

The complaint

Mr and Mrs L's complaint is about a claim they made on their UIA (Insurance) Limited ('UIA') legal expenses insurance policy which was declined.

Mr and Mrs L feel that UIA declined their claim unfairly.

What happened

Mr and Mrs L held a legal expenses insurance policy with UIA. The policy ended at the end of May 2023. Before it did, they were notified that UIA would no longer be their legal expenses insurer on renewal and that another insurer would take their place. Mr and Mrs L proceeded with this renewal accordingly.

During UIA's period of insurance, Mr and Mrs L started having problems with their neighbours over a property issue. They sought to resolve these directly with their neighbours. After the UIA policy ended Mr and Mrs L realised that the issue was not capable of resolution and sought assistance from their current insurer. The current insurer declined the claim on the basis that the incident that gave rise to the claim took place before the policy was in place (claims occurring policy). As a result, Mr and Mrs L claimed on their UIA policy. UIA said they also wouldn't cover the claim because their policy required them to report the matter during the period of insurance, and that period had ended by the time Mr and Mrs L reported it (claims made policy).

Our investigator considered Mr and Mrs L's complaint against UIA and concluded that it should be upheld. UIA didn't agree so the matter has been passed to me to determine.

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 uphold Mr and Mrs L's complaint for broadly the same reasons set out by the investigator.

It's not in dispute that Mr and Mrs L reported the claim to UIA less than three months after their legal expenses insurance policy with them ended and that the policy required the claim to be reported during the period of insurance.

As the investigator said, it is our longstanding approach that where a policyholder has continuous cover, and their claim is rejected for the reasons it has been here- namely because one insurer has provided a claims made policy and one has provided a claims occurring one- we take the view that one of those insurers need to accept the claim. In determining who that should be we look which insurer is the most appropriate in the circumstances. In this case I agree that it is UIA. I say so because Mr and Mrs L's policy with the other insurer clearly sets out that it does not cover claims that originate before cover was in place. That's not unfair. The purpose of insurance is to cover matters that may or may not occur rather than known problems. In this case the event that gave rise to the claim started

during UIA's period of cover.

In order to successfully argue that it is unfair for them to accept the claim because it was made outside the period of cover, UIA would need to demonstrate that they were prejudiced in some way by the late notification.

In this case the claim was notified less than three months after cover ended. That's not a long time. UIA haven't demonstrated that the late notification itself has prejudiced their position in any way. Relying on the policy terms on a standalone basis where continuous cover is in place and the claim falls between two stools, isn't sufficient to justify it being declined. For that reason, I agree that they should put things right by now accepting Mr and Mrs L's claim.

UIA have argued that they weren't able to continue offering cover for legal expenses insurance to Mr and Mrs L when their policy ended because they sold their book to the new insurer. As such they say the new insurer is and should be responsible for Mr and Mrs L's claim because they took on the renewal and therefore should have appreciated the risks of moving cover from a claims made to a claims occurring policy. I appreciate that UIA have tried to obtain the new insurer's agreement to accepting this claim for the reasons they've mentioned, but this is a matter between them and not for this Service to determine. Our role is to consider whether UIA did anything wrong and if so, put things right. For the reasons I've set out here, I think UIA should have accepted this claim because it was the most appropriate insurer to do so. If UIA feels that the other insurer is responsible for it then that is a matter for them to pursue directly, but as far as this Service is concerned, they are responsible for considering Mr and Mrs L's claim, subject to the remaining policy terms.

Putting things right

UIA should:

- Accept and assess Mr and Mrs L's claim as if it was made during the period of cover, subject to the remaining policy terms.
- Pay Mr and Mrs L £200 in recognition of the distress and inconvenience caused to them by declining their claim when they did. This sum takes into account the impact of this on them which would have been both stressful and frustrating given their underlying legal dispute, which was continuing to unfold.

My final decision

I uphold Mr and Mrs L's complaint against UIA (Insurance) Limited and direct them to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 27 June 2025.

Lale Hussein-Venn
Ombudsman