

The complaint

Mr N and Mr W's complaint is about a claim they made on their ARAG Legal Expenses Insurance Company Limited ('ARAG') landlord's legal protection policy, which was declined.

Mr N and Mr W say ARAG treated them 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 don't uphold Mr N and Mr W's complaint for broadly the same reasons set out by the investigator. Before I explain why I wish to acknowledge Mr N and Mr W's strength of feeling about their complaint. Whilst I've read and thought about everything they've 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 focus on the crux of Mr N and Mr W's complaint, namely whether ARAG treated them unfairly in the way they dealt with their claim.

These are the reasons for my decision:

- The starting point is the policy terms. They say ARAG will:
“(a) pay your rent arrears while your tenant or ex tenant still occupies your property up to a maximum of 12 months for any one claim, or the maximum number of monthly payments covered under your policy, whichever is lower...”
“Provided that in both (a) and (b) you have:
(i) obtained a satisfactory reference for each tenant and each guarantor from a referencing service before the tenancy started...”*
*“*The reference must include: written references from a previous managing agent or landlord; an employer (or any other financial source); and a credit-history check (including the Enforcement of Judgements Office, County Court Judgments and bankruptcy).”* In this case ARAG turned down Mr N and Mr W's claim for rent arrears on the basis that they failed to obtain a reference for their tenant from a previous managing agent or landlord. The issue for me to determine was whether this was fair.
- Mr N and Mr W say that they did comply with the policy terms in that they obtained a satisfactory reference from a reputable referencing agency. I've considered the reference they obtained. I can see that it included a credit history check amongst other information to support the tenancy and confirmed their recommendation which was a 'pass' based on the criteria they applied. They also set out that Mr N and Mr W should proceed with caution. This seems to be due to the absence of a reference from the tenant's previous landlord. Whilst I appreciate the criteria applied by that specific referencing agency that

led to the recommendation they gave Mr N and Mr W, I don't think this means that Mr N and Mr W complied with the policy conditions I have quoted above. It's clear to me that no reference was obtained from the tenant's previous managing agent or landlord. In those circumstances I think it was fair for ARAG to decline their claim in the way that they did.

- Mr N and Mr W have said that the tenant was not able to provide a reference from their previous landlord because the landlord was not happy to provide this in the form requested by the referencing agency. I'm not entirely persuaded by this submission based on the evidence I have seen. Rather it seems that the landlord simply refused to provide the reference outright, which was noted in the referencing report. But even if that wasn't the reason, I don't think it makes any difference. The claim was contingent on Mr N and Mr W obtaining a written reference from a previous managing agent or landlord in addition to the other criteria listed. And in the absence of that I don't think ARAG did anything wrong by declining their claim.
- I appreciate Mr N and Mr W's position that the policy doesn't explicitly state that claims for rent arrears will not be covered unless this condition is met, but I don't think it had to. I think the construction of the term I've quoted is clear enough to in that it sets out it is a condition of the policy that a policyholder obtains a reference containing the information listed. In the absence of that information being obtained, it is implicit that cover does not engage.
- I know the position ARAG has taken seems unfair to Mr N and Mr W but it's not for this Service to dictate the risks an insurer is prepared to underwrite. In this case ARAG had determined that it's not prepared to offer cover where certain referencing information is missing. That information is intended to mitigate their loss. In this case I have no evidence to support that such a loss would not have occurred had the information been obtained. On that basis I am not satisfied that ARAG have treated Mr N and Mr W unfairly.
- I've considered the delay Mr N and Mr W have complained about in relation to their claim for rent arrears. Looking at the timeline of their claim, I can see that the decision to decline their claim for rent arrears was made shortly after the merits of the legal claim for repossession was addressed. I can see from the policy that the claim for rent arrears can only be considered once the claim for repossession is accepted. So, although I appreciate that Mr N and Mr W had to wait some time for this to be decided, I don't think this delay was unreasonable. ARAG have accepted that there were some delays in the time it took for them to respond to Mr N and Mr W's calls and correspondence and that this was not in line with their timescales. They have offered Mr N and Mr W £50 in respect of this. I think that offer is reasonable in the circumstances. It's up to Mr N and Mr W if they wish to accept this if they've not already done so.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mr W to accept or reject my decision before 5 February 2026.

Lale Hussein-Venn
Ombudsman