

The complaint

Miss A complains QIC Europe Ltd (QIC) wrongly refused to provide legal expenses insurance (LEI) cover for her partner to pursue a claim for personal injury following a car accident, even though she was a “named driver” under her motor policy. And she was unhappy with the way in which the insurance claim was handled.

Where I refer to QIC, this includes their agents and claims handlers acting on their behalf.

What happened

In May 2020 Miss A bought car insurance, under which she was the primary driver and her partner was a named driver, through a broker. She took out LEI as an optional extra. QIC were the insurer for the LEI cover.

The policy began in early June 2020. In May 2021, Miss A and her partner were involved in a non-fault car accident. Miss A was driving at the time. They were put in touch with a firm of solicitors to pursue a legal claim for personal injury. The solicitors said Miss A’s partner would need to meet her own legal costs. When Miss A queried the position with QIC, they said the LEI didn’t extend to her partner, as she wasn’t driving the car when the accident happened.

Miss A disputed that. She spent a lot of time on calls getting hold of her policy documents and trying to resolve things. She complained about QIC’s refusal to cover her partner’s claim and about the service they provided. QIC said the LEI cover only applied for authorised drivers when they were driving the car. QIC acknowledged there’d been confusion about the extent of cover during calls Miss A had had with them and offered £30 compensation. Since Miss A didn’t agree, she brought her complaint to the Financial Ombudsman.

Our investigator agreed the LEI policy didn’t cover Ms A’s partner but thought an increased offer of £100 compensation for the distress and inconvenience caused by QIC’s poor service was fair to resolve the complaint. Since Miss A didn’t agree, her complaint’s been passed to me for a final 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.

In line with Financial Conduct Authority rules, we’d expect an insurer to handle claims promptly and fairly, and not unreasonably reject a claim made by a customer. The starting point for considering whether an insurer has acted reasonably is the policy wording.

The LEI cover Miss A opted to buy with her motor insurance had its own terms and conditions and definitions. Subject to the terms and conditions, the policy provided cover for legal costs in relation to the insured events it set out.

The relevant event here was uninsured loss recovery. The policy said, “*Following a road*

accident we will pay legal costs to negotiate a recovery of your uninsured losses from the person who was to blame for the accident”.

“Uninsured losses” were defined as ***“Any loss which an insured person is not able to recover under their motor insurance policy, which arises directly out of a road accident”.***

“Insured person” and ***“You/your”*** were defined as ***“the person named as the policyholder on the schedule, who has a motor insurance policy held under their name; and any authorised driver of the insured vehicle at the time of the incident.”***

Since Miss A was the policyholder named on the policy schedule with motor insurance in her name, she was covered under the LEI policy whether she was driving or not. The issue is whether her partner was an ***“authorised driver of the insured vehicle at the time of the incident.”***

Miss A argues that since her partner was a named driver under the motor policy, she was an authorised driver under the LEI policy at the time the accident happened - it didn't matter whether or not she was driving the vehicle at the time of the accident. But the LEI policy was separate from the motor policy. And it only provided cover for people other than Miss A if they were authorised to drive the vehicle, and were actually driving it, when the accident happened. I think the policy set things out sufficiently clearly. Since Miss A's partner was a passenger, I don't think she was covered. And it wasn't unreasonable for QIC to decline the claim.

Miss A had some difficulties accessing her policy documents on-line. She spoke to various QIC representatives on several occasions to discuss her concerns and her complaint. They took time to answer her queries and provided some inaccurate information about cover. That will have been frustrating, especially when Miss A felt the claim for her partner's legal costs ought to have been covered. I think the £100 QIC offered to pay, after she'd brought her complaint to us, is fair compensation for the distress and inconvenience she suffered.

Putting things right

QIC should pay Miss A £100 compensation for distress and inconvenience.

My final decision

I direct QIC Europe Ltd to pay Miss A £100 compensation for distress and inconvenience. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 9 September 2022.

Julia Wilkinson
Ombudsman