

The complaint

Mr D complains that ARAG Legal Expenses Insurance Company Limited has unfairly declined a claim under his landlord legal protection insurance policy.

Where I refer to ARAG, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

- Mr D took out a landlord legal protection policy, underwritten by ARAG, effective from 21 February 2024.
- In May 2024, Mr D made a claim for rent arrears as his tenant had stopped making payments on 28 February 2024.
- ARAG declined the claim on the basis the series of events giving rise to the claim started within the 90-day waiting period.
- Mr D didn't think this was unfair and he raised a complaint. He accepts that rent arrears accruing within the waiting period aren't covered but says arrears from May onwards should be met by the policy as each missed payment is a distinct event.
- ARAG maintained its decision to decline the claim. But it acknowledged there had been some delays in progressing it. To put things right, ARAG offered compensation of £75, which Mr D accepted, and ARAG paid.
- Mr D brought the complaint about his declined claim to our Service. But our Investigator didn't uphold it as she was satisfied ARAG had declined the claim in line with the policy terms and hadn't treated Mr D unfairly.

As Mr D doesn't agree with our Investigator, the complaint has been passed to me to decide.

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'd like to reassure Mr D that whilst I've condensed what he's told us in far less detail and in my own words, I've read and considered all his submissions. I've taken everything into account, but I won't comment in detail on every single point that has been made. Instead, I'll focus on the key points that are relevant to the outcome I've reached. That's in line with our remit, which is to resolve complaints promptly and with minimal formality.

Mr D's landlord legal protection insurance policy says it will cover rent arrears when a tenant defaults. But, as with all insurance policies, a claim needs to satisfy the policy terms and conditions in order to be met. No insurance policy will cover every eventuality.

The key policy term which is relevant here says:

"We agree to provide the insurance described in this policy...subject to the terms, conditions, exclusions and limitations set out in this policy, provided that...the date of occurrence of the insured incident is during the period of insurance."

The policy defines "date of occurrence" as:

"For insured incident 5 tenant default, the first date that any of the rent due under the terms of the tenancy agreement (or any other amount agreed between you and your tenant) is not paid, unless this event and any other event leading to a claim have arisen from the same originating cause, in which case the date of occurrence will be the first of these events."

The relevant policy exclusion says:

*"Claims in first 90 days where the tenancy agreement pre-dates policy:
Any disagreement with your tenant when the date of occurrence is within the first 90 days of the first period of insurance and the tenancy agreement started before the start of this policy, unless an equivalent legal expenses and tenant default policy was in force prior to you insuring with us and cover has been maintained continuously between that previous policy ending and this policy starting."*

Mr D's policy started on 21 February 2024 and his tenant went into arrears five days later. It's not in dispute the arrears began in the first 90 days of the policy, and ARAG explored whether Mr D held a previous policy, but he didn't. As such, I'm satisfied it was fair and reasonable for ARAG to decline the claim.

Mr D says he should be covered for the arrears that accrued after the 90-day waiting period ended. But I don't agree. I say this because the policy is clear the date of occurrence for tenant default claims will be the first date when rent is due but not paid. Mr D's tenant didn't pay rent for six months consecutively and whilst each missed payment is an event, it's not an isolated event. Rather, it's a series of events arising from the same originating cause and it's the first of those events which is the date of occurrence.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 21 August 2025.

Sheryl Sibley
Ombudsman