

## **The complaint**

Mr and Mrs S are unhappy with how Society of Lloyd's ("SoL") have dealt with a claim they made on a legal expenses insurance policy.

## **What happened**

Mr and Mrs S have made several claims under their legal expenses insurance policy. Most of these have not been covered by the policy and have been subject to separate complaints considered at this service.

This complaint concerns Mr and Mrs S's claim for misrepresentation and SoL's decision to pay them the remaining indemnity limit under their policy after solicitors refused to act further for them. In correspondence regarding this, Mr and Mrs S' personal data was breached, and SoL offered them £50 compensation to reflect the distress and inconvenience this caused.

Our investigator looked into the complaint and explained to Mr and Mrs S he thought SoL hadn't done anything wrong in paying them the remaining indemnity limit of the policy. He did however think the compensation amount offered to Mr and Mrs S should be increased to £100.

Mr and Mrs S did not agree with the investigator and asked for the complaint to be reviewed by an ombudsman. In doing so, they said that they are unhappy SoL is no longer providing them with a solicitor to pursue their legal action. They also commented they thought some of the other claims they've made should also be covered by the policy and pursued by SoL.

The case has been 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 understand Mr and Mrs S have strong views about what has happened and why they think SoL should continue to help them. I'm also aware they have raised other claims with SoL against different parties but related to the same matter and, they think these should be progressed also. I won't however be looking at those in this decision. This is because each of those claims have already been assessed at this service under different references and Mr and Mrs S have received responses on them.

The purpose of my decision isn't to address every single point the parties have raised or to answer every question asked. My role is to consider the evidence presented by Mr and Mrs S, and by SoL, to reach what I think is a fair and reasonable decision based on the facts of the case.

The terms and conditions of the legal expenses policy sets out the following:

***"CONDITIONS WHICH APPLY TO THE LEGAL EXPENSES SECTION OF THE POLICY***

*Where the Insurer's risk is affected by the Insured's failure to keep to these conditions the Insurer can cancel Your policy, refuse a claim or withdraw from an on-going claim. The Insurer also reserves the right to recover Legal Costs and Expenses from the Insured if this happens.*

#### **1. The Insured's Responsibilities**

*An Insured must:*

- a. tell **Us** immediately of anything that may make it more costly or difficult for the **Appointed Advisor** to resolve the claim in the **Insured's** favour*
- b. cooperate fully with **Us**, give the **Appointed Advisor** any instructions **We** require, and keep them updated with progress of the claim and not hinder them*
- c. take reasonable steps to claim back **Legal Costs and Expenses, Communication Costs**, employment tribunal and employment appeal tribunal fees and, where recovered, pay them to the Insurer*
- d. keep **Legal Costs and Expenses and Communication Costs** as low as possible*
- e. allow the **Insurer** at any time to take over and conduct in the **Insured's** name,"*

I can see that Mr and Mrs S were notified on several occasions that the way in which they were approaching their claim and corresponding with the parties involved was not helpful. They were also given adequate warning of the policy terms and what action could be taken if things didn't improve.

The solicitors refused to act further in the case citing a lack of co-operation from Mr and Mrs S, confusing correspondence, refusal to respond to questions and communication by Mr and Mrs S to the third party which was potentially jeopardising the claim.

Mr and Mrs S have argued the solicitor firm only took this action as it subsequently went into administration, however this assertion isn't backed by any evidence. What is clear from the evidence that is available to me, is that the behaviour cited took place over a period of time, it was brought to the attention of Mr and Mrs S and improvements weren't seen. Usually when a solicitor firm goes into administration existing clients are transferred to other firms. I think more likely than not, this would have happened had there not been any existing concerns.

Having reviewed everything, I don't think SoL were unreasonable in taking the action that it did. Strictly speaking, in line with the policy terms, SoL could have withdrawn all cover. However, I'm pleased to see here that it made a payment to Mr and Mrs S for the remaining indemnity limit. I think this was a fair thing to do, the cost of seeing the legal action through to conclusion was, more likely than not, always going to exceed the indemnity limit for the policy and as such SoL would have paid out this money to lawyers in any event.

SoL have admitted it caused trouble and upset to Mr and Mrs S by sharing details of their claim unintentionally with a third party, when it replied 'all' to an email. I think £100 compensation adequately reflects the impact its error had here.

#### **My final decision**

My final decision is that I uphold Mr and Mrs S' complaint against Society of Lloyd's. I direct Society of Lloyd's to pay Mr and Mrs S a total of £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 19 October 2023.

Alison Gore  
**Ombudsman**