

The complaint

Mrs S complains about the price quoted by The National Farmers' Union Mutual Insurance Society Limited ("NFU") to renew her home insurance policy. She also complains they delayed in sending her a quote despite having all the relevant information about her property, gave her insufficient time to make a decision on whether to take out the policy and about their decision to cancel the policy.

What happened

The background to this complaint is well known to the parties, so I won't go into too much detail but will summarise the key points. Mrs S says she has insured her home with NFU since 2000. She says, in late October 2022, NFU informed her they'd decided to withdraw the insurance product she'd taken out and this would be replaced by another product which would be available to Mrs S at renewal. Mrs S says she asked for a quote, but NFU said they couldn't provide a quote until Mrs S provided them with details about her property – information which Mrs S says they've had over the many years they've insured her property. Mrs S did then receive a quote which she says was significantly higher than what she'd paid the year before, but this didn't include Mutual Bonus savings and also stipulated conditions. Mrs S complained about these points and said NFU only allowed a short period of time to make a decision on whether to take out the policy which she found to be unfair as, after 20 years of paying premiums, she'd been given little time to undertake a full review of her position and make an informed choice.

NFU responded and explained Mrs S was on their 'Home and Lifestyle Plus' policy but, because they'd decided to withdraw this, it meant Mrs S would need to arrange alternative cover when her policy expired. They said, for the type of property owned by Mrs S, they would offer their 'Bespoke' policy. They said they require a meeting to take place with Mrs S to obtain specific and up to date details about her building and contents in order to provide an accurate quote. NFU said their agent took steps to arrange this meeting with Mrs S in October 2022, and a letter was also sent explaining the withdrawal of their 'Home and Lifestyle Plus' policy. NFU said, these measures were put in place by them to ensure Mrs S had enough time to discuss and consider the policy cover they could offer. NFU said they understand a meeting has been arranged with their agent to enable the cover to be discussed and a quote provided. They said, following the meeting, Mrs S will need to let them know whether she wants to remain on cover. NFU accepted they'd made errors in their communication with Mrs S about the amount of additional premium due and about cancellation of the policy. In recognition of this, they paid £100 compensation.

Our investigator looked into things for Mrs S. He thought NFU hadn't treated Mrs S unfairly in relation to the pricing, in offering Mrs S a separate product or in cancelling the policy. He felt the £100 compensation paid for the communication issues was fair. Mrs S disagreed so the matter has come 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.

Having done so, I've decided not to uphold the complaint. I understand Mrs S will be disappointed by this but I'll explain why I have made this decision.

Pricing

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mrs S paid £26,683.21 for her policy in 2022, and she was then quoted £32,555.46 for her renewal in 2023. So, I understand why Mrs S is concerned about the price increase. NFU have provided me with confidential business sensitive information to explain how Mrs S' price increase was calculated. I'm afraid I can't share this with her because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied the price she was quoted has been calculated correctly and fairly and I've seen no evidence that other NFU customers in Mrs S' position will have been charged a lower premium.

As mentioned above, I can't provide specific detail about NFU's risk model, but I can see there are a range of rating factors which were used to calculate a price. I've carefully considered these factors and I can't say there are any which would appear unusual or uncommon for an insurer to use when rating a home insurance policy. And, while some factors, when applied to Mrs S' property details, have acted to increase the premium, some have also acted to decrease it.

I've seen how Mrs S' policy was rated and the loadings which have led to the price increase. This forms part of NFU's pricing model so it applies to all policies. I think that's important here as it demonstrates the pricing model used to calculate Mrs S' premium was no different to what was used for any other customer in the same circumstances.

I think it's also important to point out, Mrs S' previous policy and the policy offered at renewal, are two different products. It's not unusual or uncommon for a business to rate two separate products according to a different pricing structure. I acknowledge Mrs S may feel this is unfair, particularly given the price difference between the two products. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. And the same insurer might apply different factors and loadings to different products. That's not to say an insurer offering a higher premium for a particular product has made an error if a separate product offered by the same insurer is cheaper - but rather, it reflects the different approach they've decided to take to risk.

Withdrawal of existing policy and request for further information

The information shows NFU took the decision to withdraw their 'Home and Lifestyle Plus' policy. I can see NFU say this was a decision they took based on a review of the product. I acknowledge it was frustrating for Mrs S to not be offered the same policy, but an insurer is entitled to make a business decision on whether to withdraw a product. Our service isn't able to direct a business to reinstate any policy in such circumstances or direct a business on

which products to offer. This is a commercial decision taken by NFU, so I can't say they've made an error here.

I can see a letter was sent to Mrs S on 20 October 2022 saying the decision to withdraw her existing policy meant, when Mrs S' current term comes to an end, this policy won't be available for Mrs S to renew. They said they do have two other products that may meet Mrs S' requirements and their agent will contact Mrs S to carry out a review.

