

complaint

Mr and Mrs R have complained that The National Farmers' Union Mutual Insurance Society Limited (NFU) voided their home insurance policy (so cancelled it as if it had never existed) due to alleged non-disclosure of information.

background

Mrs R took out the policy over the phone. When she later received the policy documents in the post, she realised that some of the information was incorrect. Namely it said that no-one in the household had any criminal convictions. Mrs R immediately rang NFU to explain that her son did have a conviction.

NFU wrote to Mr and Mrs R asking them to explain why this hadn't been declared when the policy was taken out. Mrs R replied saying that she didn't recall the question being asked. She also said that she'd declared it to her previous insurer when she was asked and had made contact with NFU to rectify matters as soon as she became aware of it.

NFU then wrote to Mr and Mrs R saying that a question about convictions had been asked when taking the policy out and that Mrs R had answered 'No'. So it said that it was going to cancel the policy because it wouldn't have been able to offer cover if the correct information had been provided. It also said that Mr and Mrs R would need to declare this cancellation to future insurers.

After a short period of being without insurance, Mr and Mrs R were able to get cover from their previous insurer (and weren't charged any extra as a result of the NFU cancellation). Mr and Mrs R then complained to NFU but they didn't receive a final response to their complaint until almost six months later. The final response said that it accepted that Mrs R hadn't deliberately misrepresented the facts, so they wouldn't need to declare the cancellation to future insurers. It also offered to re-insure the couple, even though under normal circumstances it wouldn't be able to given their son's conviction. And it offered £100 for the delay in concluding the complaint.

Our adjudicator upheld Mr and Mrs R's complaint. She thought that NFU had acted reasonably by removing all record of the cancellation and by offering £100 for delay. But she didn't think that NFU had considered the distress that had been caused to Mr and Mrs R, so she recommended that NFU pay £200 compensation in total.

Mr and Mrs R disagree with the adjudication and so the complaint has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

NFU didn't record the phone call in which Mrs R took out the policy. So it can't say without doubt that Mrs R was asked a question about anyone in the household having a criminal conviction. Given this, Mrs R is particularly upset about the tone of the letter sent by NFU in which it advises that the policy is being cancelled. This basically says that she was asked the question and that she answered 'No'.

This seems to be based on the fact that NFU's call script includes that question. But as Mrs R has said, NFU have dismissed the possibility of an oversight by its adviser. Mrs R is very upset about being accused of lying and sees it as having her good name ruined.

Mrs R rang up to tell NFU about the incorrect information as soon as she received the paperwork. This isn't the action of someone who is deliberately trying to misrepresent a situation. On balance I doubt that Mrs R was asked a clear question over the phone about anyone having convictions. NFU don't know if she was or wasn't - so I do think that the cancellation letter sent to Mr and Mrs R is harsh in the circumstances. Ultimately NFU did come to the view that Mrs R hadn't deliberately misrepresented the facts. But it's a shame that common sense didn't prevail sooner. If it had, Mr and Mrs R would have been saved a lot of upset.

I agree with the adjudicator that NFU didn't consider the distress caused when it offered compensation. I also agree that £200 is a reasonable amount for the delay and the trouble and upset that was caused.

NFU have confirmed that all record of the voidance has been removed from its records, although Mr and Mrs R would like to be reassured about this.

For the reasons given above, it follows that I uphold Mr and Mrs R's complaint.

my final decision

My decision is that I uphold Mr and Mrs R's complaint. The National Farmers' Union Mutual Insurance Society Limited should:

- write to Mr and Mrs R to confirm that all record of the voidance has been removed.
- pay Mr and Mrs R £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 11 April 2016.

Carole Clark
ombudsman