

The complaint

Mrs L is unhappy with what Fairmead Insurance Limited did after she made a claim on her legal expenses insurance policy.

What happened

In May 2024 Mrs L sought assistance from her legal expenses policy with a claim against architects who she'd entered into a contract with. After reviewing the claim Fairmead turned it down the following month. It said the policy didn't cover claims directly or indirectly caused by anything to do with extending all or part of your home. It thought that applied here. However, it accepted there had been some delay in that decision being reached and paid Mrs L £75 in recognition of the impact of that on her.

Our investigator didn't think the claim had been fairly declined. He noted no building work had actually taken place and planning permission hadn't been sought. He thought this was a contractual dispute relating to the purchase of goods or services for Mrs L's private use and it was unfair to decline it on the basis of the exclusion Fairmead had used.

Fairmead didn't agree. It said the exclusion covered anything directly or indirectly to do with extending a home and did cover the contract Mrs L had entered into.

I issued a provisional decision on the complaint earlier this month. In summary I said:

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

I've looked first at the terms and conditions of Mrs L's policy. That does provide cover to pursue a legal action directly arising from "you buying or hiring goods or services for your own private use". So in principle the policy could cover the dispute Mrs L has with the architects firm as it arises from a contract she entered into with them. But the legal expenses policy contains a general exclusion for "Claims directly or indirectly caused by, arising from or contributed to by...anything to do with building, rebuilding, converting or extending all or part of your home".

I think it's clear the contract Mrs L entered into with the architects was for an extension at her home (she confirmed that was the case when she emailed Fairmead on 31 May 2024). That work didn't in the end progress because Mrs L believed the architects would be providing project management services which turned out not to be case. So no extension work has in fact taken place.

But the exclusion Fairmead are relying on doesn't require that to have happened in order for it to apply. It references claims arising (directly or indirectly) from anything to do with extending all of part of "your home".

And the work the architects invoiced for refers to site visits and meetings, the production of drawings and designs and the development of concept plans which all relate to the proposed extension at Mrs L's property. So I think Fairmead was right to conclude her claim (which does relate to those invoices) did arise from the proposed extension work at her property and so was caught by the policy exclusion. And I don't think it acted unfairly in turning down the claim as a result. I also think the compensation Fairmead offered of £75 for the relatively short delay in that decision being reached is appropriate. I understand that amount has already been paid to Mrs L.

Responses to my provisional decision

Fairmead didn't respond. Mrs L was disappointed the outcome of her complaint had changed but didn't make any further comments.

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.

As neither party has provided any further comments for me to consider I don't have any reason to alter the findings I set out in my provisional decision.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 27 February 2025.

James Park
Ombudsman