

The complaint

Mrs R complained about the poor customer service she experienced from The National Farmers' Union Mutual Insurance Society Limited ("NFU") during a claim under her car insurance policy. She's also unhappy her car was damaged by NFU's incompetence, which subsequently meant her car couldn't be repaired and was written off.

What happened

Mrs R's car was in for repairs under her policy with NFU. However, poor storage of the car whilst it was in for repairs led to significant water damage to the car, leading to both functional and cosmetic damage.

The car was beyond economic repair, so NFU decided to write-off the car and it offered Mrs R a cash settlement. The settlement value has been disputed by Mrs R and is the subject of a different complaint escalation with our service.

Over a period of around 12 months, NFU provided Mrs R a poor service. NFU acknowledged this and offered Mrs R £1,250 in compensation for the distress and inconvenience it caused. However, Mrs R thinks the level of compensation should be 3 or 4 times higher. She's unhappy with the extreme delays she's faced, the poor communication she's received, the time taken for her to deal with NFU and the lack of care it showed her when looking after her car.

Our investigator decided not to uphold the complaint. Whilst he had sympathy for the poor customer service Mrs R had received and he'd taken account of her vulnerable circumstances, he felt NFU had been fair in the compensation it had offered Mrs R. Mrs R disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 2 August 2024. I said:

"Before I go through my decision, I should clarify I will only consider the poor service element of Mrs R's complaints to NFU. The separate complaint that has been raised with our service in relation to the settlement she received for her vehicle, is outside of my jurisdiction and will be considered separately by another investigator / ombudsman.

In respect to the poor service element that I am considering, NFU have made a significant offer in £1,250 for the distress and inconvenience it caused. It is unusual we see businesses make such significant offers. I'd like to reference the framework our service uses when making such awards for distress and inconvenience.

We've said "an award of over £750 and up to around £1,500 could be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even potentially a serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year. It could

also be fair to award in this range if the business's actions resulted in a substantial short-term impact”.

Mrs R has asked for compensation 3-4 times higher than what has been offered, so I'll share the guidance our service has provided on these higher categories.

We've said “an award of over £1,500 and up to around £5,000 is appropriate where the mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. A mistake that has an extremely serious short-term impact could also warrant this level of compensation, but usually you'd expect some ongoing or lasting effects.

Examples at the higher end could include where the effects of the mistake are irreversible or have a lasting impact on someone's health or even resulted in a personal injury”.

There is no doubt in my mind when reviewing the complaint, Mrs R has suffered from NFU's actions – the delays, the poor communication, the excessive amount of her own time she has spent on the claim and the damage of the car itself. Therefore, I'm pleased NFU have recognised this distress and inconvenience when offering compensation.

I've carefully considered the reasoning Mrs R has put forward for rejecting the £1,250 compensation offer.

Mrs R has explained the circumstances of her claim. The car in question has deep sentimental value to her. I won't go into the details of this here, as it's personal to Mrs R. However, from her testimony to our service, I'm persuaded of the importance of this car to Mrs R.

Mrs R has explained that the hire cars she was provided / offered during the period of the claim weren't practical for her needs given her own circumstances. I think it's evident NFU were made aware of this as Mrs R had asked for improved transport. Unfortunately, her needs weren't met, and Mrs R said she relied on the use of taxis and public transport to meet her own needs, although she wasn't always able to take her pet with her on these journeys.

Given NFU had caused the problems, I think it ought to have provided a hire car like the one she had lost. Therefore, as she has incurred costs due to the inadequate transport provided, I intend that NFU reimburse these costs to Mrs R for the duration of the claim, where Mrs R can provide evidence of expenditure (e.g., receipts, bank statements, evidence of travelling etc). So, I intend to uphold this complaint.

Mrs R has explained the damaging impact NFU had on her by continuing to provide false expectation that her original car would be repaired and returned to her. She's said NFU's failure to honour its promise has left her with irreversible damage to her wellbeing. When Mrs R did eventually see her car in a damaged state, it caused her significant distress. By not having the car, which had been sentimental to her every time she drove it, she felt driving an alternative has increased the level of distress she has due to her own personal circumstances.

As I stated before, I think Mrs R's distress is real and is significant. The car acted as a symbol and a memory of an earlier period of her life. Driving the car gave her solace at a time she was vulnerable. So, whilst I think NFU have recognised the significant difficulties it caused Mrs R, I don't think it has considered her vulnerability at this time. The circumstances where her car was completely neglected is hard for her to reconcile when it had such

sentimental value for her. There has been ongoing impact on her health. The impact of NFU's mistake on Mrs R is irreversible. Therefore, I intend to uphold this complaint.

Whilst I appreciate Mrs R would like 3-4 times the level of compensation offered; I think this is unrealistic. However, I intend to increase the compensation offered by £500, I think this better represents the distress Mrs R suffered and continues to suffer. I think this is fair and is consistent with our framework".

Responses to my provisional decision

Mrs R wasn't happy with my decision and asked for a higher amount of compensation. She explained that the circumstances of what happened is still causing her distress. Mrs R reinforced some of the points she had previously made. She didn't feel NFU had made a formal apology to her. Mrs R said the original cheque she received for £1,250 from NFU hasn't been cashed and has now expired. She's also explained she has receipts for travel expenditure.

NFU didn't comment on whether it agreed with my decision, however, it did confirm it had no further points to make.

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 appreciate Mrs R has been put in a significantly stressful position due to the errors made by NFU. However, having considered the latest statement from Mrs R, I still think the compensation I have awarded is in line with our service's framework. It takes account of the long-standing impact of this event. So, I won't be changing the decision.

As Mrs R hasn't cashed the cheque, NFU once it is happy this is the case, should cancel the initial cheque and re-issue a new one for the original amount (£1,250 compensation). A further payment of £500 should be made, to act on this decision (this can all be made in one payment if it's simpler).

Mrs R will need to provide any receipts she has for transport costs directly to NFU and it will need to consider these following this decision and ensure the costs are reimbursed.

My final decision

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

- Reimburse transport costs to Mrs R for the duration of the claim, where Mrs R can provide evidence of expenditure (e.g., receipts, bank statements, evidence of travelling etc).
- Pay £500 additional compensation for distress and inconvenience. NFU should pay the £1,250 already offered, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 2 October 2024.

Pete Averill
Ombudsman