

The complaint

Mr and Ms G complain that ARAG Legal Expenses Insurance Company Limited (“ARAG”) has unfairly handled a claim under her legal expenses insurance policy.

Any reference to Mr and Ms G or ARAG includes respective agents and representatives.

What happened

The background of this complaint is well known between the parties, so I’ve provided a summary of events.

- Mr and Ms G made a claim under their ARAG legal expenses policy related to a neighbour dispute. ARAG told Mr and Ms G they had spoken to a panel firm (Firm B) who could arrange an in-person meeting if needed.
- Mr and Ms G arranged for a more local firm (Firm A) to handle matters. And after some issues occurred they approached ARAG who, after some back and forth, agreed to allow them to pick another solicitor or use their panel solicitor (Firm B). In June 2024 Mr and Ms G said they agreed to use Firm B providing they were able to arrange an in-person meeting.
- ARAG wrote to Mr and Ms G and said it would cover reasonable and necessary costs incurred by appointed representatives so it was for the firm itself to determine if a meeting would be reasonable and necessary. ARAG’s message also mentioned Mr and Ms G failing to co-operate with a previously appointed solicitor, and said it was expected they would need to co-operate fully with the newly appointed firm.
- Mr and Ms G were unhappy with these messages, saying the tone of email would influence the solicitors’ decision to meet with them. Furthermore, they had not failed to co-operate with the previous firm. They raised these concerns with ARAG.
- I understand ARAG has since said it didn’t have anything to support that Mr and Ms G hadn’t previously complied with an appointed solicitor.
- At the end of July 2024 Firm B reached out to Mr and Ms G to say it had been passed her claim. Mr and Ms G explained they were not willing to agree to any terms at this time as their ongoing concerns hadn’t been resolved by ARAG.
- In September 2024 Mr and Ms G sought their own independent legal advice from Firm C. They raised a complaint with ARAG, seeking the incurred costs alongside wider concerns, but didn’t hear back. So, the matter came to this Service.
- One of our Investigators looked into things. She explained she assessed the complaint based on the evidence provided to this Service by Mr and Ms G as ARAG hadn’t provided anything. She upheld the complaint, saying:
 - ARAG’s email regarding Mr and Ms G’s actions with previous solicitors was upsetting and not substantiated. She said ARAG had failed to manage expectations regarding an initial meeting with Firm B. Although she said the information ARAG did give regarding this was fair.

- Mr and Ms G said they would've sought their own solicitor had they known this. But the Investigator said they still had this option but didn't take it.
- ARAG's panel solicitor reached out to Mr and Ms G in late July 2024 to move matters forward. But Mr and Ms G did not take any action with the solicitor as she wanted answers from ARAG regarding her complaint. The Investigator said Mr and Ms G had enough to move their claim forward and could've queried matters regarding an in-person meeting with Firm B directly. The Investigator also said the unsubstantiated comments from ARAG regarding compliance with previous solicitors had no bearing on the claim proceeding.
- The Investigator awarded £200 to take account for poor communication and delays and not engaging with Mr and Ms G's concerns earlier. She did not award the legal costs Mr and Ms G incurred in taking advice as she wasn't persuaded this was necessary to progress the matter.
- Mr and Ms G disagreed with the view. They raised concerns about the scope of the complaint (that didn't address complaint handling) and wording of the assessment. They provided a substantive response, which in summary said:
 - We had not addressed breach of contract between her and ARAG as it was now not communicating with them.
 - They reiterated concerns about ARAG's complaint handling and said we had not held it account for this – mentioning specific agents of ARAG. And they reiterated concerns regarding ARAG's previous comments about their lack of co-operation with a previous solicitor and the impact of this.
 - The investigator had failed to take into account our rules or regulations related to the complaint handling.
 - The £200 compensation would put Mr and Ms G into a worse position if they were to accept it as they cannot continue their claim.
 - The Investigator's timeline of events misrepresented the impact of what happened to create a weakened narrative.
 - ARAG's silence and lack of co-operation with this Service should indicate malicious intent.

This didn't change the Investigator's mind, so the matter has been passed to me for an Ombudsman's final 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'm upholding this complaint. I'll explain why.

When considering what's fair and reasonable in the circumstances I need to take into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

My role as an Ombudsman at this Service requires me to say how I think a complaint should be resolved quickly and with minimal formality. That means I'll focus on what I consider to be the crux of the complaint.

Where I don't comment on every point made by the parties, that's not to say I haven't seen

or considered them, it's just I don't consider it necessary to specifically reference them in reaching my decision. This is not intended as a discourtesy, but a reflection of the informal nature of this Service.

