

The complaint

Mr R complains that INTACT INSURANCE UK LIMITED has unfairly declined a claim under his legal expenses insurance ("LEI") policy.

Where I refer to Intact, 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.

- Mr R made a claim under his LEI policy to pursue an action against his employer for several heads of claim including disability discrimination and failure to make reasonable adjustments.
- Intact subsequently declined the claim on the basis that its panel solicitors weren't satisfied it enjoyed reasonable prospects of success – which is a requirement for cover under the legal expenses policy.
- Mr R provided further information, which the panel solicitors considered. But this didn't alter their opinion on prospects.
- Intact maintained its decision to decline the claim. It informed Mr R that if he obtained a supportive legal opinion from a solicitor at his own cost, it would reconsider cover.
- Mr R didn't agree with the panel solicitor's assessment of his claim. He asked Intact to obtain a second opinion from an alternative firm of solicitors.
- Intact obtained a barrister's opinion, which concluded that the claim didn't have reasonable prospects of success. As such, the claim remained declined.
- Mr R was unhappy with this decision and raised a complaint, which he brought to our Service. He says, in summary, that:
 - The legal opinions were based on factual and legal inaccuracies. And are obviously wrong when considered alongside his own evidence.
 - There was procedural unfairness in how the legal opinions were obtained and applied. Intact failed to interview him or consult with him orally regarding his evidence.
 - Intact has a conflict of interest as there is a financial incentive to secure negative opinions on prospects of success to avoid covering claims.
 - There were serious consequences in being left without cover under his policy and he was forced to represent himself. This has caused detriment to his health.
 - Intact has unfairly deducted the cost of the barrister's opinion from his limit of indemnity.

- Our Investigator didn't uphold the complaint. She was satisfied Intact were entitled to rely on the legal advice it had obtained regarding prospects, it had handled the claim in accordance with the policy terms and hadn't treated Mr R unfairly.

As Mr R didn't agree with our Investigator, the complaint has been passed to me to decide.

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've reached the same outcome as our Investigator, and for broadly the same reasons. Before I explain why, I wish to acknowledge the parties' submissions in respect of this complaint. Whilst I've read them all, I won't comment in detail on every single point that has been made. Instead, I'll focus on the key points that are relevant to the outcome I've reached. That's in line with our remit, which is to resolve complaints promptly and with minimal formality.

The Financial Conduct Authority's (FCA) Insurance Conduct of Business Sourcebook (ICOBS) requires businesses to handle claims promptly and fairly, provide information on the claim's progress, and to not unreasonably reject a claim. I've kept this in mind when considering Mr R's complaint.

The terms and conditions of Mr R's LEI policy says cover is available "*as long as...reasonable prospects exist for the duration of the claim*". It defines reasonable prospects as "*at least 51%*".

This is a requirement of virtually all legal expenses policies, and we don't think it's unfair. Court action can be expensive. A privately paying customer wouldn't want to bear the cost if advised it's unlikely to succeed. And we wouldn't expect a legal expenses insurer to either.

Where an insurer has declined or withdrawn cover as a result of insufficient prospects of success, it isn't for us to evaluate the merits of the underlying claim. Instead, we look at whether the insurer has acted fairly. As long as they've obtained advice from suitably qualified lawyers, we won't generally question their reliance on that advice, unless we think it was obviously wrong or based on factual mistakes.

In this case, Intact obtained the advice of a panel firm. And they were of the opinion that, based on the information available, the claim didn't enjoy prospects of at least 51%. So, the policy terms and conditions hadn't been met.

Having considered the legal assessment, I'm satisfied its properly written, well-reasoned, and not obviously wrong. And it's been obtained from a suitably qualified lawyer. I appreciate Mr R's concerns with it. But I haven't identified any inaccuracies that a layperson could reasonably identify and, as I've explained, it's not for our Service to evaluate the underlying claim. I'm also satisfied Mr R was given sufficient opportunity to provide evidence to support his claim. It's not usual practice for an interview to be conducted as a paper assessment on prospects would take place initially. But should he have wanted to provide anything verbally, I can't see that he was prevented from contacting Intact or the panel solicitors by phone.

Overall, I haven't seen anything to persuade me that Intact shouldn't have relied on the panel solicitor's prospects assessment. Rather it was up to Mr R to obtain a contrary legal opinion on the merits of his claim, at his own cost, if he'd wanted to challenge this further. I can't see that it did so. He did provide further evidence to Intact, and I'm pleased to see that

it sought a further legal assessment from its panel solicitors. And when Mr R still didn't agree, it obtained a barrister's opinion.

As the barrister has been unable to confirm that Mr R's claim has reasonable prospects of success, it doesn't meet the policy requirements for cover. And as Mr R has provided no contrary legal opinion, it follows that I don't consider it unreasonable for Intact to maintain its decision to decline cover.

I'm aware Mr R believes there is a conflict of interest as Intact has a financial incentive to decline claims. But I don't agree. Intact use a claims handler to distance itself from claims decisions on LEI policies. And it obtains legal opinions from independent firms of solicitors who have their own professional obligations they must comply with. I'm seen nothing to persuade me that the legal assessments is anything other than the professional advice of a suitably qualified lawyer.

And finally, Mr R is unhappy that Intact has deducted the cost of the barrister's opinion from his limit of indemnity. The policy provides cover for up to £50,000 per event. As this event, i.e. the employment claim, has been declined, I haven't identified any detriment or loss to Mr R because of this. I'm also mindful that as Intact had a panel solicitor's assessment which it could reasonably rely on to decline the claim, the onus was on Mr R to obtain the legal challenge. Intact has gone outside of the usual process by obtaining the barrister's opinion which has avoided Mr R incurring costs himself. So overall, I don't consider it unfair for Intact to deduct these costs from the policy limit.

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 Mr R to accept or reject my decision before 2 December 2025.

Sheryl Sibley
Ombudsman