

The complaint

Mr K complains that ARAG Legal Expenses Insurance Company Limited turned down his legal expenses insurance claim.

What happened

In March 2025, Mr K contacted ARAG to make a claim under his legal expenses cover. His claim related to an employment dispute. After reviewing matters, ARAG turned down the claim. It concluded the issues giving rise to the claim had begun before the start date of the policy on 8 August 2024, and this meant the claim wasn't covered under the policy terms.

Mr K made a complaint to ARAG about its claim decision. He thought it ought to have assessed his claim under a different section of the policy which specifically related to employment disputes.

ARAG issued its final response to the complaint. It maintained its decision to turn down the claim, and for the same reasons. Mr K remained unhappy and brought a complaint to this service. He still thought ARAG had considered his claim against the wrong section of cover in the policy. He was also unhappy about the time it had taken ARAG to deal with his complaint.

Our investigator looked into things but didn't recommend the complaint be upheld. He thought ARAG's decision to turn down the claim was correct and in line with the policy terms. He didn't agree with Mr K that the policy wording was ambiguous. He also didn't think ARAG had caused any delays.

Mr K didn't accept our investigator's findings and so the matter has been passed to me for a 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.

Mr K has raised a number of points though I don't intend to respond to all of them. I mean no discourtesy by this; it simply reflects the informal nature of this service.

Industry rules set by the regulator (the Financial Conduct Authority) say insurers must not unreasonably reject a claim and must handle claims promptly and fairly.

Mr K has referred to ARAG's obligation to comply with the principles set out in the Consumer Duty that was introduced by the Financial Conduct Authority (FCA). This sets a higher standard for firms in respect of how they interact with their customers and applies to events from 31 July 2023.

I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr K's complaint.

To decide whether ARAG acted fairly by turning down Mr K's claim, I've first considered the policy terms and conditions.

The policy says the following:

'We agree to provide the insurance described in this section, in return for payment of the premium and subject to the terms, conditions, exclusions and limitations set out in this section, provided that:

...

*2. The **date of occurrence** of the insured incident is during the **insured period***

...'

This is known as the *insuring clause* and it forms the main basis of the contract (though I've only included the condition that's relevant to this claim). A claim must meet all the conditions set out in this clause before the remaining policy terms can be considered.

'Date of occurrence' is specifically defined in the policy as:

- a. *For civil cases (other than specified under (c) below, 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 before the date **you** first became aware of it.)*
- b. *For criminal cases, the date **you** began, or are alleged to have begun, to break the law.*
- c. *For insured incident Tax, the date when HM Revenue & Customs first notifies **you** in writing of its intention to make an enquiry.'*

Mr K doesn't think his employment dispute would be considered a civil case (though he accepts it's also not a criminal case or related to tax). As he has pointed out, the policy doesn't define what's meant by a civil case. I therefore need to apply the ordinary, everyday meaning. I think a civil case is one that concerns the rights of individuals or companies and generally involves a claim for compensation. I'm satisfied that an employment dispute would be considered a civil case and therefore the date of occurrence definition for civil cases applies to Mr K's claim.

I've read Mr K's Employment Tribunal claim form (ET1). Mr K said he had been discriminated against on the grounds of disability. Mr K provided further explanation and said his employer hadn't implemented (or had delayed implementing) reasonable adjustments that had been recommended in an occupational health report in November 2022. Mr K thought this meant he hadn't been able to perform his job to the best of his ability. This ultimately led to a grievance that he made against his employer in June 2024, and I understand this process ended on 9 August 2024.

Mr K's cover under the policy started on 8 August 2024. So, for his legal expenses claim to be covered, the date of the first event that led to the claim would have needed to have taken place after 8 August 2024.

I appreciate there were a number of instances which led to Mr K's grievance against his employer, including denial of a promotion around May 2024. Mr K has also raised concerns about the way his grievance was handled, and the denial of work opportunities following the grievance. Though it seems the first event was his employer's alleged failure to apply

reasonable adjustments in November 2022. The evidence shows these were all related events. Therefore, I think it was reasonable for ARAG to conclude the date of the first event which led to the claim took place before the start of Mr K's cover.

I've also thought about Mr K's knowledge at the point the policy was taken out. If Mr K was unaware that matters had occurred which could lead to a claim, then I might conclude it wouldn't be fair for ARAG to turn the claim down. However, this wouldn't be the case if he was aware of matters that could lead to a dispute.

Given that Mr K had already raised a grievance with his employer before his policy started, it's apparent he was aware he had an unresolved work dispute when he took out the legal expenses cover (even if there were further issues with his employer after the cover started). So, I find it was fair for ARAG to turn down the claim based on the date of occurrence predating the start of the policy.

I've also thought about Mr K's argument that a different policy term should apply and that this should override the clause relating to the date of occurrence that I've referred to above.

The policy lists the different types of disputes covered by ARAG. One of those says:

'Employment disputes

A dispute relating to your contract of employment.

Please note that a dispute is deemed to have occurred once all employer's disciplinary hearings and internal grievance procedures have been completed.'

I appreciate Mr K feels very strongly about this, but I don't agree with him that this term overrides the clause relating to the date of occurrence, or that the term is ambiguous. I think it's apparent that the above term means an employment dispute is covered, but this is only the case once an employer's internal processes have ended. And this is still subject to the remaining policy terms. I'm therefore satisfied the clause relating to the date of occurrence still applies to Mr K's claim. The date of occurrence must be during the policy period. If the dispute arises out of a sequence of events, it's the date of the first event that matters. As I've explained, I find it was reasonable for ARAG to turn down the claim based on that clause.

Mr K has also raised concerns about the length of time ARAG took to consider his complaint. I see his complaint was raised on 13 March 2025, and ARAG provided its final response on 26 March 2025. This was well within the eight-week timeframe set by the financial regulator (the Financial Conduct Authority) for financial businesses to provide a final response to a complaint. ARAG's final response was also sent to Mr K within its internal complaint handling timeframe of 20 working days. I therefore don't find that ARAG caused any delays with its handling of Mr K's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 January 2026.

Chantelle Hurn-Ryan
Ombudsman