

The complaint

Ms P says U K Insurance Limited (UKI) mis-sold her a legal expenses insurance policy.

What happened

Ms P took out insurance with UKI in June 2010 which included legal expenses cover. After making claims on that policy she found it contained an exclusion for claims arising from or relating to a lease. Ms P is a leaseholder and said the exclusion meant the policy was unsuitable for her. And UKI hadn't told her about it when selling the policy. So she thought it had been mis-sold and that prevented her from progressing claims relating to her property.

UKI said when the policy was sold Ms P would have been provided with information about it and it was for her to check it met her needs. Our investigator didn't think the policy had been mis-sold. She thought this was a non-advised sale. And she didn't think the exclusion for claims relating to a lease was a significant or unusual term of the policy that UKI should have drawn to Ms P's attention. She thought the exclusion was clearly set out in policy information Ms P would have been provided with at the time.

Ms P didn't agree. In relation to the sale of the policy she said the exclusion was never brought to her attention until a more recent complaint to UKI. She'd told UKI she was a leaseholder when taking out cover and hadn't been provided with policy information at that time. And she highlighted the different ways in which an insurance policy could be mis-sold. 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.

Ms P says this policy wasn't suitable for her and there was a duty on UKI to ensure that was the case. But that would only be the case if this was an advised sale. As it took place in 2010 the information about what happened at that time is limited (which I don't find surprising given this was over 14 years ago).

However, UKI says this was a non-advised sale and Ms P hasn't provided any detailed recollections of what happened at the time which make me think otherwise. So I think it's likely this was a non-advised sale. That means UKI didn't have to check whether the policy was suitable for Ms P but it did have to provide her with clear, fair and not misleading information so she could decide for herself whether it was right for her.

I understand the policy was sold during a telephone call between Ms P and UKI but a recording of that conversation isn't available. So it's not clear what information it provided her with about the legal expenses policy. But its responsibility under the relevant rules was to provide appropriate information about the policy so a customer could make an informed decision about whether to take it out. That should include information about the significant benefits, exclusions and limitations of the policy. I think a significant exclusion or limitation is one that would tend to affect the decision of customers generally to buy.

The issue in this case is the legal expenses policy Ms P was sold contained an exclusion for claims relating to "*leases, tenancies or a licence to occupy*". But that would only impact a limited number of people in itself (those who had a lease, tenancy or licence to occupy) and it would only affect them where the claim they wanted to make related to one of those things (and the policy provided cover for other matters such as personal injury claims, employment disputes and other contract disputes). So I don't think this exclusion is one that would affect the decision of customers generally to buy.

However, I appreciate Ms P says she told UKI she was a leaseholder during her call with it. If that was in the context of a discussion about the legal expenses policy it might have been reasonable to expect UKI to highlight the exclusion in response. But Ms P hasn't provided any more information about the conversation she had and I would find it surprising if she was able to recall in detail what was said in a discussion that took place over 14 years ago. On balance, I can't conclude there's more UKI should have done here. And the relevant section of the policy terms explain what the legal expense insurance does and doesn't cover.

Ms P says she didn't receive policy information after taking out cover in 2010. However, she has been able to provide us with the welcome letter and policy schedule which references the policy booklet. So if that information wasn't received by Ms P I'd have expected her to contact UKI to ask for it which she doesn't appear to have done. In my view Ms P had access to the information she needed to decide whether this policy was right for her and I don't think it was mis-sold by UKI.

I understand Ms P is also arguing the exclusion in question wasn't part of the policy from the outset. I don't think that's right, the 2010 policy terms do exclude claims relating to leases within the contract disputes section of cover. However, I appreciate the exclusion is worded slightly differently in later terms and appears to have been extended to the 'Protecting your property' section of cover. If Ms P feels that's a change which should have been drawn to her attention and wasn't that's something she can raise with UKI as part of a separate complaint. It isn't something I'm considering in this decision which is about what happened when the policy was sold in 2010.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 February 2025.

James Park
Ombudsman