

The complaint

Mr M complains about ARAG Legal Expenses Insurance Company Limited's (ARAG LEI) handling of a claim he made on a legal expenses insurance policy.

Mr M's policy is underwritten by ARAG LEI, which previously operated as DAS Legal Expenses Insurance Company Limited (DAS LEI). His policy documents refer to DAS LEI as the underwriter and his claim (and complaint) was handled by DAS LEI. My decision will refer to ARAG LEI as it's the current name of the underwriter of Mr J's policy, and liable for claims made on it.

What happened

Mr M held a legal expenses insurance policy with ARAG LEI. The details of his complaint, and the events leading up to it, are known to both parties, so I'll briefly summarise these.

Mr M was dismissed by his employer in November 2023. He contacted ARAG LEI as he wanted to take legal action against the employer.

After his appeal against the dismissal was rejected by the employer, Mr M sought to proceed with the claim.

Solicitors appointed by ARAG LEI concluded that the first element of his claim didn't have reasonable prospects of success, but that other elements of the claim required further assessment.

ARAG LEI appointed a new firm of solicitors to carry out this further assessment in February 2024. Mr M was in regular contact with the solicitors and ARAG LEI between February and April 2024 about the claim.

In April 2024, Mr M made a complaint to ARAG LEI. He was unhappy about the lack of action taken by the solicitors and lack of contact he'd received from them. He said that as a result of the delays, he'd appointed solicitors privately to register a claim and provide advice.

ARAG LEI rejected his complaint, and our investigator agreed that they hadn't done anything wrong in the handling of the claim. Mr M didn't agree and asked for an ombudsman's 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.

On receipt of information from Mr M, ARAG LEI appointed the first firm of solicitors. They concluded that the first element of the claim didn't have reasonable prospects of success. It's a condition of Mr M's policy that in order for cover to continue to fund legal costs, the claim needs to have such prospects. Mr M doesn't appear to be disputing this assessment.

The solicitors identified there were other elements to Mr M's claim, but they didn't have

capacity to assess the prospects of success of these. ARAG LEI appointed a new firm of solicitors to carry out this assessment. Mr M hasn't raised any complaint about ARAG LEI's actions during this first part of the claim.

Mr M was in regular contact (both by email and phone) with ARAG LEI to say he hadn't received contact from the solicitors. He noted he was concerned about the lack of direct contact from the solicitors, and about the possibility of deadlines to issue proceedings being missed. On receiving contact from Mr M, I'm satisfied ARAG LEI made reasonable attempts to chase the solicitors, forwarding his emails or details of his contact and queries, and asking them to update Mr M directly. Those were generally done within a few days of Mr M's contact, and I'm also satisfied he was appropriately updated about the action being taken to chase the solicitors.

Our service can't consider the actions of the solicitors, but rather whether ARAG LEI acted appropriately when informed of the lack of contact and perceived delays to the claim.

I've considered whether ARAG LEI should have withdrawn the instruction to the solicitors in light of Mr M's contact outlining the lack of updates. I can see that when chasing the solicitors, ARAG LEI was told by the solicitors that the matter was being considered and the instructions to update Mr M would be passed to the solicitors' representative who was responsible for the conduct of the case. I don't think there was sufficient evidence or reason for the instruction to be withdrawn. I'm particularly conscious that doing so would have likely resulted in further delay to the claim (as well as additional costs being occurred which could limit the funding available for Mr M's claim), as new solicitors would have needed to be appointed and they would have needed to assess the claim and consider the evidence.

I understand Mr M decided to appoint a separate solicitor to deal with preliminary matters before a deadline, but I can't conclude this was due to a failure on the part of ARAG LEI. As I've outlined above, I'm satisfied it handled matters in line with what I'd expect to see, and that if there were avoidable delays, it wasn't because of a lack of action or impetus on ARAG LEI's part.

Furthermore, regulations relating to the freedom of choice of solicitors in legal expenses insurance say that a claimant can use a preferred solicitor if there is a conflict of interest or once legal proceedings have been issued. Our service's general approach to such matters is in line with these regulations. From the evidence available to me, there was no conflict of interest and Mr M's appointment of a solicitor was done in order to deal with preliminary matters before a deadline (as opposed to the proceedings having already been issued). It seems to me that ARAG LEI was entitled to appoint the solicitors, in line with the terms and conditions of his policy, and for them to remain instructed throughout the relevant period.

I'm also aware ARAG LEI's appointed solicitors concluded in April 2024 that Mr M's claim for the supplementary elements, similar to the initial claim, didn't have reasonable prospects of success. Mr M hasn't made a complaint about that assessment so I won't comment further on this.

My final decision

I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 April 2025.

Ben Williams

Ombudsman