

## **The complaint**

Ms T complains about the way ARAG Legal Expenses Insurance Company Limited has handled a claim under her legal expenses 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.

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

- In October 2020, Ms T made a claim on her legal expenses insurance policy regarding a contract dispute.
- ARAG instructed its panel firm of solicitors to assess whether the claim enjoyed reasonable prospects of success and was proportionate to pursue – which are requirements of cover under the policy.
- The panel solicitors were of the opinion the claim didn't enjoy reasonable prospects of success. Based on this advice, ARAG declined the claim as it didn't satisfy the policy terms.
- Ms T raised a complaint to the panel solicitors as she was concerned with the quality of the legal advice provided, and particularly, how evidence had been weighed up and that no case law had been referenced in support of the advice. A final response was issued by the solicitors in July 2021 which didn't uphold the complaint.
- Ms T subsequently raised a complaint to ARAG by email dated 3 February 2022. She said she didn't think the panel solicitors had the required expertise and asked ARAG to disregard their advice and seek a second opinion from another firm.
- A telephone conversation took place between ARAG and Ms T where it was explained that the claim could be reassessed after further information had been received or alternatively Ms T could obtain a legal challenge at her own cost. Ms T accepted this outcome, and a summary resolution letter was sent out on the same day setting out Ms T's rights to refer this complaint to our Service.
- In October 2023, Ms T contacted ARAG as she had further evidence on her claim. She forwarded this over in November 2023 and a reassessment of prospects by the panel solicitors was arranged.
- The panel solicitors responded in February 2024 to advise that the claim didn't enjoy

reasonable prospects of success because the limitation date expired in August 2023 and therefore any legal action would be time barred.

- Ms T raised a further complaint at that time, reiterating her original concerns regarding the legal advice and about the delays which had led to her claim being time barred.
- ARAG issued a final response to this complaint in April 2024 maintaining its decision to decline cover. However, it acknowledged there had been some delays in progressing the claim and compensation of £200 has been paid. As Ms T remained dissatisfied, she referred her complaint to our Service in June 2024.

As I've explained to both Ms T and ARAG, I'm only looking into the events from February 2022 onwards. And I issued the following provisional decision on the merits of this complaint.

### **My provisional decision**

During the discussions with ARAG in February 2022, Ms T explained that she wanted to provide further information regarding her claim for a reassessment. Specifically, she was in the process of raising a complaint to an independent body which she believed could lead to more evidence.

But Ms T didn't provide this to ARAG until November 2023. And once reassessed, the panel solicitors concluded the claim was time barred as limitation had been missed. Ms T complains about the delays and decision to decline cover.

I agree there has been delays. This is because ARAG advised Ms T, in November 2023, that it would obtain a reassessment from the panel solicitors. But I can't see that this reassessment was requested until 20 February 2024 – which is a significant delay that Ms T should be compensated for.

I've thought about the impact this delay would've had. But on the actual legal claim itself, the impact is minimal. I say this because the limitation date to pursue this claim in court was August 2023 – so Ms T was already time barred when she returned to ARAG with her further evidence. As such, I'm persuaded that even if ARAG had requested the reassessment immediately, the outcome would've been the same.

So any compensation payment for this delay is limited to Ms T's distress and inconvenience – which I've no doubt she would've experienced. And I'm satisfied the £200 compensation already paid is a fair resolution to what went wrong here.

Ms T says she should've been informed of the deadline to pursue her legal claim. But this isn't something I'd expect ARAG to know as it's a legal question, and ARAG are an insurer. I can see that the panel solicitors did explain to Ms T that limitation is six years from the date of the breach of contract in their email dated 25 May 2021, so I'm satisfied she was on notice that there was a time limit. And I can't see that Ms T questioned this or asked for any further clarification.

I'm aware Ms T disputes that her claim is out of time, as she believes her date of knowledge falls within the three-year extension period. However, this is a legal question and she will need to obtain a legal assessment at her own cost if she wishes to challenge the legal advice further.

But on the information provided, I'm satisfied ARAG can rely on the legal advice it has obtained which is that the claim is time barred and therefore doesn't enjoy reasonable prospects of success.

### **Responses to my provisional decision**

Ms T says she hasn't seen any evidence that a reassessment of her claim took place or any written communication evidencing the legal advice that her claim is time barred. She questions the fairness of obtaining a legal challenge at her own cost, when she hasn't had sight of the assessment from the panel solicitors.

ARAG didn't respond to my provisional 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.

I'd like to reassure Ms T that whilst I may have condensed what she's told us in far less detail and in my own words, I've read and considered all her submissions. I'm satisfied I've captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail she'd like, in order to reach my decision. This isn't meant as a discourtesy but simply reflects the informal nature of our service.

I've thought about Ms T's further submissions, but they don't change my decision on the merits of her complaint. This is because I'm satisfied from ARAG's file that a reassessment from the panel solicitors was requested. And the response from them was that the claim was time barred due to limitation. This was communicated to Ms T in an email dated 3 March 2024.

I agree that Ms T wasn't provided with the full reasoning from the panel solicitors as to how they've concluded the claim is time barred. And ARAG should share this with Ms T. But I don't think this means ARAG couldn't rely on the advice at the time. I say this because the advice was properly written, well-reasoned, and not obviously wrong. And it's been obtained from a suitably qualified lawyer. So I haven't seen anything to persuade me that ARAG shouldn't have relied on it.

As I've explained, if Ms T disagrees with the legal advice that limitation has passed, she can obtain a legal opinion from someone else at her own cost. If such an opinion is supportive then ARAG should reconsider the claim.

### **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 Ms T to accept or reject my decision before 31 July 2025.

Sheryl Sibley  
**Ombudsman**