

## The complaint

P, a limited company, is unhappy with what Higos Insurance Services Ltd did after it contacted it about a legal claim that had been made against it.

## What happened

P is a company involved in the management of a property. In May 2022 it told Higos (its broker) about a letter of claim it had received from a leaseholder. That alleged P hadn't taken action to address water ingress to his property.

Higos contacted the insurers of P's management liability policy who said its policy excluded claims relating to property damage. In June 2002 Higos contacted the insurers of P's property insurance policy. A loss adjuster was appointed but cover was subsequently declined because the damage didn't result from an insured peril (it was regarded as a maintenance and upkeep issue). Higos also checked in general terms with the separate insurer of P's legal expenses policy. It didn't think a claim would be covered under this.

In response to the complaint P made Higos accepted there had been delays in it confirming cover wouldn't be provided under the management liability policy. It also accepted it didn't make clear that claims were being handled by different insurers or what requests for further information related to. It offered to pay £300 in recognition of the inconvenience P had been caused.

Our investigator agreed there had been failings by Higos. But he also noted P was aware from its policy documentation of who it needed to contact to make claims on its policies. He thought the £300 Higos had already offered was fair.

P didn't agree. It said it had trusted Higos as a professional broker to provide correct advice and information about what to do. And it hadn't suggested it should approach its legal expenses insurer. It had now done so and the claim had been accepted. It thought if it had done this when the claim was first made the legal fees it subsequently had to pay would have been covered by this policy. It thought Higos should be responsible for these.

I issued a provisional decision on the complaint last month. In summary I said:

*I've reviewed Higos's terms of business which are available online. In relation to claims these say "When we receive notification of an incident that could give rise to a claim, we will respond promptly, explain how we will handle your claim and tell you what you need to do. We will give you reasonable guidance to help you make a claim under your policy."*

*So, while Higos isn't responsible for the decisions P's insurers reached, it should provide support in line with those terms. I don't think it's in dispute that it didn't do everything it should in this case. In particular although it provided an initial notification of the claim to the insurers of the management liability policy it didn't provide P with information about the outcome of that for a number of weeks.*

*It didn't contact the insurers of the property insurance policy until a month after the claim had*

*been made. And it didn't contact the insurers of a legal expenses policy P held until September 2022 (around four months after the claim was first made to it). I can also understand why P found some of the requests it made confusing given these didn't make clear who the different parties involved with the claims were.*

*I've gone on to think about how that's impacted P and whether the compensation Higos has already offered does enough to put things right. P says Higos didn't advise it to approach its legal expenses insurer. And, if it had done, the legal fees it had to pay itself would have been covered by its policy.*

*I can see P did raise the issue of legal expenses insurance with Higos and it explained it had been in contact with the relevant insurer who advised they didn't think their policy would cover the claim. However, that insurer also made clear to Higos that P was free to submit a formal claim for further assessment. I can't see Higos made that clear to P. I think it should have done.*

*P says the claim it subsequently made was accepted by the legal expenses insurer and it's provided an email from March 2023 which confirms provisional acceptance of this. But it says the policy wouldn't cover costs it had already incurred. So P thought Higos should take responsibility for these because if it had submitted the claim earlier (or advised P to do so) these would have been covered by its policy.*

*I understand that argument. But having reviewed the available information it wasn't clear to me on what basis the legal expenses insurer had accepted P's claim. The policy referenced in its acceptance email wasn't one it appeared to be the insurer of. Nor was it clear what cover was available under that policy for the claim P made.*

*I asked the legal expenses insurer for further information on this. In response it confirmed it was no longer considering this claim. It said it had been assessed incorrectly using the wrong policy terms. The correct terms were the ones previously referenced in its response to Higos. And its position remained as set out in that email (which said the policy wouldn't cover the legal expenses claim P wanted to bring).*

*I appreciate this has been a confusing situation for P. But on the basis of the information I now have I can't conclude P's legal costs would have been covered if an earlier claim had been made to its legal expenses insurer. Although that claim was initially accepted the insurer has now made clear that was in error and its position remains as previously set out. I can't therefore say Higos should be responsible for the legal costs P incurred.*

*Nevertheless, I do appreciate P has been inconvenienced by what Higos got wrong. I recognise this will have caused P's directors to spend time dealing with issues which they could reasonably have expected Higos to be addressing. But I'm also mindful of the fact that some of that work would have been required in any case to respond to the claim that had been made against it.*

*P has suggested there should be some sanction on Higos in relation to (for example) not meeting the timeframes for providing a complaint response set out in the relevant rules. But it isn't for us to punish or fine financial businesses (that's the job of the regulator; the Financial Conduct Authority). Our role is to put right what a business got wrong in the individual complaints which are brought to us. On balance I think the £300 Higos has already offered is enough to recognise the impact on P of what it got wrong.*

*Finally, I can see in correspondence with Higos (and in its initial complaint to us), P queried whether the management liability policy had been mis-sold (given it contained a property damage exclusion). However, that isn't something P raised in response to the investigator's view or in the further comments it provided for me to consider. So it isn't something I've considered in this provisional decision. In any event, if P does have ongoing concerns about the sale of the policy, I think those would be best addressed as part of a separate complaint given it's a distinct issue from its concerns about what happened after claims were made.*

### **Responses to my provisional decision**

Neither party responded to my provisional 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.

As neither party responded to my provisional decision, I don't have any reason to change the conclusions I set out in it.

### **My final decision**

Higos Insurance Services Ltd has already made an offer of £300 to settle the complaint which I think is fair in all the circumstances. So my decision is that Higos Insurance Services Ltd should pay P £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 2 October 2023.

James Park  
**Ombudsman**