

The complaint

Mr and Mrs C think The National Farmers' Union Mutual Insurance Society Limited (“NFU”) applied an unfair endorsement to their home insurance policy, ahead of impending building works at their property.

What happened

Part way through their policy term Mr and Mrs C notified NFU of their intention to have building works completed on their home. The notification was a policy obligation as the building works were greater than £50,000.

NFU asked Mr and Mrs C if their contractor could increase its public liability insurance (from £1m to £2m). Mr and Mrs C said they couldn’t influence this and if they could, it was likely the costs would be passed onto them by their contractor.

As the contractor’s public liability insurance wasn’t increased, NFU amended the policy terms by adding an endorsement which restricted Mr and Mrs C’s ability to claim against the policy.

Mr and Mrs C felt the restriction was too onerous, effectively reducing their policy to a “*fire only*” policy.

NFU said it had followed a reasonable process, by following its policy terms and its own underwriting criteria. Mr and Mrs C feel it’s unfair and want a full refund of their premium, plus interest. They also want to be compensated for the distress and inconvenience suffered.

Our investigator decided not to uphold the complaint. In response to the increased risk of offering cover, she thought NFU had acted reasonably following the guidance set out in the policy and their own underwriting guidance. Mr and Mrs C disagreed, so the case has been referred to an ombudsman.

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.

Whilst I appreciate Mr and Mrs C’s concerns that the endorsement applied by NFU was significantly restrictive, I think the view already shared by our investigator is correct. So, I won’t be upholding this complaint, and I’ll summarise my reasoning for doing so.

On receiving the notification, I can see NFU tried to provide a route through this for Mr and Mrs C without restricting their policy terms. However, this would’ve required engaging with their contractor and having the contractor’s public liability insurance increased.

I think this was a practical approach. I appreciate Mr and Mrs C felt they couldn’t influence this – perhaps they asked and were given a negative answer, it’s unclear from the notes. I can see Mr and Mrs C were worried the cost of this request would be passed on to them. I think the costs may have been passed on, but getting a comprehensive insurance cover

when there are higher risks can be expensive and this may have been the cost to Mr and Mrs C of getting the cover they wanted.

I appreciate Mr and Mrs C were likely a long way down the road agreeing a price with their contractor, but I think they did have other options themselves here. Mr and Mrs C could've appointed a contractor who did have sufficient public liability insurance. If they had, NFU wouldn't have applied the endorsements it did to the policy, and cover wouldn't have been restricted.

When NFU understood that the contractor couldn't increase his own insurance, it acted in line with its own policy and underwriting criteria.

NFU said *"our policy wording does state that we may amend the terms of your policy following the disclosure of any building works exceeding £50,000. While I appreciate you are unhappy with these changes, they have been made in line with the policy terms"*.

I've checked the policy. It states *"If YOU plan to carry out any work to improve, renovate, extend, build or demolish any part of the BUILDINGS where the estimated cost of the works is in excess of £50,000, YOU must inform US at least 21 days prior to the commencement of the works and before YOU enter into any contract for the works. WE may consequently amend the terms of this POLICY. If YOU do not advise US of such works WE will not have to pay any claim caused by or resulting from the works. YOU do not need to inform US if the work is for redecoration only"*.

I think the policy is clear that the terms maybe amended should any works be greater than £50,000. So, I don't think NFU has been unfair by re-visiting the terms given the risk to NFU was potentially greater.

NFU have shared the details of their underwriting criteria, this is a formal and detailed document that sets out its approach to what risks it will cover and what it won't, and the course of action it is likely to take. All insurers will take a different approach, and take different levels of risk and will either apply endorsements / limit liability, refuse cover or vary the premiums they charge. These are commercial decisions for insurers and are the basis they compete on in the marketplace.

I've checked the underwriting criteria and the process that was followed by NFU, and I think it was reasonable. NFU has followed the same approach it would apply to any other customer with the same circumstances. So, I can't conclude it acted unfairly.

I appreciate the cover with the amendment wasn't something that Mr and Mrs C were happy with. And they have asked for their premium to be refunded. However, I don't think this would be fair. Mr and Mrs C have had the benefit of the policy up until the endorsement was applied, which was a period of 9 months (and possibly longer).

Mr and Mrs C said the details of these new terms should've been set out when they purchased the policy. This wouldn't have been possible, as NFU wouldn't have been aware of the type of works that were to be undertaken on Mr and Mrs C's property at that point. NFU's approach varies depending on the type of work. It's not practical to cover every potential policy amendment that could happen to everyone who has a policy with NFU.

If Mr and Mrs C had been aware of the kind of works they were planning when they renewed their policy, there was opportunity for them to enquire with this information and ask a specific question to NFU of what impact it was likely to have on their policy cover.

Finally, Mr and Mrs C would've also had the option of cancelling their policy if they weren't happy with the endorsement and no longer wanted cover. The policy sets out a right to cancel should the policy be amended and this has been confirmed by NFU:

"Cancellation rights

If YOU do not want to accept YOUR new cover, YOU may cancel the cover by writing to US or calling US within 14 days of receiving the POLICY or amendment to an existing POLICY. WE may charge pro rata for the cover provided".

However, most costs for an insurer on a policy are front loaded, so on cancellation, a consumer shouldn't expect a pro-rated level of premium back for the number of months remaining and with only three months of the term remaining any refund would likely be small in relation to the full year premium. If there is evidence that Mr and Mrs C did cancel the policy with 14-days of the amendment being applied, then Mr and Mrs C could ask NFU for this refund to be made. As I haven't seen evidence of this, I can't ask for this to be done.

However, for the reasons I've set out throughout my decision, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint. I don't require The National Farmers' Union Mutual Insurance Society Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 27 February 2026.

Pete Averill
Ombudsman