

The complaint

Ms E complained that the settlement received from The National Farmers' Union Mutual Insurance Society Limited ("NFU") was unfair under her home insurance policy.

What happened

Following a claim, Ms E thought the cash settlement she received was for the re-build of her outbuilding only. She was unhappy as she said she wasn't paid for the cost to her of having required electrical works carried out.

NFU said the settlement it paid included an allowance for the electrical works.

Our investigator decided not to uphold the complaint. He thought there was evidence that NFU had allowed for the cost of the electrical works in its cash settlement. Ms E disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 16 February 2024. I said:

Before I look at the issue in relation to the electrics, I wanted to clarify this is the only point I will consider. I can only consider points that Ms E raised with NFU. So, I haven't looked at her other issue with the treatment of the weather boarding – as it doesn't appear Ms E has yet submitted her claim for this.

NFU have provided me with the breakdown of the cash settlement it paid Ms E. It shows all the component costs. I can see the settlement that Ms E received included an allowance for electrical works totalling £2,860. This amount was greater than what Ms E said these works costed – she provided a quote with the details. So, I think NFU have reasonably included the electrical works within its settlement.

Ms E said she was told on a call the electrical works weren't part of the settlement she was to receive. There is no call recording of this conversation, so it's difficult to prove one way or the other. However, I can see an email was sent to Ms E later clarifying the electrics were included. I appreciate Ms E said she didn't see this communication.

I don't think Ms E has lost out financially as the cost to repair the electrics were itemised within NFU's internal documents outlining the details of the settlement. However, I do think NFU could've communicated better with Ms E so she knew better what the cash settlement included. I would've expected Ms E to have received a clear statement setting out the scope of works which supported her settlement, even if it didn't include the specific itemised costs.

Ms E said the information was discussed on the phone and she said NFU told her the settlement didn't include the electrics. I would've expected NFU to have kept a recording of this conversation. However, as I don't have evidence this evidence it's hard to form a view on what was said.

However, as I do think the information could've been communicated better which would've stopped any misunderstandings, I intend to award £200 additional compensation for the distress this has caused. Also, NFU by not keeping a call recording has added to the confusion, so this payment also allows for the inconvenience this caused.

I uphold this complaint. Given the lack of clarity on what was included in Ms E's settlement, I think if she can prove the overall settlement was insufficient for the actual scope it included, then I think Ms E should be entitled to raise a new complaint.

However, based on what I know, I intend to award the £200 additional compensation for the poor communication made to Ms E. I do think there was an allowance made in the settlement for the electric repairs.

Responses to my provisional decision

NFU didn't say whether it accepted or rejected my decision. It clarified the reason there wasn't a call recording as the call was made on an unrecorded line. NFU said *"we do have evidence of the settlement being communicated after the call took place, so it does feel we are being asked to pay compensation because the insured missed the email we sent"*.

Ms E rejected by provisional decision. She re-iterated that the settlement she received wasn't sufficient for her to carry out the works that were required. She seemed to think the settlement was for the *"shed build in isolation"*. Ms E said she thought the settlement for the shed was *"low"*, but it turned out even lower than she thought as she didn't realise it included a settlement for the electrics. So, in effect what has now surfaced is that Ms E doesn't think the settlement for the shed build itself was enough.

Ms E has also said she sent a quote to NFU to have her garage repaired but NFU haven't considered it.

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.

I understand NFU sent Ms E an email regarding the settlement. Ms E said she never saw it. However, I'm not sure this is relevant as the email itself didn't have any details apart from confirming the electrics were included in the settlement. I would've expected NFU to provide full details of the settlement, setting out the full scope and how it arrived at the settlement figure. Therefore, I still think NFU communicated the details of the settlement poorly, so I still uphold this complaint and award £200 in additional compensation.

To Ms E's points. I appreciate the settlement was for a different scope to what she thought, however, I don't think Ms E has raised her points clearly with NFU and provided evidence to support her view. So, I don't think NFU has all the information it requires.

I think Miss E has only raised the point on the electrics. I appreciate this implies that Ms E's view is that the settlement isn't enough (for the shed build) because she thought she was going to get a further £3k for the electrics once the shed was rebuilt. But Ms E hasn't provided any evidence that the settlement was unreasonable (for the scope of the shed including the electrics). Therefore, I think Ms E needs to provide this evidence to NFU, then I see no reason why it wouldn't consider this.

The same applies to the garage repairs. Ms E sent the quote to NFU after her complaint was raised but before the final response was issued. NFU have advised that the claim for the

weather boarding hadn't yet been considered, however, they would need a copy of the quote along with some supporting photographs. Our investigator asked NFU's claims department to get in touch with MS E to discuss this. The quote provided by Ms E doesn't provide a breakdown, so I can understand why NFU would need more evidence. But NFU does need to contact Ms E and be clear on what it needs. It needs to lead Ms E through the requirements.

To ensure both parties understand the next steps, I've set these out in my final decision below.

My final decision

My final decision is that I uphold this complaint. I require The National Farmers' Union Mutual Insurance Society Limited:

- Pay Ms E £200 compensation – for distress and inconvenience (NFU should also pay the £100 offered if it hasn't already).
- To consider any evidence Ms E provides to show the settlement for the shed / electrics wasn't sufficient
- To contact Ms E to discuss the quote provided for the garage / weather boarding and advise what further evidence it requires to fully consider Ms E' claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 1 April 2024.

Pete Averill
Ombudsman