim it made with The National Farmers' Union Mutual Insurance Society Limited trading as NFU Mutual (NFU Mutual). Of particular concern was NFU Mutual's decision to withdraw cover for the claim, leaving F liable for significant legal costs.

As the policyholder, F refers this complaint to our service. However, Mr M is one of the partners in F and has been the primary contact with NFU Mutual during the claim and with our service. Where I refer to Mr M within my decision, this should be taken to include and also refer to F where appropriate.

What happened

Mr M has been pursuing a legal expenses insurance claim for a number of years with NFU Mutual. A number of disputes have arisen with a third party, who I'll refer to as D, which operates a business on land owned by, and leased from, F.

Our service considered a previous complaint about NFU Mutual's handling of the claim, but Mr M remained unhappy with the service provided, and referred a further complaint to us. The period covered by this complaint is between February and May 2025, and so I'll only be looking at, and considering, the handling of the claim in that period.

However, a very significant event related to the claim occurred during this period. Following a review of its position regarding cover for the claim after a judgement was handed down, NFU Mutual told Mr M that it was declining cover for the claim and wouldn't be covering any of the costs incurred, which included adverse costs arising from the judgement. It said that the judgement concluded Mr M had, effectively, caused the legal action to be brought by D (which resulted in him making counter-claims) due to his actions and behaviour.

Mr M believes this to be unfair, and that NFU Mutual's decision leaves F exposed to very significant legal costs. Our investigator considered NFU Mutual's decision to have been reasonable in the circumstances. Mr M disagrees and has asked for an ombudsman's 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.

I should set out firstly that I'm aware how strongly Mr M feels about the matters related to the claim. He's outlined the impact of the legal action and this claim on his own health, and the possible impact on him and his family in the event that NFU Mutual doesn't cover the legal expenses.

However, it's also important that I set out that my role isn't to make any assessment of the legal action he's been engaged in, and that I'm only looking at NFU Mutual's actions between February and May 2025. Mr M has made complaints about the conduct of solicitors

who represented F during legal proceedings, but our service's jurisdiction doesn't extend to the solicitors. What I need to do is, in effect, determine whether NFU Mutual acted reasonably when it decided to withdraw cover for the claim in May 2025. From my review of the complaint, and the scope of our service's remit to consider complaints, that's the limit of my role here.

When it withdrew cover for the claim, NFU Mutual referred to a condition of the policy which say there's no cover for "Any insured incident deliberately or intentionally caused by you."

The terms and conditions include a number of 'Special Conditions', which includes the following:

"The insured person must:

- a) keep to the terms and conditions of this policy;
- b) take reasonable steps to avoid and prevent claims;
- c) take reasonable steps to avoid incurring unnecessary costs"

As NFU Mutual has referred to an exclusion, the onus is on it to show that, on balance, it applies to the circumstances of the claim. It has a duty to handle claims promptly and fairly, and not unreasonably decline claims. By withdrawing cover, NFU Mutual is, in essence, declining the claim.

In making this decision, NFU Mutual made specific reference to the judgement issued in March 2024, which found in favour of D and rejected F's counter-claims. It said the judgement indicated that Mr M's conduct had been the main reason the claims had been brought and that his counter-claims had been based on a fundamental misunderstanding of his and D's rights. In effect, it argues that Mr M deliberately caused the disputes and subsequent legal proceedings and hadn't taken reasonable steps to avoid the claim. In those circumstances, it says it shouldn't be liable for the related costs.

I know Mr M disagrees with the judgement, and how he's been characterised within it, but note that an appeal has been refused. That means it stands as a judicial assessment of the relevant evidence and legal issues. We don't expect insurers to be legal experts, and so I think it was fair for NFU Mutual to rely on the judgement as an accurate summary (on the balance of probabilities) of what had happened. It wouldn't be expected for NFU Mutual to disagree with the findings, particularly where the judgement made findings of fact.

I don't intend to repeat the judgement in its entirety, or even to quote at length from it directly. Mr M has a copy of the judgement and NFU Mutual quoted the judgement when it withdrew cover. Our investigator also quoted relevant sections when he gave his opinion. The findings made are known to both parties. The judgement makes a number of findings and comments about Mr M's actions, and behaviour, which I'm satisfied can be summarised as:

- Mr M wasn't a credible witness because of the way he gave his evidence and answered questions.
- Mr M had been belligerent, antagonistic and confrontational in his contact D.
- Mr M had restricted access to D's premises and sought to make it difficult for them to conduct their normal business.

The overall picture which comes from the judgement is that Mr M and D had a difficult and worsening relationship. Despite both parties engaging in mediation, there was no realistic prospect of a mutually agreeable solution to their various disputes.

The judgement notes that Mr M effectively believed his actions were right because D was

leasing the land on which it operated from F, and he could do as he wished. The legal position, and D's lease, meant this wasn't the case.

