

## **The complaint**

Mr and Mrs K complain that The National Farmers' Union Mutual Insurance Society Limited (NFU) have treated them unfairly in their handling and settlement of an insurance claim. Any reference to NFU will include those who acted on their behalf.

## **What happened**

Mr and Mrs K have home insurance with NFU and made a claim for an escape of water which was discovered following the appearance of damp in their property.

I don't intend to go into a huge amount of detail here as to what has happened throughout the claim, not least because it has been going on a long time. Both parties know what happened from their perspective, so I've focussed on outlining the crux of the matter which is in dispute.

Mr and Mrs K say there was a lot of back and forth before NFU agreed for them to proceed with repairs, using their own contractors. The contractors began work once it had been authorised. They felt it was preferable, if not necessary, to strip out the concrete flooring and replace the leaking pipes – before reinstating the flooring.

However, when the claim was submitted and settled, NFU said that wasn't necessary and had cost far more than the alternative option of drying out the flooring and rerouting the pipework. NFU said they hadn't agreed for Mr and Mrs K's contractors to do the work they did and so limited settlement to the costs involved in the cheaper option of rerouting the pipework and drying out the concrete. NFU said they hadn't authorised the methods that had been taken out.

Mr and Mrs K have a different take on that. They consider the work actually done was indeed necessary, and they also felt NFU had agreed to the methods which were used. Mr and Mrs K say this has left them at a considerable loss – because the claim settlement has been based on the cheaper option of rerouting and drying.

An investigator here looked into the matter. In short, they agreed that NFU had handled the claim fairly. While they acknowledged the claim had taken some time to be authorised, they felt that wasn't unreasonable due to its complex nature. And they didn't consider NFU to have provided confirmation that the methods used by Mr and Mrs K's contractors had been pre-authorised.

Mr and Mrs K disagreed so the case was passed to me to decide.

## **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'd like to start by saying that I don't intend to address each and every point made by either party. That isn't intended as a discourtesy, it merely reflects our informal nature – when

compared to the courts. As explained earlier, my focus is on the crux of the complaint, which is a) whether or not NFU authorised the work carried out, and b) even if they didn't, was the work proportionate and necessary.

It may be worth me stating that I am not an expert surveyor, that isn't part of my role. I'm here to weigh up the evidence provided by Mr and Mrs K and by NFU.

I think it is worth noting that NFU did suggest there were two options in relation to how the repairs may be completed. But, I don't believe they were offering that as a choice to Mr and Mrs K. Insurers will tend to go for the cheaper option – although, to be clear, they should only do so if it is capable of providing an effective and lasting repair.

NFU have maintained throughout that the cheaper option of rerouting the pipework and drying the concrete flooring was what they considered to be their preference. They may not have always been explicit about that, but there is a general requirement on policyholders to mitigate losses where they can. Indeed, there's a policy requirement for them to keep claim costs as low as possible.

So, it seems to me that when Mr and Mrs K (and their contractors) considered the more expensive option to be preferable, they ought to have sought approval from NFU before the works commenced.

Now, I acknowledge they say it was provided, but I haven't seen any persuasive evidence to corroborate that. And NFU are adamant that no such approval was provided. Without any tangible evidence to support either party on this aspect, I'm afraid I can't say the approval was provided. I've carefully reviewed NFU's file on the claim and if they'd agreed to works being carried out at a higher cost than they felt necessary then I'd expect to have seen that documented.

This brings me on to the second consideration. Regardless of whether or not NFU provided approval, if it could be shown that their alternative, and cheaper, option wasn't viable then I'd possibly be able to say that pre-approval was moot.

As I said, NFU have maintained throughout that the cheaper option was viable and I haven't seen enough to make me think otherwise.

Overall, my review of NFU's claim handling hasn't led me to believe they are just on a cost cutting exercise after the fact. The policy terms are clear on the responsibilities of both parties. I really do appreciate this will be disappointing to Mr and Mrs K given they've said it has eaten into their retirement savings, but by using their own contractors there's less room for a dispute.

I can't say whether or not Mr and Mrs K's contractors chose the best, cheapest or only option, but I think it would've been prudent – when going for the more expensive one – for agreement in writing to be confirmed before commencement of what was such a substantial claim.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 17 December 2024.

Will Weston  
**Ombudsman**