

The complaint

Mr G's complaint is about a claim he made on his QIC Europe Ltd ('QIC') legal expenses insurance policy.

Mr G says QIC treated him unfairly.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 agree with the conclusions reached by the investigator for the reasons I have set out below. Before I explain those, I wish to acknowledge both the volume of submissions Mr G has made and his strength of feeling about his complaint. Whilst I have read and understood everything he's said, I won't be addressing it all. That's not intended to be disrespectful, rather it's representative of the informal nature of the Financial Ombudsman Service.

The starting point is the policy terms. They cover:

*"All reasonable and proportionate fees, costs and disbursements properly charged by the authorised professional **as long as we give our authority beforehand.**" (my emphasis)*

They also exclude professional fees for:

"Claims which you carry out in a way which is different from the advice or proper instructions you receive from us or the authorised professional."

In this case QIC agreed to assist Mr G in a claim regarding a dispute over drainage with his neighbour. The policy provided cover for Mr G to pursue a civil claim arising out of his home but not in relation to any land or buildings other than his home.

QIC appointed a panel firm of Solicitors to act for Mr G who obtained a Barrister's opinion about the best course of action in relation to the dispute. The advice was for the claim ultimately not to be litigated and given other options to resolve it had proved unsuccessful, Mr G was advised to attempt mediation. Mr G's neighbour would only agree to this if rights of access were also included in the discussions. QIC agreed to cover the costs of these issues being discussed as part of the mediation on a standalone basis.

At mediation, agreement was reached on the drainage dispute to the extent that it was agreed a new system would be installed on Mr G's land, but a dispute arose following this about the deed of release. In particular, Mr G felt his neighbour was trying to alter their position and therefore he would not agree to signing the document.

QIC's position is that they only agreed to fund a claim in relation to drainage issues and not any additional matters beyond the mediation itself. And given the drainage issue had been agreed in mediation, they weren't prepared to fund anything further. I can understand the position QIC have taken here, and I don't think it's unreasonable. The panel firm's advice to QIC was that unnecessary costs were being incurred by Mr G's demands which meant that the terms of the mediation agreement could not be implemented. They said that Mr G's neighbours were not seeking to change the terms they had agreed to in the mediation agreement, as contended by Mr G, and their advice was essentially that the position Mr G had taken was unreasonable.

From what I've seen settlement had been reached over seven months before the panel firm wrote to QIC to confirm the issues they were facing in implementing the terms of it. And the drainage issue itself had been agreed as part of that agreement. For that reason, I don't think QIC needed to do anything further or fund the panel firm's costs beyond the mediation agreement. From what I've seen they didn't agree to fund any costs beyond this but ended up covering them, nonetheless. It wasn't until it became clear that a dispute had arisen over implementing the terms of settlement that QIC were able to determine this. The policy terms only extended to costs that QIC agreed to fund and in this case, I'm satisfied that they only agreed to fund the cost of resolving the drainage issues at mediation and not anything beyond this. But even if they had agreed to fund the cost of implementing the terms of settlement, the panel firm's advice was at odds with the position Mr G had taken. And the policy terms don't offer cover in these circumstances, so I think QIC were right to bring funding to an end.

In reaching my conclusions, I take on board that Mr G feels that QIC failed to fulfil their funding obligations by bringing cover to an end when he feels they'd agreed to cover the cost of his obtaining access to enter his neighbour's land on a regular basis to exercise his rights and obligations under an easement. But I've seen nothing that supports that this was the agreement QIC made when providing him with cover. Rather I'm satisfied that they made it clear to Mr G that they were providing funding for the mediation only at that stage and not any other issues that were included as part of it, quite apart from the drainage matter, irrespective of whether it was successful. This was confirmed to Mr G by the panel firm in November 2022 when they wrote to him saying:

"I have heard from (QIC) and they have confirmed that they will agree to fund a mediation to deal with all issues between you and your neighbours. If mediation is not successful then they have advised there will be no further funding available for the other issues. I have emailed the solicitors to check they will agree to mediation and to check what the issues are from their point of view.

Once I have this information I will provide a cost estimate to (QIC) so that I can proceed. I will update you as soon as I can."

Legal expenses insurance is subject to terms and conditions so the agreement to cover the costs of a claim to conclusion is not absolute. And in the circumstances of this claim, I'm satisfied that QIC were entitled to withdraw cover when they did.

I appreciate that Mr G is unhappy with the actions of the panel firm, but that's not something I can consider. They are a separate firm of professionals with their own code of conduct and regulator. If Mr G remains unhappy with them, he can raise this with them directly or through the Legal Ombudsman.

Turning now to the handling of the claim more generally. I appreciate that Mr G might well have wanted to litigate his claim rather than mediate settlement of it, but the advice QIC received was that litigation was not appropriate. So, although he might have wanted to

pursue things differently, it wasn't up to him to determine that unless he was funding the claim himself. QIC were entitled to rely on the legal advice they received throughout the claim and that dictated the decisions they made. In this case the policy terms I have quoted above were applicable and QIC invoked the essence of them when bringing funding to an end. I am satisfied that they were entitled to do this in the circumstances of Mr G's claim.

My final decision

For the reasons set out above, I don't uphold Mr G's complaint against QIC Europe Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 September 2025.

Lale Hussein-Venn
Ombudsman