

The complaint

Mr and Mrs H complain about the handling of their legal expenses insurance claim by HDI Global Specialty SE.

What happened

The following is intended only as a brief summary of the relevant events. Additionally, for the sake of simplicity, I have largely just referred to Mr and Mrs H, HDI, and the appointed adviser, which I'll refer to as S.

Mr and Mrs H benefit from legal expenses insurance cover through a policy underwritten by HDI. In 2022, Mrs H was employed by a third party – a parish council – for several months. Mr H had been a councillor on that council, but resigned to avoid a conflict of interest. After Mrs H's employment was terminated, she submitted an employment claim for unfair dismissal and discrimination.

At some point following this, both Mr and Mrs H were barred from attending the council's premises.

Mrs H then contacted HDI in April 2023, requesting that it cover the cost of this employment claim. HDI appointed S to assess the likely success of the claim and to provide Mrs H with legal assistance. Having confirmed that Mrs H's claim had more than a 50% chance of success, HDI confirmed that the claim was covered. However, this cover was subject to certain conditions, including the need to keep legal costs and expenses as low as possible, and to allow HDI to take over and conduct the claim.

As the claim proceeded, it was referred to judicial mediation. The respondent (the parish council) made an offer of £15,000 in settlement. S considered that an appropriate offer was between £12,000 and £14,000. So, it advised that the respondent's offer was reasonable. Based on this, HDI informed Mrs H that this would need to be accepted or it would not pay further legal costs.

Mrs H was unhappy with this. She wanted the claim settlement to include the lifting of the restriction on her and Mr H attending council premises. She also did not consider that the offer was legal. HDI did not alter its position though, and has not covered the further costs it seems Mrs H has incurred.

Mrs H complained about this decision, bringing her complaint to the Financial Ombudsman Service. Our Investigator did not recommend the complaint be upheld though. She thought that HDI was entitled to rely on the legal opinion of S that the offer was reasonable and ought to be accepted.

Mrs H remained unsatisfied, and this complaint has been passed to me for a 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.

Having done so, I am not upholding this complaint. I'll explain why.

I would like to assure Mr and Mrs H, as well as HDI, that I have considered all of the submissions made. However, I do not intend to comment on each of the points raised. Partly this is a reflection of the informal nature of the Ombudsman Service. But also my role here is limited to considering whether HDI's decision not to cover further costs was fair and reasonable.

I have noted Mrs H's comments about the offer from the respondent being unlawful. However, it is not my role to consider whether it was or was not unlawful. It is to determine whether HDI was entitled to rely on the advice it received from S that the offer ought to be accepted.

I appreciate that Mrs H has said that HDI ought to have sought an independent review of the advice from S. However, whilst I note Mrs H's concerns about the legality of the offer, S was presented with Mrs H's arguments over the lawful nature of the offer, as well as her other concerns around this. S then provided HDI with advice that the offer could and should be accepted. S pointed to other avenues of ensuring that the offer was complied with, even if there were issues with this aspect. And, given it received advice from a suitably qualified expert who had considered the relevant arguments, I consider that HDI was entitled to rely on the legal advice it received here.

If Mrs H considers the legal advice she received from S to be incorrect, it is open to her to raise her concerns about this with S, its own regulator, and the Legal Ombudsman.

I also note that Mr and Mrs H are unhappy with the restriction placed on them in terms of attending the respondent's premises. It does seem likely that this arose, at least in part, as a result of Mrs H's employment and potentially the claim she made. However, I don't consider that this means this issue is something that falls within this insurance claim.

The cover provided from HDI includes:

"A dispute with the insured's current, former or prospective employer relating to their contract of employment or related legal rights."

Mr and Mrs H's legal right to attend council property is not related to her (or his) employment with the respondent or otherwise. Her employment with the respondent did not give rise to this right. So, whilst I appreciate the removal of this right is quite possibly linked to her employment (or more accurately the breakdown in the relationship following this employment), I consider HDI acted fairly and reasonably in concluding that a claim relating to this was not an insured event.

I appreciate this is not the outcome Mr and Mrs H were hoping for. But I am unable to fairly and reasonably ask HDI to do more in the circumstances of this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 14 February 2025.

Sam Thomas

Ombudsman