

The complaint

Mr S' complaint is about a claim he made on his U K Insurance Limited trading as Direct Line "UKI" landlord's legal expenses insurance policy, which UKI declined.

Mr S says UKI treated him unfairly. He wants them to pay the arrears of rent his tenant is in and start possession proceedings.

In this decision all references to UKI include their claims handlers.

What happened

Mr S held a landlord's insurance policy underwritten by UKI. He added legal expenses insurance to that policy on 18 April 2023.

In June 2023 he submitted a claim on the legal expenses insurance policy for his tenant's failure to pay his rent. Mr S said this was because his tenant had not been receiving their Universal Credit and wanted to know if he could bring a claim directly against the Department of Work and Pensions ('DWP'). UKI explained that the policy only provided cover for bringing a claim against his tenant and not DWP. They also said that in addition to rent recovery they would also need to consider a claim for possession of the property. Mr S said he didn't want to pursue this, so the matter was closed.

In November 2024, Mr S made a further claim on the policy. He said the tenant had fallen into arrears again and wanted help with that. After considering the claim UKI determined it was not one they could provide cover for. They noted that the tenant first fell into arrears in May 2023 and this fell within the first 90 days of cover. The policy excludes claims where the originating cause of action arises during this period and in this case UKI were satisfied that rent had been outstanding within a month of cover being in place and that Mr S had wanted this to be repaid.

Mr S is unhappy with UKI's decision to decline his claim. He feels this is unfair. He also says he tried to add the legal expenses insurance policy part way through the term of his landlord's insurance policy but was told this was not possible, which he feels has prejudiced him.

UKI remain of the view that the evidence they've seen supports the originating cause of the claim happened within a month of the start date of the cover and therefore their decision to decline it is correct. They did however recognise that there was a small delay in responding to correspondence from Mr S and offered an apology for this.

Our investigator considered Mr S' complaint but ultimately did not uphold it. 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 for broadly the same reasons set out by the investigator. Before I explain why, I wish to acknowledge both Mr S' strength of feeling about his complaint and the volume of representations he's made. Whilst I have read and considered 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. Instead, I'll concentrate on the crux of Mr S' complaint, namely whether UKI treated him unfairly.

The starting point is the policy terms. They say the date of occurrence must be within the first 90 days of the policy start date. In this case the policy started on 18 April 2023. The policy sets out that date of occurrence means:

"For Insured Incident K Rent Guarantee the Date of Occurrence is 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."

So in order for the claim to be covered, there needed to be no rent due under Mr S' agreement with his tenant within 90 days of 18 April 2023. The correspondence I have seen between Mr S and his tenant and the details he provided to UKI when he made claims on the policy back in June 2023 and November 2024 all support that the rent arrears began a month into the policy being in place. Mr S has made various submissions about this issue, including that he and the tenant had a gentleman's agreement that the rent would be waived that month and that he'd told the tenants to use the rent to pay for maintenance at the property instead, but this isn't borne out by the contemporaneous correspondence I've seen. Rather I'm satisfied that Mr S did want to recover the rent due to him in May 2024. That's because he confirmed this to UKI after they asked him for evidence. In response to this he told them he had paid the maintenance for the property around this time, and the rent was still outstanding. For those reasons I'm satisfied that UKI were entitled to decline his claim in the way that they did.

Mr S has also said there was a historic issue about an estate agent retaining sums the tenants had paid them which was supposed to be passed on to him. He reported the estate agents to Action Fraud and said they retained this sum fraudulently. He feels this has had an impact on the tenant's ability to pay him. But I don't agree. That period seems to be quite distinct from the May 2023 arrears and in any event, his claim is that the tenant paid the estate agent and that this sum was not passed on to him. I therefore fail to see how this impacted on the tenant's ability to pay the rent due in May 2023. Rather the contemporaneous claim from Mr S was that this was down to the tenant not receiving their Universal Credit from DWP. As such this makes no difference to the outcome of his complaint.

Mr S has complained that UKI didn't agree to add legal expenses insurance cover mid term and that he'd called to add this sooner in or around July/August 2022. Whilst UKI has not been able to find a call to support that Mr S made this request, I don't think this makes a difference to the outcome of his complaint. That's because UKI have said they couldn't add legal expenses insurance cover to his policy mid term in any event. They could only add it at renewal. As the time period Mr S has cited appears to fall mid-term, he would only have been entitled to add that cover at renewal. And given this cover was added in April 2023, I'm satisfied he added it at the earliest opportunity he could if his enquiry to add it was around the time he says. Because it wasn't possible for him to add the policy any sooner, I can't say UKI did anything wrong even if they had told him they couldn't add it for him mid-term. So

whilst it's unfortunate that rent arrears started the following month, there was no opportunity to add it sooner unless he'd added the policy in April 2022 and I've seen nothing to suggest he tried to do this then.

Mr S has said that when he made his claim in November 2024 the tenant had paid their May 2023 arrears. Whilst that might be the case, the policy wording extends to the first date the tenant fell into arrears, irrespective of when those arrears were cleared and because this was in May 2023, his subsequent claims for rent arrears are not covered.

Finally, I can see that UKI did acknowledge some minor failings in dealing with Mr S' claim. In particular they apologised for not calling him back within 24 hours and responding to an email within five working days. They apologised to Mr S for this, which I consider to be a reasonable response in the circumstances. For that reason, I don't think they need to do anything more.

My final decision

For the reasons set out above, I don't uphold Mr S' complaint against U K Insurance Limited trading as Direct Line.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 October 2025.

Lale Hussein-Venn
Ombudsman