

The complaint

Mr K is unhappy with what Aviva Insurance Limited did after he made a claim on his motor legal expenses insurance policy.

What happened

In 2022 Mr K was involved in an accident which wasn't his fault. He claimed on his motor insurance policy with Aviva. It settled his motor claim and a separate claim for uninsured losses was progressed under the legal expenses section of his policy by a firm of panel solicitors. In May 2025 that firm said it would no longer act for Mr K because, amongst other things, he hadn't provided evidence to support his loss of earnings claim and it felt there had been a breakdown of trust given he'd questioned whether his claim was being handled fairly.

Mr K contacted Aviva as he was concerned the panel firm were no longer dealing with his claim. It agreed to contact the firm and also suggested Mr K contact the third party insurer and make a direct claim to them. At the end of July Mr K said he'd settled with the third party insurer but had received a demand for legal fees from the panel firm. He queried why he needed to pay that and what the process for changing solicitors was. Having contacted the panel firm Aviva confirmed the bill had been sent in error and Mr K wasn't liable for any legal costs. And he could look to use his own solicitor as long as he told Aviva they were acting on his behalf. Mr K then said because proper legal representation hadn't been in place he'd settled his claim for significantly less than it was worth.

Our investigator didn't think there was more Aviva should have done prior to Mr K contacting it in May 2025. And he didn't agree the fact Aviva was also the third party insurer created a conflict of interest which had impacted the progress of his claim. He didn't think the policy had been mis-sold as Mr K suggested. And while the panel firm had been in error in issuing a demand for legal fees Aviva had subsequently confirmed he wasn't responsible for these. However, he thought that Aviva should have considered whether an alternative panel firm or other legal representation could be arranged for Mr K following his May 2025 contact. He said it should pay Mr K £250 in recognition of the distress and inconvenience he was caused because that wasn't done.

Aviva agreed to do so. Mr K didn't agree. In summary he said:

- Aviva told him representation could only be provided through the existing panel firm in May 2025 and an alternative couldn't be provided. That firm had wrongly told him he owed it money, refused to transfer his file and blocked other firms from taking his case. He thought Aviva should be responsible for the consequences of that.
- Because an alternative firm wasn't offered by Aviva he had to negotiate with the third party without legal support causing financial loss and distress. As the limitation deadline was only days away and he had no access to legal advice he had no option but to accept the proposed settlement which was far below his documented losses.
- He'd paid an additional premium for this policy which should have provided independent legal protection but it hadn't delivered its contractual or regulatory purpose. So it had been mis-sold.

So I need to reach a final 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.

The relevant rules and industry guidelines say Aviva has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

In his submissions Mr K says what happened after he made his claim shows the policy was mis-sold because it didn't deliver its intended purpose. But he hasn't suggested that's because, for example, policy terms he wasn't made aware of at the point of sale were subsequently used to decline his claim. It seems to me the points he's making represent potential failings by Aviva when considering the claim against the actual terms of the policy. That's an issue of claims handling and not one that relates to a mis-sale. So I've gone on to consider that. I don't believe I need to consider what happened when the policy was sold in order to reach a fair outcome on this issue.

Mr K has explained what he believes the panel firm got wrong and suggests Aviva should be responsible for the consequences of those failings. I don't agree with him on that. As our investigator has explained Aviva isn't responsible for the actions (or inactions) of that firm when carrying out their legal role. The panel firm are a separate set of professionals to Aviva with their own set of rules and a different regulator. If Mr K has concerns about what they did (including the consequences of their actions) that's something he may be able to raise with the Legal Ombudsman. It isn't something I can consider as part of this complaint.

Turning to the actions of Aviva it seems to me the key issue here is what happened after Mr K contacted it in May 2025 and told it the panel firm had closed his file. I think it was reasonable Aviva initially said it would contact that firm to find out more information. But having done so I agree it should have considered whether alternative legal representation should be offered. However, it didn't do that; Mr K says Aviva told him in a phone call it wouldn't appoint an alternative firm. And its position wasn't made clear until August 2025 when Aviva said *"you can always look to use your own solicitors on any claim as long as you let us know they are acting on your behalf"*.

I've thought about the impact on Mr K of what Aviva got wrong. He argues he had no choice but to accept the offer made by the third party insurer because he didn't have legal representation and the limitation date for his claim was only days away. I'm not sure that's correct because Mr K says the date of his accident was November 2022 and he would have had three years from that date to lodge a personal injury claim. So at the point he accepted the settlement offer (which was prior to him emailing Aviva on 27 July 2025) he still had a number of months in which a claim could have been made.

I've also not seen clear evidence to show Mr K would have achieved a higher settlement if his claim had progressed to court. The only legal advice on this is from the panel firm which is clear it believes his injury claim would be in the region of £12-13,000 (and didn't believe he'd evidenced a loss of earnings claim). I appreciate he disputes the panel firm's opinion but in the absence of supporting evidence I don't think he's evidenced a clear financial loss; the negotiated settlement he did achieve was significantly in excess of what the panel firm thought he'd be awarded at court.

Even if he was able to do evidence a financial loss I'm not persuaded that would result from what Aviva got wrong. I appreciate Mr K didn't have access to advice from the panel firm but

I think it would have been open to him to nevertheless seek his own legal advice on any settlement offer prior to accepting this. He's suggested the panel firm refused to release its file but that doesn't appear to be the case; the correspondence I've seen said it would do so as long as it retained the right to recover its costs.

I'm also not persuaded the full solicitors file would in any case have been required for Mr K to obtain advice on whether the settlement offer was in line with expectations for this sort of claim; I think it's clear from his correspondence he had access to the relevant medical report and any loss of earnings claim would be based on evidence he or his accountant were able to provide. And given the value of the claim I don't think it would have been unreasonable of him to seek advice if he had any concerns about the offer prior to accepting it. If that advice had been he shouldn't accept the offer Mr K would then need to have obtained legal representation to pursue it. But that's something he could then have contacted Aviva about (as in fact he did in August 2025 when it advised he could use his own solicitors).

So for the reasons I've explained I'm not satisfied Mr K does have a financial loss as he suggests. Even if that is the case I'm not persuaded that directly results from the failing on the part of Aviva I've identified. I do accept that failing will have caused Mr K some avoidable distress and inconvenience but taking into account the nature and extent of that I think the £250 our investigator recommended does enough to put things right here.

Mr K is also concerned the panel firm asked him for payments of its fees. However, I think Aviva acted appropriately when he told it about this. It contacted the panel firm and established the demand had been issued in error which led to that firm apologising to Mr K for this. I don't think there was more Aviva should have done in relation to this issue.

My final decision

I've decided to uphold this complaint. Aviva Insurance Limited will need to put things right by paying Mr K £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 February 2026.

James Park
Ombudsman