I can see Mrs S asked NFU to provide a quote and they explained they can try and get an indicative quote without meeting Mrs S to carry out a review if they can get some further information they don't currently have. They asked for details about the security, safe and fire safety systems. I can see Mrs S said NFU already have this information because it was installed to their specification. NFU responded and explained they don't have the specification they gave Mrs S and things may have changed so NFU will require the details they've requested. NFU then explained they were in the process of producing an indicative premium based on the limited information they had. They also explained that the 'Bespoke' policy which they'll be providing a quote for, will require further information to be provided. They said this information will allow a better premium calculation whereas at this stage they can only work on assumptions.

NFU then provided a quote but explained it was subject to some conditions, these being, 1) a survey would need to be carried out shortly after renewal and Mrs S will be required to implement any of the requirements identified, 2) NFU would carry out a valuation of the property and the sum insured on the policy would need to be aligned to the valuation, and 3) confirmation of the safe rating and valuations of valuables exceeding £50,000 would need to be provided. NFU asked Mrs S to let them know if she wished to proceed within a period of around three weeks.

Taking into account all the information I've seen, I can't say NFU have acted unreasonably here. I think it's reasonable in the circumstances that NFU gave Mrs S advance notice of their decision to withdraw the 'Home and Lifestyle Plus' policy and that this wouldn't be available for Mrs S to renew. Information provided by NFU shows they established a process which required them to send this notification to their affected customers at least 60 days prior to renewal. In this case, this letter was sent to Mrs S on 20 October which was more than 60 days in advance of her renewal on 1 January 2023. So, I think Mrs S was given sufficient notice that her policy at the time wouldn't be available for renewal.

I acknowledge Mrs S wanted a quote and I don't think that's unreasonable in the circumstances as it would allow Mrs S to make an informed decision on whether to take out the 'Bespoke' policy. I can see NFU did ask for further information but, given the period of time Mrs S had been insured with NFU, I do understand why she questioned NFU about the further information they were requesting and why they should already have this. NFU have provided information which shows the specific features of the 'Bespoke' policy which made it necessary to obtain the information requested from Mrs S. This shows it was necessary to re-review the cover details from Mrs S' previous policy to ensure they remain adequate. So, I can't say NFU have acted unfairly here or that there's any evidence they've treated Mrs S differently to other customers in the same circumstances.

I can see NFU did then provide a quote, and this was based on the information they had. I acknowledge they requested Mrs S to make a decision within three weeks, but I don't think that was unreasonable in the circumstances. I say this because Mrs S' policy was set to expire around a month after the quote was sent. So, NFU would need confirmation of Mrs S' decision before the renewal date. In addition to this, given that Mrs S had already been informed the existing policy wouldn't be renewed, I think in the circumstances a three-week

period wasn't unreasonable for Mrs S to make a decision on whether, based on the price, she wanted to accept the quote or shop for another policy.

When the quote was provided, it set out some conditions. NFU have provided me with confidential business sensitive information which includes their underwriting criteria. This supports the conditions they set out and the steps Mrs S would need to agree to in the event she decided to take out the 'Bespoke' policy. The information provided by NFU demonstrates how the conditions would assist NFU in carrying out a full assessment on the presentation of risk. It's not unreasonable for an insurer to request further information to help them assess what risks are presented and then, if the risks fall within their underwriting acceptance criteria, to decide how those risks should be rated. So, I can't say NFU have acted unfairly here.

I can see Mrs S also raises a concern about the Mutual Bonus saving not being applied to the 'Bespoke' policy. NFU confirm the existing Mutual Bonus accrued under the existing policy was transferable and included in the 'Bespoke' policy quote. I haven't seen any information to suggest this wasn't the case, but in any event, the decision on whether the Mutual Bonus should be applicable to the 'Bespoke' policy is a business decision.

Cancellation of the policy and communication issues

I can see, on the basis Mrs S raised a complaint, NFU agreed to extend cover on the existing policy terms beyond the renewal date. This generated an additional premium but, following an email exchange between Mrs S and NFU, Mrs S confirmed she'd never requested an extension. It was then agreed that cover would be cancelled with effect from 1 January 2023. So, given this was agreed between the parties, and the information shows Mrs S didn't at any point agree to take out the 'Bespoke' policy, I can't say it was unreasonable for the policy to be cancelled.

NFU accept there were errors in their communication with Mrs S about the additional premium due for the extended period of cover and chasing the correct amount on the same day Mrs S had been informed about this. I can see the impact of this was limited as there's a short period between Mrs S receiving notification of the incorrect amount and this then being corrected by NFU. I acknowledge the incorrect amount led Mrs S to question this and ask why a higher amount was being requested, but I haven't seen any evidence of it having a wider impact. So, given the errors in NFU's communication and the duration of the impact on Mrs S, I think the £100 paid by NFU to Mrs S is fair and reasonable in the circumstances.

I can see Mrs S refers to the Consumer Duty principle as she believes it's applicable here. The Consumer Duty applies to open products and services from 31 July 2023. In this case, the events Mrs S complains about occurred prior to 31 July 2023. So, while Consumer Duty doesn't apply in this complaint, I wish to reassure Mrs S I have considered the facts against other relevant legislation as well as what's fair and reasonable in the circumstances.

I wish to reassure Mrs S I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 April 2024.

Paviter Dhaddy
Ombudsman