

The complaint

Mr C complains about The National Farmers' Union Mutual Insurance Society Limited's ('NFU's') handling of his property insurance claim.

Any reference to NFU includes the actions of its agents.

What happened

Mr C holds property insurance cover with NFU. In 2021, Mr C's home began experiencing flooding after heavy rainfall. It was thought this was because of some work that had been carried out to the neighbouring property.

The claim was reported to NFU in June 2022. NFU accepted the claim, though it thought the property was quite significantly underinsured. NFU placed Mr C's belongings in storage and arranged alternative accommodation for him and his family (it purchased a static caravan that was placed on his land) whilst it attempted to dry the property. The parties all initially agreed that a drainage solution would be needed before repairs could take place, but NFU thought this work fell outside the policy cover. Though it said it would give Mr C a £5,000 flood resilience payment towards this work. However, Mr C then asked NFU to start repairs even though a drainage solution hadn't been found, and I understand the repairs began at some point in 2023.

In August/September 2023, Mr C stopped NFU's contractors from continuing with the repairs. NFU therefore offered Mr C a cash settlement, and this was based on the limits of indemnity under the policy. This reduced each week due to ongoing storage costs for Mr C's belongings. Mr C didn't accept this offer.

Mr C complained to NFU about its handling of the claim. NFU issued a final response on 3 January 2024, and it offered £450 compensation. Mr C was unhappy with this and brought a complaint to this service. Our investigator looked at what had happened up to 3 January 2024 and recommended total compensation of £900 be paid. Both parties agreed to this and the complaint was closed.

Mr C made a further complaint to NFU in July 2025 about his alternative accommodation. He said the caravan had a rat infestation and serious water damage. He thought he was living in uninhabitable conditions. He also said the water damage had been caused by NFU's contractor. Mr C thought the continued delays were unacceptable.

NFU issued a final response on 18 September 2025. It said the delays were outside of its control. It confirmed its agent had sent Mr C a letter on 2 September 2025 outlining its claims position and the next steps. With regards to the temporary accommodation, NFU said it had investigated the water damage, and the evidence didn't support that this was caused by its contractor. It said it was attending to the issues and was committed to restoring the damaged areas as quickly as possible.

Mr C brought a new complaint to this service. He said NFU hadn't taken any meaningful action with his claim. He also thought NFU had disregarded expert reports he'd provided, and he didn't think NFU had addressed his view that the alternative accommodation wasn't habitable. He was also unhappy with NFU's cash settlement offer.

Our investigator looked into things but didn't recommend the complaint be upheld. She set out how NFU had engaged with Mr C throughout the relevant period and didn't think NFU had acted unfairly by offering Mr C the full indemnity amount under the policy. She thought NFU had tried to address the issues Mr C had experienced with his alternative accommodation.

Mr C didn't accept our investigator's findings and so the matter has been passed to me for a 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.

Before I set out my findings, I'd firstly like to say how sorry I am to hear of Mr C's personal circumstances. It's clear he's been through a great deal, and I recognise this has been a really difficult time for him.

Turning to the complaint. Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly and fairly. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr C's complaint.

Handling of claim

I've considered NFU's handling of the claim since 3 January 2024 (as this service considered what happened before this under a separate complaint).

As Mr C hadn't wanted NFU to continue with repairs from mid-2023, NFU made a cash settlement offer in December 2023. This was the limit of indemnity under the various heads of cover, plus a £5,000 flood resilience payment. Mr C didn't accept this offer, and so NFU continued to try and engage with Mr C's agents to progress the claim throughout 2024 and 2025. It seems to me that much of the delay was on Mr C's side (though I appreciate he was dealing with significant personal circumstances). However, I can't see that NFU caused any avoidable delays after 3 January 2024.

Mr C says he's experienced bullying and psychological pressure from NFU to accept the settlement offer. Whilst it's clear NFU is keen to have the claim settled, that is what I would expect from an insurer. I haven't seen any evidence of bullying tactics or unnecessary pressure placed on Mr C or his agents by NFU.

Cash settlement

Although Mr C didn't complain to NFU about its cash settlement offer, our investigator considered it and NFU didn't object to her doing this. So, I've also considered it.

Whilst NFU initially looked into possible drainage solutions, it was thought this would be outside the scope of cover due to betterment. However, it said it was willing to give Mr C a £5,000 flood resilience payment, which Mr C could put towards this work. Although all the parties were initially in agreement that the drainage work should be done before repairs were carried out to the property, Mr C then asked NFU to do the repairs anyway. NFU was willing to do so but did put Mr C on notice that if he didn't get the drainage work done, then this might impact his cover going forwards. NFU was understandably concerned the property may continue to flood in heavy rainfall.

Usually, when repairs are started by an insurer, this changes the policy from one of indemnity to a repair contract. When that happens, we would expect any repairs carried out by an insurer to be effective and lasting. And where there's a significant risk that a property will flood in the future if preventative measures *aren't* put in place, then we might say that a repair wouldn't be effective and lasting without those preventative measures also being carried out. As otherwise the repairs may require redoing after a short period of time or on a regular basis.

I've thought about whether it would be reasonable here to say that because NFU started repairs, it should have also carried out the drainage work to ensure the repairs were effective and lasting. However, NFU knew that the repairs and drainage works would significantly exceed the sum insured under the policy. NFU made it clear that it wasn't prepared to do the drainage work, and so it could have cash settled for the repairs. Though as Mr C still wanted it to carry out the repairs knowing this, then I think it would be unfair for me to say that NFU should carry out the drainage works and the repairs.

