

The complaint

Mr W complains that Inter Partner Assistance SA (“IPA”) withdrew cover for a claim on his legal expenses insurance policy.

Where I refer to IPA, this includes its agents and claims handlers acting on its behalf.

What happened

Mr W made a claim on his policy relating to a dispute with a neighbour about ownership and rights of way on some land. The claim was accepted and solicitors were appointed.

There was correspondence with the neighbour, who had made an application to the Land Registry. In 2019 the solicitors obtained advice from counsel, who said the documents indicated the land in question belonged to the neighbours, but establishing proprietary estoppel over the land, and a claim for adverse possession, both had a 51% chance of success.

Negotiations continued and in July 2023 proposals were put forward for a settlement. The solicitor advised that the neighbour had made proposals, most of which were reasonable. Mr W disagreed but the solicitors continued to advise that a settlement should be agreed. Eventually, in September 2024, IPA told Mr W cover was withdrawn unless he agreed to follow the legal advice.

Mr W complained but IPA didn’t change its position. Our investigator said it was reasonable to withdraw cover if Mr W was not following the legal advice.

Mr W disagrees and has requested an ombudsman’s decision. Amongst other things, he says the claim wasn’t assessed properly, and he has instructed a different solicitor who advised any settlement should be limited, without unnecessary rights being granted to the neighbour over his property. He says this shows it was reasonable not to accept the previous advice on settling the claim.

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 W has explained how difficult the situation has been and the stress of dealing with the ongoing dispute. I appreciate it was very upsetting to have cover withdrawn but I think it was reasonable in the circumstances. I’ll explain why.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim.

The starting point when deciding whether the claim was declined fairly is the policy terms, which set out the terms of the insurance contract between Mr W and IPA.

The policy includes cover for property disputes but this is subject to the terms and

conditions, which include the following:

- Cover will be provided if the claim has reasonable prospects of success and the costs are proportionate to the value of the claim.
- IPA must be told of any offers to settle the case and if a settlement offer is not accepted, there is no further cover unless it agrees to allow the case to proceed.

It's a requirement of almost all legal expenses insurance that cover will only be provided if a claim is likely to be successful and the costs are proportionate. I think that's reasonable – it wouldn't be fair to expect an insurer to cover a claim if it's unlikely to succeed or if the costs are higher than the value in dispute. Insurers will obtain legal advice about the prospects of success and they're entitled to rely on that advice unless it's obviously wrong. They are entitled to keep this under review as a case progresses.

Legal expenses policies invariably also include a term requiring the policyholder to act in line with legal advice, and allowing cover to be withdrawn if advice to settle a case is not followed. It's reasonable for an insurer not to continue covering a claim in these circumstances.

The panel solicitors initially advised the claim had good prospects and it was proportionate to pursue, so cover was provided. But they later advised that the settlement proposals put forward by the other party were reasonable and should be accepted.

I appreciate Mr W considers the advice changed after a different solicitor took over conduct of the case. And he feels the settlement would require him to give away legal rights that didn't need to be given away. But the legal advice was clear and properly reasoned. And the solicitor said, *"You should put legal argument to one side, as unless you can show otherwise, it is not proportionate to litigate further over the amount of land in dispute."*

Mr W put forward various points in response to his advice but the solicitor addressed these and explained his reasons. His opinion was that a judge was unlikely to find in their favour on some aspects of the dispute and he explained that, if the settlement was not agreed and the matter proceeded, there was a risk of being ordered to pay substantial costs.

While Mr W has set out his concerns over the way the solicitor dealt with the case, it's not for me to review that. Solicitors have their own regulator and professional obligations, and I can't review their actions or comment on the underlying legal dispute. I'm only considering how IPA dealt with the claim on the insurance policy.

In the circumstances of this case, it was reasonable – and in line with the policy terms – for IPA to decline further cover.

Mr W has explained that he's since obtained further advice from a solicitor he instructed privately, and that advice is more favourable. That wasn't available to IPA at the time. If he hasn't already provided it to IPA, Mr W can share the further legal advice and ask IPA to reconsider.

He also says the neighbour made two applications, which were considered together, but these should have been looked at separately. He's referred to a response from IPA on this point, which he says contains errors. There may be two applications but the legal advice was considering the overall situation. In any event, he didn't inform IPA of those errors or include it in his complaint. If he wants this reviewed, he could potentially raise it with IPA.

If Mr W is still unhappy once IPA has considered these additional points, he can make a fresh complaint. But in relation to the issues I'm considering, I don't think IPA was at fault in deciding not to provide further cover, based on the advice it had at the time.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 January 2026.

Peter Whiteley
Ombudsman