

The complaint

Miss T complains about delays in assessing her claim for legal cover by One Insurance Limited (One Insurance).

What happened

Miss T had a home insurance policy with legal cover underwritten by One Insurance.

Miss T suffered a personal injury following the use of a product she believes was faulty. She wanted to make a claim on her legal cover so that she could make a claim against the seller (S) of the product and attempted to do so at the beginning of July 2023. S went into administration in August 2023.

One Insurance finally reviewed Miss T's claim in February 2024. It accepted that Miss T did – based on the evidence it had seen – have a claim against S. But because S had gone into administration it looked like a claim would cost more to pursue than it was likely to recover and therefore absent any further information it would not be able to assist Miss T with her claim. It did accept that Miss T had experienced failings and poor service to date and therefore offered her £300 in compensation.

Miss T did not think this was fair compensation. She thinks that had the claim been brought before S had gone into administration she may have been paid for her claim (which she values at around £5,000). She also thinks £300 is inadequate compensation for the hours of time she has lost and the frustration she has suffered.

Miss T feels very let down about what happened and as a result a number of complaints have or might be raised by her. This decision concerns only the complaint that One Insurance failed properly to progress the claim which resulted in an unreasonable delay and potentially caused Miss T to fail to be compensated by S before it went into administration.

The investigator recommended the complaint be upheld. She thought it was unlikely Miss T's claim would have been able to progress to a satisfactory conclusion given the short space of time between the injury and S's administration. She thought the service failure Miss T suffered was significant and the delay of seven months was excessive. She therefore recommended that One Insurance pay Miss T £500.

One Insurance didn't agree with the investigator's view. It noted that it had been told the complaint would be split into three separate complaints and queried whether the compensation of £500 was for all the complaints.

The investigator confirmed that the £500 compensation was only for the delay in assessing the claim in the first instance. She confirmed her recommendation that Miss T should receive £500. She said that One Insurance was made aware of the claim as early as 3 July 2023. But the claim wasn't assessed until 27 February 2024 after involvement from our service– a delay of over 7 months. And it is for this reason essentially that she considered the increased award of £500 is warranted as this was she felt extremely excessive.

One Insurance have asked for an ombudsman's decision. It feels that £300 is fair for the part it played in the failings being considered.

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.

Miss T feels very let down about what happened and as a result a number of complaints have or might be raised. I want to make it clear that for this decision I am only looking at One Insurance's delay in considering her claim.

One Insurance has accepted there were failings in the handling of Miss T's claim.

I am not satisfied that I can say on balance that had the claim been handled properly Miss T would have succeeded in receiving the approximately £5,000 compensation she was seeking from S. So, I won't be making an award based on compensating Miss T for the loss of compensation for her personal injury. I do accept, however, that the uncertainty surrounding this will have added to Miss T's frustration and I will be taking this into consideration when deciding my award.

I am satisfied that One Insurance knew or ought to have known that Miss T had made a claim. I am satisfied that it is most likely failures in One Insurance's processes resulted in the claim not properly being considered until February 2024. I have said 'most likely' in the previous sentence because I have not been given a clear explanation of what happened that caused the failings. This is because One Insurance has not been able to establish a clear picture because of a member of staff's departure.

Like the investigator I regard the delay in responding to Miss T's claim as excessive and unacceptable. Miss T had suffered an injury which resulted in temporary blindness and pain. Whilst dealing with this she made a claim and was not appropriately supported by One Insurance. Miss T strikes me as a very sensible woman and a pragmatic one, but I can understand how even the most pragmatic and sensible person might still feel lingering frustration that they will never know if they could have made a successful claim against S because their insurers failed to act within a reasonable timeframe. Taking all of this into account I think the £500 recommended by the investigator seems fair and reasonable and so that is the award I will be making.

Putting things right

To put things right I will order that One Insurance pay Miss T £500.

My final decision

I uphold this complaint and order that One Insurance Limited pay Miss T £500 for the delays in assessing her claim for legal cover.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 July 2024.

Nicola Wood
Ombudsman