

complaint

Mr V's complaint concerns the way The National Farmers' Union Mutual Insurance Society Limited (NFU) has dealt with his burglary claim, the time it has taken and the payments he has received for loss of rent and building works.

background

Mr V's property suffered a burglary which he discovered in November 2008. Much of the property was damaged during the burglary and copper pipes and cabling was stolen.

He reported the burglary to the police and contacted NFU to register the claim. NFU appointed loss adjusters to validate and deal with the claim. After the first visit to the property in December 2008, the loss adjusters then took a further six months to obtain the police report. Further delays ensued whilst Mr V obtained quotes. These were available in May 2010, but did not include electrical work for which further quotes had to be obtained. Further delays then occurred. Mr V's mortgagees insisted that any funds be paid through them and it was not until June 2011 that a cheque was sent to them to enable the building works to commence. NFU also paid loss of rent but did not say how it was calculated. After Mr V made a complaint to NFU, it agreed that the delays on its part were unacceptable. It paid him £1,000 in recognition of the distress and inconvenience caused and to take into account the increased premiums incurred by him whilst the property was unoccupied.

Mr V has made a complaint to this service. He remained dissatisfied about the following issues:

1. That NFU refused to pay him the full amount of lost rent to cover the whole period the property was empty
2. That NFU would not pay the increased cost of his builder, despite having previously agreed to pay an earlier quote *plus* VAT. Since the new builder was 20% more expensive but not VAT registered, he could not see the difference.
3. Generally the delays caused by NFU and its agents.

Our adjudicator upheld Mr V's complaint in part. He thought that NFU had not paid Mr V sufficient lost rent and recalculated that, taking into account delays on both sides, and recommended a further £750 to cover the distress and inconvenience suffered. With regard to the builder's invoices he proposed that NFU should pay VAT on the amount it had previously agreed with Mr V, if the builder is registered for VAT and provides evidence of it. NFU agree to this.

Mr V disagreed, in particular contending that he was not responsible for any delays, and asked for the matter to be referred to an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I will deal with the outstanding complaints as they have been raised by Mr V:

builder's invoices

There was some confusion about this. As I understand it Mr V was not asking for payment for VAT when it was not incurred. Instead he says that when the money was finally released by NFU, the builder who he expected to do the work was unavailable. He therefore instructed a different builder who was 20% more expensive but not VAT registered. He did not however obtain NFU's agreement to proceed in this way. Whilst I understand his point, it seems to me that it is quite possible that the builder will have to register for VAT, in which case NFU will then become responsible for paying the VAT. I think it is fair that NFU agree to pay VAT but only on the amount agreed and paid by it (£43,945), subject to the builder providing the necessary proof of registration.

rent

The amount of rent payable is particularly problematic. This matter has been going on for a number of years and the evidence as to who was responsible for what delays is unclear. There is also the question of how much rent Mr V was receiving prior to the claim. This is an informal dispute resolution service and I cannot say that any calculations as to loss of rent can be exact. It is clear that NFU (via its loss adjusters) was responsible for inordinate delays, some of which I have outlined above. It has admitted to having been responsible for the first 47 weeks of delay. It clearly should not have taken three years to release the money for the building works. On the other hand there are indications that Mr V was also responsible for delays eg he was away on business commitments for a number of months.

As regards the number of tenants, I can only make a decision based on the evidence Mr V has supplied. I have seen evidence that, before the claim, the property was rented to two tenants (out of four rooms available). Mr V has said he had tenants lined up to occupy the property in 2009, but I have not seen any documentary evidence of that, save a letter from a letting agent setting out the going rate for rent in 2008-9. Two tenants would have paid £75 each per week. Our adjudicator suggested that the loss of rent should be paid at a weekly rate of £187.50, which I think is fair.

As to the number of weeks it should be paid, the initial period of delay and the failure to obtain the police report is 47 weeks for which NFU has admitted fault. A reasonable length of time to complete the repairs is estimated at 12 weeks. For the period of delay between August 2009 and June 2011 the adjudicator proposed that NFU pay rent for half that time (44 weeks) meaning that Mr V was also responsible for delays during that time. Whilst accepting that it is a "rough and ready" calculation, I cannot find overall that it is unfair. Therefore the total period of payment for loss of rent is 103 weeks (47 + 12 + 44) @ £187.50, less any payments already made.

inconvenience payments

NFU, as I understand it has paid £1,000. This is partly in recognition of the distress and inconvenience caused and partly because of the higher premiums Mr V would have had to pay. Our adjudicator recommended a further £750 be paid. Taking into account the lengthy delays and the frustration and inconvenience caused to Mr V, I think that this is reasonable.

My directions below take into account the rent payments already paid and when each payment would have been due

my final decision

My final decision is that I uphold the complaint. I direct The National Farmers' Union Mutual Insurance Society Limited to:

1. pay VAT on the repairs up to a limit of that payable on £43,945, subject to proof that the builder is registered for VAT. If the repairs cost more than £43,975 (before VAT) it will not be liable for the VAT on the additional amount.
2. pay loss of rent for a period of 103 weeks at £187.50 per week, less the payments already made.
3. pay interest at 8% simple per annum (less tax if properly deductible), from the date each payment was due (every three months) to the date the first rent payment of £5,000 was paid.
4. pay interest at 8% simple per annum (less tax if properly deductible) from the date each payment was due (every three months) to the date the further rent payment of £3,437.50 was paid.
5. pay interest on item 2 above at 8% simple per annum (less tax if properly deductible) from the date each payment was due (every three months) to the date of settlement.
6. pay a further £750 to Mr V in recognition of the upset, distress and inconvenience caused to him as a result of its handling of his claim.

Ray Lawley
ombudsman.