

The complaint

Mr H is unhappy with what U K Insurance Limited did after he made a claim on his legal expenses insurance policy.

What happened

Mr H has a dispute with the letting agent of a property he owns. In October 2022 he sought assistance from his legal expenses policy. UKI referred the matter to one of its panel solicitors for an assessment of whether it had reasonable prospects of success (a requirement of the policy). In January and July 2023 UKI asked the panel firm for an update on progress but didn't receive a response. In March 2024 Mr H contacted UKI and said he hadn't heard anything from the panel firm since February 2023 (following which he'd been out of the country).

UKI said it wasn't responsible for the actions of the panel firm and once a claim was referred to a firm they were in control of its day to day management. However, it said it had asked the firm for an urgent update on the progress of Mr H's claim.

Our investigator thought UKI should have done more to ensure Mr H's claim progressed. It had sent two chasers to the panel firm but hadn't received a response. And UKI would have been aware a prospects assessment hadn't been provided on a claim it had referred to the firm in October 2022. He thought UKI should pay Mr H £100.

Mr H agreed with what our investigator said but queried whether a new firm would now be appointed to his claim. However, he subsequently said the panel firm had contacted him, his claim had been referred to a different team internally and further contact was awaited.

UKI didn't agree. It said there had been no contact from Mr H prior to March 2024 and it thought it had taken appropriate steps once he did get in touch with it. It wasn't unusual for a panel firm to not be in contact about a claim for a protracted period of time and it had no reason to think Mr H's claim wasn't progressing as it should.

So I need to reach 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.

The relevant rules and industry guidelines say UKI has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

It's a condition of Mr H's policy that any claim needs to have reasonable prospects of success which it says means "*for civil cases, the prospects that the Insured Person will recover losses or damages... must be at least 51%*". As an insurer isn't a legal expert we don't think it's in a position to carry out that assessment and it should be carried out by a suitably qualified lawyer who has relevant experience.

So I think it was right in this case that UKI referred the matter to a panel solicitor so that assessment could be carried out. And UKI isn't responsible for the actions of the panel solicitor. If Mr H is unhappy with how they progressed his claim that's something he can raise as a separate complaint with that firm.

However, I've thought about whether UKI should have taken further steps to progress the claim after it had been referred to the panel firm. I recognise it didn't receive any contact from Mr H until March 2024. And where a claim has been accepted as having reasonable prospects of success and the underlying legal case is progressing I think UKI is right to say the day to day running of the claim would be the responsibility of the solicitors involved and not something it would be involved with.

But that isn't the case here as no prospects assessment has ever been completed. UKI was aware of that and was also aware it had received no response to the two chasers it sent the panel firm asking for an update. So, while I appreciate Mr H didn't contact it, I think the significant time that had elapsed since the claim was referred to the panel firm coupled with the lack of response to updates should reasonably have prompted UKI to take follow up action. And while it's difficult to say exactly what would then have happened I think it likely the prospects assessment would have been progressed more quickly than was in fact the case (no significant action appears to have been taken on this by the firm between October 2022 and April 2024).

I've taken into account that Mr H didn't pursue either UKI or the panel firm for a significant period of time. But I still consider that he's been caused some inconvenience which could have been avoided if UKI had followed matters up as it should. I think it's right it pays him £100 in recognition of that.

Mr H also queried whether UKI would appoint a different panel firm. However, the current firm now appear to have contacted him and it appears the prospects assessment is being progressed by them. If Mr H is unhappy with the steps they now take that's something he can raise with that firm and with UKI. And I'd then expect UKI to consider whether it would be appropriate to appoint an alternative firm (taking into account the difficulties Mr H has already encountered over a sustained period of time with the current firm). But I don't think that's something I need to direct as an outcome to this complaint.

My final decision

I've decided to uphold this complaint. U K Insurance Limited will need to put things right by paying Mr H £100. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 31 October 2024.

James Park
Ombudsman