The judgement makes it clear that the root cause of the dispute, and the legal actions that resulted, was Mr M's refusal to accept that D was entitled to act as it had, and then seeking to prevent them from continuing to do so. I'm satisfied that a reasonable interpretation of the judgement is that Mr M's inappropriate and unnecessary conduct was the primary reason why legal action had been taken. I should note here that I make no comment on Mr M's actions, that is simply my interpretation (and it seems, NFU Mutual's assessment) of the findings in the judgement. I haven't seen the evidence that was relied on to reach these findings, and neither do I need to in order to make this decision.

There are, I'm satisfied, a number of findings of fact within the judgement which could reasonably be considered to be deliberate acts on the part of Mr M. These include, for example, the parking of a motorhome, without permission, on D's premises; seeking to restrict access to D's premises by delivery vehicles; and confronting visitors to D's premises.

In light of this, I think NFU Mutual acted reasonably when it withdrew cover for the claim. The judgement outlined that it was Mr M's conduct which had resulted in the legal action which had been brought by D. I think it's fair to say that a reasonable interpretation of this was that Mr M had acted deliberately to cause conflict with D, and that ongoing conflict and continued conduct by Mr M was the reason for D taking the action which was the subject of the judgement.

NFU Mutual was entitled to conclude that the legal proceedings (and thus the claim) could have been avoided if Mr M had behaved appropriately. Having reached such a conclusion, it followed that the insured event (the dispute with D) arose because of Mr M's deliberate and intentional acts. He similarly hadn't acted in such a way as to avoid the claim. That meant the exclusion I've outlined above applied. I'm satisfied NFU Mutual acted fairly when it withdrew cover and referred to the exclusion. It isn't reasonable to expect an insurer to cover a claim that could have been avoided by the policyholder.

NFU Mutual had previously agreed to provide funding, before the judgement was handed down. I've therefore considered whether it had waived its right to rely on the highlighted exclusion. I can't agree with that assertion. The decision to provide cover was made before the proceedings which resulted in the judgement I've referred to above. This meant that much of the evidence relied on in that judgement wasn't known to NFU Mutual at the time of making that decision.

NFU Mutual was entitled to rely on an earlier legal assessment which confirmed Mr M's claim fell within the scope of cover and had reasonable prospects of success. I've seen nothing to suggest that NFU Mutual should have, or would have, known or believed that the evidence which later came out would suggest the exclusion would apply. The assessment didn't have the full picture of what had happened, for example D's evidence, which it seems played a very significant role in the eventual findings set out in the judgement.

NFU Mutual made a reasonable decision to provide cover, but then on receiving further evidence, carried out a review and came to a fair decision to withdraw cover. It's entirely reasonable for an insurer, on receipt of new information, to reassess whether the policy provides cover based on that new evidence. NFU Mutual did so here, and I've addressed above why this was reasonable.

I've also gone on to consider whether NFU Mutual's decision to withdraw cover for the entirety of the claim was reasonable, or whether it would have been fairer to cease funding the claim from when it made the decision in May 2025. I can't agree that its decision was

unfair. The judgement makes findings of fact that indicate Mr M's conduct towards D, which as I've said was the underlying reason for the claim, had been occurring before he notified NFU Mutual.

There's no evidence that additional legal action was the only avoidable element of this claim, but rather that Mr M's long-standing dispute with D, and behaviour towards them was the root cause. On that basis, NFU Mutual could safely and fairly conclude that the exclusion applied from the outset of the claim. It reasonably applied the exclusion.

I know Mr M was unhappy that it took NFU Mutual a significant period of time to reach this decision after the judgement was issued. That has been the subject of a previous complaint to our service, and as I said I'm only considering the period between February and May 2025. I can see NFU Mutual received regular contact from legal representatives seeking payment of costs, and Mr M was also seeking updates.

I've no doubt that legal representatives were similarly seeking payment from Mr M. However, I'm satisfied that NFU Mutual was updating the relevant parties appropriately about its actions and that there were no unnecessary or avoidable delays. This was a complex matter which required a proper and thorough assessment of a significant amount of evidence.

NFU Mutual has acknowledged there was one occasion on which Mr M was told he'd be updated but this wasn't done. It offered £75 compensation for this, which I think is appropriate.

The overall impact of this poor service is minor in comparison to the other matters, but I do appreciate Mr M was promised an update and then had to chase this himself. That would have been frustrating and caused him inconvenience, albeit for a short period of time and the update wouldn't have changed the outcome of the claim. A compensation payment of £75 appropriately compensates Mr M for the poor service he received.

My final decision

NFU Mutual's offer of £75 compensation to recognise the poor service is fair. It made a reasonable decision to withdraw cover for F's claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 24 December 2025.

Ben Williams
Ombudsman