NFU then offered a cash settlement for the repairs because Mr C wouldn't allow its contractors to complete the work. Despite the property being quite significantly underinsured, NFU didn't seek to reduce the sum insured because of this. Instead, it offered Mr C the maximum indemnity limit for the various heads of cover (buildings, contents and stables).

When Mr C made the claim, the policy schedule for that year said the rebuilding cost (that I'll call the sum insured) of the main property was £113,465, though this was index linked and automatically increased at each renewal. By the time NFU made its settlement offer in December 2023, it had increased to £120,611. NFU offered the full indemnity limit for the buildings plus the full indemnity limit for the contents and the stables (less the amount already spent on the claim and the excesses). NFU had also already paid £110,000 for the caravan as alternative accommodation, even though Mr C's limit of indemnity for this was £75,000. Finally, it also offered a further £5,000 flood resilience payment.

Taking everything into account, I think NFU's offer was fair. I say that because it was the maximum Mr C was entitled to under the policy for the buildings, contents and stables. NFU could have potentially reduced this amount by £35,000 to account for the additional amount it spent on alternative accommodation, but it didn't do so. NFU also offered the maximum sum assured for the stables, despite Mr C not making a claim for damage to this building.

Mr C has previously told this service that NFU advised him what sum insured he needed to take out, and he wasn't told it needed to be the rebuild cost. I can't see that Mr C has complained to NFU about this. If he thinks he was underinsured because of NFU, then he would need to complain to NFU about the sale of the policy in the first instance.

NFU made it clear that its cash settlement offer would reduce by £155 each week due to the ongoing storage charges it was paying for Mr C. Whilst Mr C is unhappy about this, NFU wasn't required to pay for this outside of the policy indemnity limit. So, I don't think NFU did anything wrong here.

Mr C says he doesn't know where his belongings are stored. I don't know if he's ever asked NFU about this. Though I see NFU let him know he could get in touch with the storage company directly about taking over the payments or moving his belongings elsewhere, and therefore it seems to me he could have called them to find out where his belongings were being stored if he didn't know. If Mr C is still unsure how to access his belongings, I would suggest he contacts NFU or the storage company about this.

Whilst Mr C is unhappy about the electricity used in NFU's attempts to dry the property, I agree with NFU that this would be considered as part of the claim and therefore fall under the indemnity limit. As the maximum indemnity has been offered, I don't require NFU to increase this to account for the electricity costs.

Professional reports

Mr C says NFU disregarded professional reports he'd provided. Though as our investigator pointed out, Mr C provided these reports to the agent of his legal expenses insurer. Although Mr C thinks NFU has since had sight of these reports from that agent and therefore considers there's been a conflict of interest, I haven't seen any evidence of this.

Alternative accommodation

NFU agreed to place Mr C and his family in alternative accommodation whilst the repairs took place. As Mr C has animals, it was agreed by the parties that NFU would purchase a static caravan to be used as temporary alternative accommodation, and this would be placed on his land. This was purchased for around £110,000 and I understand the initial plan was for NFU to sell this once the repairs had been completed. I don't know if the static caravan required planning permission, but I can't see that Mr C raised this with NFU at the time.

Mr C is unhappy that he's remained in the alternative accommodation for so long, but as I've said above, I don't think NFU has caused avoidable delays in the timeframe I've considered.

Mr C reported some issues with the caravan, namely rat infestation and an escape of water. NFU arranged for pest control to lay traps, but when they returned, the traps hadn't been activated. There was no sign of a rat infestation. NFU sent a plumber to deal with the escape of water, and a leak was found which was fixed. I understand NFU then dried the caravan.

Mr C says that NFU's plumber used mastic to seal the original leak which then failed, and a new plumber had to carry out the repair again on 21 March 2025. I've looked at the plumber's report from 21 March 2025, and this says the leak that was repaired was on the supply to the shower (a fitting on the wall was leaking). It doesn't mention anything about a previous attempted repair failing due to the use of mastic. So, I haven't seen any evidence which would suggest NFU's contractor caused the escape of water.

Overall, I think NFU dealt with the caravan issues as I'd expect. Although Mr C wanted NFU to move him into different accommodation, NFU had already spent more than the £75,000 policy limit on providing him with the caravan. So, I think it was reasonable for NFU to say he had exhausted his limit and therefore it wasn't required to find him an alternative place to live.

Although NFU originally intended to sell the caravan once it was no longer needed, to recoup some of the purchase price, NFU now accepts that's unlikely. If Mr C has any queries about the ownership of the caravan or if he wants to return it to NFU, I suggest he speaks to NFU about this.

Secondary damage

Mr C says there's secondary damage to his home caused by NFU's attempts to dry the property. I see that an expert acting on Mr C's behalf advised him that the damage had been exacerbated by NFU putting driers into the property because as the air warms, its ability to hold water becomes greater. The expert thought there had been secondary damage caused inadvertently as a result of the drying attempts.

However, Mr C has asked us not to share his expert reports with NFU. And in any case, he hasn't provided any evidence of the secondary damage he thinks NFU has caused over and above the water damage the property had already experienced.

It's also the case that another expert commissioned by Mr C said that if a flood alleviation scheme isn't possible, the property will need to be demolished and rebuilt on a raised platform or located elsewhere on the site. If that ends up being the case, then even if there were secondary damage caused by the driers, this wouldn't make a difference to the matter.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 April 2026.

Chantelle Hurn-Ryan
Ombudsman