

The complaint

Mrs C, through her husband Mr C, complains that The National Farmers' Union Mutual Insurance Society Limited ("NFUM") mishandled her claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is an estate car, first registered in 2017.

From March 2018, Mrs C had a comprehensive policy with NFUM.

In late May or early June 2022, Mrs C acquired the estate car subject to a 60-month agreement with a finance company.

Mrs C transferred a cherished number plate to the car.

NFUM and Mrs C renewed the policy including for the year from 7 March 2025. The policy covered the car with Mrs C as policyholder and Mr C as named driver. He was also a person authorised to deal with NFUM on her behalf.

By late August 2025, the car's MOT certificate had expired.

By late September 2025, the car had recorded a mileage of over 130,000.

Unfortunately, on 1 October 2025, a third party accidentally damaged the car. Between them, Mr and Mrs C made claims to NFUM and to the third party's insurer.

On the day of the accident, the third party's insurer told NFUM the following:

*"We can confirm that liability is not an issue.
We have spoken with your client today and are dealing with them directly."*

Nevertheless, NFUM decided the car was a total loss and its pre-accident value had been about £7,500.00. On about 7 October 2025, NFUM paid the finance company about £4,500.00 and Mrs C about £3,000.00.

Mr C says that he acquired a new vehicle.

The third party's insurers repaired the estate car and returned it to Mrs C. She informed NFUM. It asked her either to return the £7,500.00 or to allow NFUM to collect the car.

By an email dated 6 November 2025, Mr C told NFUM the following:

"I have every intention of sorting this matter out whether it is sending payment back but to do so I would need to sell the car as I do not have the funds to do so as the money I received from yourselves was used as deposit for a new car."

Mr C complained to NFUM.

By a final response dated 21 November 2025, NFUM accepted the following:

“our claims team failed to correctly review the email from the third-party insurer, which indicated they were dealing directly with you. This oversight led to the declaration of your vehicle as a total loss and the subsequent settlement payment. I acknowledge that this was an error on our part, and I’m truly sorry for any stress and inconvenience this has caused.”

NFUM offered Mrs C £300.00 compensation.

NFUM’s final response also included the following:

“Our claims team has proposed that you either return the repaired vehicle to us or return the total loss payment.”

Mr C brought the complaint to us in late November 2025.

Our investigator recommended that NFUM had made a fair offer to resolve the complaint.

Mrs C disagreed with the investigator’s opinion. She asked for an ombudsman to review the complaint. Mr C says the following:

“I think £300 is far too little compensation for the mistakes and information they received from myself to not follow up why our car was being fixed. If they had opened the missed email from [third party’s insurer] they would have seen they planned to fix it. When the recovery company (to lift car for scrap) and I told them my car was lifted the day of the accident and taken to [garage] to be assessed. Surely they would have told nfu they weren't able to lift the car, For all they knew I could have just said that and kept the car myself. When I phoned [garage] to see about getting the number plates off the car they told me it was away getting sprayed.. I phoned nfu and they just said "[third party’s insurer] possibly sold it to damage repair company " They just assumed things. They didnt check and confirm things. Ie. Not able to lift a car to be scrap (why not?) Car being painted (why not?) So £300 compensation for them not doing their job properly it cost me £8000 down payment and 4 and a half years of finance when I would have had my car back fixed at no financial burden to me whats so ever all because of them not picking up on these things is disgraceful in my opinion.”

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.

NFUM’s policy terms included the following:

*“Damage to the Car
What is insured
YOUR Cover
If the CAR is ...damaged WE will:
a) pay the cost of repair... or*

b) pay the amount of the loss or damage, or
c) replace the CAR.

WE will decide which of the above applies.

...

Maximum Amount Payable

The maximum WE will pay will be:

a) *the MARKET VALUE of the CAR...*

...

If the CAR is so badly damaged that it is uneconomic to repair it, WE will settle the claim and the damaged CAR will then belong to US."

So, on a damage claim under the policy, it was NFUM's decision whether to repair the car or to treat it as a total loss. On settlement of a total loss, the damaged car would belong to NFUM.

I accept that, rather than paying out the pre-accident value of the car, NFUM could've left Mr and Mrs C to get the third party's insurer to repair it.

However, Mr and Mrs C made a claim to NFUM. NFUM's engineer estimated the cost of repair of the car at a high percentage of its pre-accident value. So, notwithstanding that the third party's insurer offered repair, I don't consider that NFUM treated Mrs C unfairly by treating the car as a total loss.

I accept that NFUM's salvage agent wasn't able to dispose of the car. And the third party's insurer's repairer said the car was being painted. However, Mr and Mrs C rather than NFUM were responsible for pursuing or withdrawing the claim against the third party's insurer.

Mr and Mrs C didn't withdraw their claim to NFUM. They could've told NFUM they were claiming against the third party, but I find that they didn't.

Mr and Mrs C knew that NFUM was settling a total loss claim by the payments on about 7 October 2025.

I'm satisfied that the damaged car then belonged to NFUM. I don't accept that Mr and Mrs C had any reasonable expectation that they would get the estate car back at all, let alone repaired.

From a vehicle check, I've seen that DVLA issued a new V5 registration document for the estate car on 20 October 2025.

From a vehicle check, I've seen that the cherished number now relates to a large sports utility vehicle and first registered in 2019. In October 2025 it passed an MOT test with a recoded mileage of about 73,000. I've seen that by 25 October 2025, Mr or Mrs C applied the cherished number to that SUV.

So I accept that Mr or Mrs C had, by 25 October 2025, acquired a newer, larger and lower-mileage replacement for the estate car. I consider that was their choice. It was a choice made on the correct footing that, after the total loss payments, they didn't have any reasonable expectation that they would get the estate car back at all, let alone repaired.

So I don't accept that NFUM was responsible for any unfair act or omission that caused Mr or Mrs C to incur cost on an upgraded replacement vehicle that Mr C later complained was unnecessary.

Overall I don't consider that NFUM treated Mrs C unfairly by asking her either to return the £7,500.00 or to allow NFUM to collect the estate car.

I've thought about NFUM's failure to pick up that Mr and Mrs C were making simultaneous claims to NFUM and to the third party's insurer. I don't consider that this caused Mr or Mrs C a financial loss. I consider that NFUM's failure (and Mr and Mrs C's failure to clarify) caused Mr and Mrs C some inconvenience and upset at an already difficult time.

Weighing up NFUM's responsibility for that inconvenience and upset, I conclude that its offer of £300.00 was fair and in line with our published guidelines for compensation for distress and inconvenience. NFUM's final response said that the offer was still open for acceptance.

In April 2026, the estate car still has no MOT certificate and is the subject of a statutory off-road notification ("SORN"). I infer that Mr and Mrs C still have possession of it.

As I think that Mrs C has kept both the total loss payment and the estate car, I don't find it fair and reasonable to direct NFUM to pay any compensation to Mrs C at this time.

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 Mrs C to accept or reject my decision before 15 May 2026.

Christopher Gilbert

Ombudsman