

## **The complaint**

Mr B and Mrs G complain about the way QIC Europe Ltd has dealt with a claim on their legal expenses insurance policy. They say the full indemnity limit has been used without anything to show for it.

Where I refer to QIC, this includes its agents and claims handlers acting on its behalf.

## **What happened**

Mr B and Mrs G made a claim on their policy to cover the costs of a boundary dispute with their neighbour. The claim was accepted and QIC appointed a panel firm of solicitors to act for them.

Evidence was obtained and the solicitors corresponded with the neighbour's solicitors about the dispute, but Mr B and Mrs G were unhappy with the progress of the case. They said the claim had been mismanaged and after three years they had run out of funding, but court proceedings hadn't been started. They were unhappy they would have to pay further costs themselves.

Mr B and Mrs G have made a number of complaints about the progress of the case and QIC provided a final response to each. After the third complaint was responded to, they referred the matter to this Service.

QIC said the case had taken a long time because it was complicated, with costs being used up on obtaining expert evidence, but it was appropriate that panel solicitors dealt with the case and they had followed the advice given by the solicitors.

Our investigator said it was a complex case, so Mr B and Mrs G should have been able to appoint their own choice of solicitors, and there should be a review of the costs incurred to date.

He recommended that QIC appoint a costs assessor to report on the costs incurred so far and then pay for a barrister's advice on the merits of the case and costs incurred; if they found any issue with the costs, this should be added to the indemnity limit.

QIC didn't agree and requested an ombudsman's decision. I issued a provisional decision saying I did not intend to uphold the complaint, for the following reasons:

- The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim.
- The policy terms say QIC will appoint solicitors to act for the policyholder but, if it's necessary to start court proceedings or there's a conflict of interest, the policyholder may appoint their own solicitors. That's in line with standard practice and relevant law.

- The policy doesn't allow Mr B and Mrs G to choose their own solicitors simply because the case is complicated. If the case is particularly complex or unusual it may be fair for them to choose their representative, but this would only be in exceptional circumstances, for example where the case involves a particular expertise which isn't available from a panel firm. I'd expect to see something from the solicitors they wish to use explaining why the case is particularly unusual, such that they need to be appointed. Having considered the circumstances of this case, there's nothing to show that's the case here.
- With regard to the time taken to pursue the case and the amount of costs incurred, the key issue is the way the case has been managed. Insurers are not responsible for the way the solicitors carry out litigation on a day-to-day basis. Once QIC appoints a solicitor, its role is limited to funding the case. It has little control over how the claim is run and is not responsible for how the solicitors have handled the case.
- The only exception to this might be if there were obvious and avoidable delays keeping Mr B and Mrs G informed on the progress of the claim and QIC was (or should have been) aware. Even then, its role would be limited to finding out what was causing the delay and discussing what action might be needed. It can't control how the legal case is managed.
- Reviewing the costs that have been incurred would involve reviewing how the legal case has been handled and I can't review the solicitors' actions. It's not for me to say whether the case has been handled correctly or whether costs have been wasted as those are legal issues and I'm only considering how QIC has dealt with the insurance claim. If Mr B and Mrs G are unhappy with the solicitors' actions the appropriate way to deal with that would be through a complaint to the solicitors and, if necessary, to the Legal Ombudsman. If any such complaint is upheld QIC may then be able to review whether that affects the amount of costs available for the indemnity limit.
- I appreciate it will be very disappointing for Mr B and Mrs G if the complaint is not upheld, but I'm limited in what I can consider and for the reasons given, I don't think the complaint should be upheld.

### **Replies to the provisional decision**

Mr B and Mrs G have replied to the provisional decision with some further comments:

- The solicitors dragged out their case for over four years. They became frustrated and offered suggestions to them and QIC on how they could resolve the dispute, but these were not followed.
- They had many conversations expressing their concerns. With the benefit of hindsight, it appears the only intention of the solicitors and QIC was to take the case to court regardless of costs, as they had the potential for financial gain.
- They are not legal experts and relied on them for advice; they were not able to influence or control them. They have been left in a terrible position, potentially losing their home and with a severe impact on their health.

### **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.

I know the situation has been distressing for Mr B and Mrs G, and they now find themselves in very difficult circumstances. However, as I explained in my provisional decision, I can only consider how QIC dealt with the insurance claim they made on their policy. I can't consider the solicitors' actions, or how they have managed the litigation.

The further comments Mr B and Mrs G have provided focus on the delays in their case and the failure to reach a settlement. I don't doubt the impact that has had on them, but it concerns the way the legal dispute has been dealt with, which is not something I can comment on. Any issues with the handling of the legal dispute or the costs that have been incurred would need to be addressed through the solicitors' complaints process.

In the absence of any further evidence about the insurance claim, there's no reason for me to change my provisional decision. So while I know it will be extremely disappointing for Mr B and Mrs G, I'm not upholding their complaint.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs G to accept or reject my decision before 19 February 2025.

Peter Whiteley  
**Ombudsman**