In this case ARAG has accepted there's cover under the policy – so this isn't a matter I need to consider. But there are several complaint points Mr and Ms G have raised. I'll consider these in turn.

Complaint handling

Mr and Ms G have been very clear that they believe ARAG has failed to follow its own complaint processes, and raised concerns about the timeframes, and quality of responses they've had in relation to this. I'm satisfied that these matters are solely related to complaint handling and therefore not matters I can consider as this is not a regulated activity in its own right. Mr and Ms G evidently feel extremely strongly about this – and I would stress my comments here may appear curt for the reason I simply cannot consider these matters.

Customer service issues

Mr and Ms G have raised concerns about various aspects of ARAG's behaviour. A key part of this relates to an email from June 2024. In essence Mr and Ms G were under the impression that Firm B would be willing to hold an in-person meeting as ARAG had given comments to this effect in 2022 prior to the appointment of Firm A. I understand from Mr and Ms G's testimony a call took place in which this was restated as an option from ARAG which was why Mr and Ms G agreed to Firm B being appointed. The email that followed said:

"Further to our call yesterday, I can confirm I have asked [Firm B] if they are happy to be appointed to act for you on this claim and have made them aware you have requested a face-to-face meeting before an assessment of your claim is made.

Please be aware your policy covers reasonable and necessary costs incurred by the appointed representative so it will be [Firm B's] decision if a face-to-face meeting would be reasonable and necessary to pursue your claim. We will take their advice on the best way for your case to be progressed."

The email included a section of the policy terms that stated the policyholder must co-operate fully with the appointed representative and below this ARAG said:

"I note you previously failed to co-operate with your previously appointed solicitor as you felt they were not listening to you, which resulted in them closing their file. Once a new firm has been instructed, we expect you to fully co-operate with them and we will not consider appointing any subsequent firms."

Mr and Ms G were distressed by this, denying they had ever failed to co-operate with a previous solicitor. I've been given nothing to substantiate that Mr and Ms G ever did fail to co-operate with an appointed representative, and in the circumstances I can see why this would be distressing if not true. Based on the evidence I've got I think this was a mistake on the part of ARAG. Mr and Ms G also indicated that the tone of the email would direct or lead Firm B to act in a way that it wouldn't have done otherwise in terms of allowing an in-person meeting. I have nothing to suggest or support that ARAG's call with Mr and Ms G the day before hadn't indicated this would be a possibility. So, I'm concluding that this would've led to their expectations being mis-managed.

From what I've seen, Firm B reached out to Mr and Ms G and they chose to put the matter on hold while ARAG investigated their concerns. I don't think it would be reasonable for me

to hold ARAG accountable for any delays incurred as a result of this as I don't think the complaint against ARAG had any material impact on Mr and Ms G's relationship with Firm B.

From the copy I've seen, the email was only addressed to Mr and Ms G and not Firm B. The advice ARAG gave regarding this decision falling to the firm itself seems logical to me so I don't think this was the wrong information to give – and in any case, even if Firm B had seen it or been given similar information from ARAG, I've been given nothing to suggest that Firm B's actions would've been altered by this nor that it would act in a detrimental way towards Mr and Ms G as a result.

I've also reviewed the timeline of the claim in detail based on Mr and Ms G's submissions and the available evidence. And it appears to me from this that in places ARAG has made mistakes elsewhere when it's come to providing clear answers (including a back and forth related to who Mr and Ms G would be able to appoint).

But while I accept ARAG has made mistakes – failures of communication and expectation management – I'm not satisfied the impact of this is the complete standstill of the claim as Mr and Ms G have suggested. Nor does this persuade me that Mr and Ms G should have their more recent legal costs paid for by ARAG at this stage. If they submit them to ARAG I'd expect it to consider these in line with the policy terms.

Overall taking into account the mistakes I have seen from ARAG and the impact of them I'm satisfied that a sum of £200 compensation is fair and reasonable in the circumstances.

Ongoing issues

Mr and Ms G have raised that ARAG is no longer responding to their messages. These involve matters that have arisen after the complaint was referred to this Service. So, these aren't matters I'm going to get into here – but I would highlight to ARAG it would seem to be beneficial for it to reach out to Mr and Ms G to explain its position on these matters.

My final decision

I'm upholding this complaint and direct ARAG Legal Expenses Insurance Company Limited to pay Mr and Ms G £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Ms G to accept or reject my decision before 8 August 2025.

Jack Baldry
Ombudsman