

The complaint

Mr S' complaint is about a claim he made on his ARAG Legal Expenses Insurance Company Limited ('ARAG') which ARAG declined to cover.

Mr S says ARAG treated him unfairly.

In this decision, all references to ARAG include their claims handlers.

What happened

Mr S' complaint follows two separate complaints against ARAG that were considered by two different investigators previously.

The first complaint was made by Mr S in August 2023. He said that ARAG had declined to cover his claim for harassment by his neighbours. The investigator upheld the complaint in November 2024. He said the claim for harassment fell within the nuisance section of cover and that ARAG should consider the merits of it accordingly by instructing a panel firm of Solicitors to carry out an assessment in respect of this.

In August 2024 Mr S brought a second complaint against ARAG to the Financial Ombudsman Service. This was about ARAG's decision to turn down the claim for harassment/nuisance on the basis that this claim would share a limit of indemnity related to a trespass claim Mr S had already brought against his neighbour, and the claims were connected. ARAG said the limit of indemnity had already been exhausted, and Mr S has found himself in a position where he was personally liable for any costs over and above this limit. ARAG also received advice from a panel firm that harassment and nuisance were entirely separate issues and therefore harassment was not covered under the policy anyway. In addition, the panel firm said the claim for harassment would be brought under criminal law and was not a civil claim.

Our investigator considered Mr S' complaint and concluded it shouldn't be upheld. She said that if Mr S wanted to challenge the legal opinion supplied by the panel firm that harassment and nuisance are distinct claims (and therefore harassment is not covered under the policy) then he would need to obtain his own legal opinion to contradict that.

The subject of this complaint is about ARAG's decision to decline cover now that Mr S has obtained a legal opinion. The opinion he has obtained from a Solicitor supports that harassment does amount to a nuisance. Mr S also says ARAG were wrong to apply one limit of indemnity to the trespass claim and his claim for nuisance, and that the panel firm were wrong to suggest that a claim for nuisance was a criminal matter and not a civil claim.

Our investigator considered Mr S' complaint and determined that it shouldn't be upheld. She said the claim Mr S is now seeking a separate level of indemnity for doesn't give rise to this because it is connected to the trespass claim and indemnity for this has already been exhausted.

Mr S does not 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 don't uphold Mr S' complaint.

Before I explain why, I wish to acknowledge the various submissions he's made. Whilst I've read and understood everything he's said, I won't be addressing it all. That's not intended to be disrespectful. Rather it represents the informal nature of the Financial Ombudsman Service. Instead, I'll concentrate on the crux of his complaint, namely whether ARAG treated Mr S fairly.

Mr S' complaint is that ARAG were wrong previously; harassment does amount to a nuisance and therefore this claim should be covered by the policy as a distinct course of action. He says ARAG were wrong to apply one limit of indemnity to the trespass claim and his claim for nuisance and that the panel firm were wrong to suggest that a claim for nuisance was a criminal matter and not a civil claim. The result is that Mr S wants a separate level of indemnity made available to him to pursue a claim in nuisance for harassment by his neighbours.

I appreciate the various matters Mr S is complaining about, but the defining issue here is really whether separate indemnity is available at all for the claim he wishes to make. So even if I accept that ARAG should cover a claim for harassment under the nuisance section of the policy, I also need to be satisfied that there is separate indemnity available to him to do this.

The starting point is the policy terms. They set out that the most ARAG will pay for any one event is £50,000. They go on to say:

"We will pay an appointed representative, on your behalf, costs and expenses for the insured incidents in this section as long as: – The date of occurrence of the insured incident is during the insurance period and happens within the countries covered..."

For civil cases "Date of Occurrence" is defined as *"the date of the event that leads to a claim. If there is more than one event arising at different times from the same originating cause, the date of occurrence is the date of the first of these events. (This is the date the event happened, which may be the date you first became aware of it.)"*

It's clear to me that the harassment complained of by Mr S is directly linked to the trespass claim. The evidence he's supplied links the harassment itself as a response to this claim and more generally an ongoing and long-standing neighbour dispute that features both allegations of harassment and trespass. When reaching this conclusion, I've looked back at the timeline Mr S has supplied and can see that much of the behaviour he has complained about appears to be in response to or as retaliation in respect of the trespass claim and potentially vice versa. In my view therefore it is impossible to differentiate the originating cause as being distinct and separate. For that reason, I think it was fair for ARAG to conclude the same limit of indemnity applied to both claims. And given this has been exhausted, I also think it was fair for them to conclude there is no further cover available.

I appreciate Mr S feels that this doesn't answer his original complaint but given the position he finds himself in, it makes no difference whether his claim for harassment should be covered by ARAG. And whether ARAG should have covered a claim for harassment sooner is to my mind also academic given the limit of indemnity has been exhausted on the trespass claim in any event.

Equally it makes no difference whether the harassment complained of relates to a different policy year to that of the trespass claim. As the originating event is essentially the same (a dispute between Mr S and his neighbours connected to the properties), only one limit of indemnity would apply here. I note Mr S says this would not have been the case if he'd have had different insurers over separate policy years. I don't agree. A new insurer would investigate the originating cause and given the harassment alleged seems to have stemmed from the trespass issue, they would very likely conclude the claim predated the insurance and that Mr S would ultimately have been referred back to the insurer that covered the trespass. And for the reasons I've mentioned that insurer would most likely conclude that the same claims limit would apply to both the trespass and the harassment. So Mr S would still have found himself in the same position; one limit of indemnity for both issues which are related by cause.

My final decision

For the reasons set out above, I don't uphold Mr S' complaint against ARAG Legal Expenses Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 September 2025.

Lale Hussein-Venn
Ombudsman