

The complaint

Mr and Mrs B are unhappy about the way a legal expenses insurance claim was dealt with by Liverpool Victoria Insurance Company Limited (“LV”).

References made to LV in this decision also refer to the actions of its agents.

What happened

The details of the complaint are well known to both parties, so I won’t repeat them in full again here. Instead, I’ll focus on providing my reasons for my decision.

What follows is only a brief summary of what I consider to be the main events which led to this complaint.

- Mr and Mrs B’s property was damaged by a neighbour. They wanted to take action against a third party to recover the costs of that damage as Mr and Mrs B considered they should be equally liable due to previous interactions that had taken place between the parties. Mr and Mrs B also sought an injunction against the neighbour to prevent any further issues.
- LV arranged for the matter to be considered by panel solicitors. The solicitors concluded the action Mr and Mrs B wanted to take wouldn’t be covered by the policy.
- Mr and Mrs B want LV to arrange a different firm of solicitors to review the matter. They explained they’d had problems with the panel firm and a complaint had been upheld regarding delays in responding to correspondence. They don’t think the solicitors truly understood the claim they were trying to make and therefore LV shouldn’t rely on the current advice.

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 agree with the conclusion reached by the investigator that the complaint should not be upheld. I do so for the following reasons:

- Legal expenses insurance policies aren’t designed to cover every possible event or action that may give rise to a legal claim. Insurers will decide what type and level of cover they want to provide and will set this out in the policy documentation.
- I can see from the information on file the legal helpline which Mr and Mrs B spoke to initially, let them know the policy doesn’t cover events which started happening before the start date of the policy. This was because Mr B has explained troubles with the neighbours had been happening for many years. The solicitors themselves then went on to consider whether the legal action Mr and Mrs B wanted to take would fall for cover under different sections of the policy. They concluded it wouldn’t and

they wrote to Mr and Mrs B to explain why.

- I've considered whether LV should have transferred the matter to a different firm of solicitors, and I don't think it should have. I understand the solicitors agreed that the level of service it had provided to Mr and Mrs B in respect of responding to correspondence had not been good. And I can appreciate why Mr and Mrs B lost faith in the solicitors because of this. However, this doesn't automatically mean the advice on the legal aspects of the case and policy coverage was wrong. Or that LV wasn't entitled to rely on the information that had been provided.
- Mr and Mrs B have strong views about how the legal claim should move forward and what legislation they believe should be referred to in doing so. And they've said they've been told they'd likely be successful in this course of action– I haven't seen any evidence of this however. Regardless, I can see the solicitors did provide their thoughts on referring to particular legislation in their communications with Mr and Mrs B so it appears they did broadly understand Mr and Mrs B's aim. While the legal case may not be covered by the insurance policy, it doesn't mean it can't go on to be successful in court – simply that the insurance policy won't cover the costs of pursuing it.
- Overall, I'm satisfied Mr and Mrs B's legal expenses insurance claim has been handled in a fair and reasonable way. It has been explained to them why the action wouldn't be covered by the policy terms and conditions. And I don't think LV needed to transfer the matter to an alternative firm of solicitors as requested by Mr and Mrs B. I won't therefore be asking LV to do anything further here.
- Mr and Mrs B have said they want a refund of premiums paid for the policy as they don't think it is fit for purpose. The policy provides cover for a number of issues, simply because this claim isn't covered it doesn't mean the policy isn't fit for purpose. Should Mr and Mrs B experience an issue that is covered by the policy terms it would then meet the legal costs associated with bringing such action. The policy has been providing cover to Mr and Mrs B and therefore the premiums have been correctly charged.
- Mr and Mrs B have commented about the way LV has dealt with an associated building insurance claim, however as this is a separate insurance product this has no bearing on the decision I have made here.

For the reasons set out above, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold Mr and Mrs B's complaint against Liverpool Victoria Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 23 October 2024.

Alison Gore
Ombudsman