

## **The complaint**

Mr K says U K Insurance Limited (UKI) mis-sold him a legal expenses insurance policy.

## **What happened**

In August 2022 Mr K contacted UKI as he'd received a letter from his neighbour's solicitor about a dispute. The adviser confirmed he didn't have legal expenses insurance with his existing policy but she could add this to it. She said he could then make use of it two weeks after that had taken place. Mr K queried if that applied to his current dispute. The adviser said it did although the claim would also need to have reasonable prospects of success. Mr K took out the legal expenses cover.

Following receipt of further correspondence from his neighbour Mr K contacted UKI again in March 2023 and claimed on his policy. I understand that claim was initially accepted but funding was withdrawn in August 2023. That was because UKI realised the claim related to a pre-existing dispute. UKI paid compensation and covered the legal costs which had been incurred up until that point. Those issues have been considered by our service as part of a separate complaint and don't form part of this decision.

In relation to what happened when the policy was sold our investigator agreed UKI had given Mr K incorrect information about what the policy would cover when he spoke to it. But she didn't think it likely he'd have found cover elsewhere for what was by then a pre-existing dispute. And as Mr K decided to retain this policy once he was aware of what it covered she thought it likely he'd still have taken it out even if he'd known this earlier.

She didn't think the error in relation to the sale had caused Mr K to pursue legal action he wouldn't otherwise have taken and thought the £250 UKI had already paid was enough to recognise the distress and inconvenience Mr K was caused by what it got wrong.

Mr K didn't agree. He said he was reassured by the information he was given in his call with UKI and if it had been made clear to him what the policy covered he would have settled the claim before court action began.

## **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.

From the information I've seen it appears this policy was sold to Mr K on a non-advised basis. So under the relevant rules UKI should have provided him with clear, fair and not misleading information so he could decide for himself if the policy was right for him.

I don't think it's in dispute UKI was at fault here. Mr K was clear in his call that he wanted the policy to assist with a neighbour dispute he'd already received a solicitor's letter about. And the policy doesn't cover "*incidents that begin before cover started*". So UKI should have made that clear to Mr K. Instead, the adviser wrongly suggested a claim would be covered as long as it was made 14 days after the policy was taken out.

As a result I've gone on to think about what the impact on Mr K of that error has been and in particular what he'd have done differently if given clear information about what this policy covered. I agree with our investigator it's unlikely he'd have found cover elsewhere that would have covered him for what was by then a pre-existing dispute. Legal expenses policies like this operate in a similar way and so others would likely have had a similar exclusion for pre-existing events. I don't think Mr K would have found cover from a different insurer at a price he was prepared to pay that would have covered the claim he wanted assistance with. And given this policy was relatively low cost, and Mr K chose to keep it even after he knew about the exclusion, I think it's most likely he'd still have gone ahead if the position had been made clearer when he first took it out.

I appreciate Mr K's key argument is that he would have sought to settle the claim with his neighbour earlier (and so avoided the court action he's now embroiled in) if he'd known his legal expense insurance wouldn't cover this. I do understand that Mr K is now in a difficult situation and I was sorry to learn about this. But I don't think I could reasonably conclude that's come about because of what UKI got wrong when the policy was sold to him.

I recognise Mr K may have been reassured to learn he had, in principle, got legal expenses cover in place which would cover this claim. But that claim would always have been subject to the other terms and conditions of the policy including the requirement for it to have reasonable prospects of success (which the adviser specifically referenced when she spoke to him).

So I don't think Mr K could reasonably have thought cover for his claim was assured and take action on that basis. In addition, even if he had sought to resolve matters with his neighbour at an earlier stage there's no guarantee that would have been successful. But I do accept Mr K will have been caused distress and inconvenience when he realised UKI had given him the wrong information in his initial call with it. However, I think the £250 it's already paid is the right amount to recognise the impact of that on him.

I appreciate Mr K then encountered further difficulties because when his claim was made to UKI that was initially accepted in error. But, while I understand the point he's raised in relation to this, those matters were considered as part of a separate complaint to our service. They aren't ones I'm considering in this decision which is about what happened when his policy was sold. For the reasons I've explained I don't think there's anything more UKI needs to do to put things right in relation to that.

### **My final decision**

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 March 2024.

James Park  
**Ombudsman**