

## The complaint

Mr P and Ms K are unhappy with what Liverpool Victoria Insurance Company Limited (LV) did after Mr P claimed on their legal expenses insurance policy. Although the policy is in joint names as the claim and complaint relate to Mr P I'll mainly refer to him in this decision.

## What happened

In May 2024 Mr P contacted LV seeking assistance from his policy with an employment dispute. LV initially declined the claim because it said the issues had arisen within 90 days of when it believed cover was taken out. Mr P provided information about a previous policy and in mid-June LV confirmed he did have cover for the relevant period. It said if he wanted to use his own solicitors to progress the matter it would need an ACAS certificate (showing he'd used the early conciliation process). Alternatively it could ask a panel firm to consider it.

Mr P said he wanted to use his own solicitors as they'd been dealing with the claim for some time. He provided the ACAS certificate in mid-August. LV asked a panel firm to assess whether the claim had reasonable prospects of success (a requirement of the policy). That firm asked for further information about the claim including the ET1 form and the particulars of claim. LV provided full documentation to it in early November and a positive prospects assessment on aspects of the claim was provided at the end of that month.

In response to the complaint Mr P made about delay LV accepted the initial validation process had taken longer than would normally be expected. And it agreed failings on its part had delayed the prospects assessment and there had been some other customer service issues. It offered to pay Mr P £150 in recognition of the impact of that on him. And it said it would backdate cover for costs incurred to the submission of the ET1 form (subject to its terms being agreed by Mr P's solicitors).

Our investigator thought LV had acted reasonably when seeking to validate cover and in obtaining an assessment of the claim's prospects of success. But there had been delays by it when doing so. She thought LV's offer of compensation (along with backdating cover to submission of the ET1 form) was reasonable. Mr P was also unhappy with what LV had done following the final response on this complaint but that wasn't something he'd raised as a complaint to date (she offered to progress that for him separately).

Mr P didn't agree. He said he'd supplied all documents in a timely fashion and it was unreasonable it had taken five months for a prospects assessment to be carried out. He drew attention to the failings by LV in relation to that and didn't agree £150 did enough to recognise the impact on him of what it got wrong or penalise it for that.

Because funding wasn't agreed he'd had to pay costs himself. And despite LV agreeing to backdate his claim no costs had been covered to date. He also raised concerns about more recent actions LV had taken in relation to the claim including the hourly rate it said it would pay his solicitors.

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 LV has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I've looked at the terms and conditions of Mr P's policy. That does cover "*pursuing a claim directly resulting from a breach of your contract of employment*". But it doesn't cover claims "*where the breach of contract happens within the first 90 days of this cover starting unless you had an equivalent policy which finished immediately before this cover began*".

It appears the information Mr P provided about his claim did indicate the issues giving rise to it began with the first 90 days of cover beginning. So I don't think LV was at fault in declining the claim on that basis. Once Mr P provided further information which suggested he did have previous cover LV was able to confirm that was the case within a reasonable period.

It's also a requirement for cover to be provided that "*your claim has and continues to have a reasonable chance of success*". The policy defines reasonable chance of success as a "*more than a 50% chance that you will win the case and achieve a positive outcome*". As an insurer isn't a legal expert the assessment of that should be carried out by a suitably qualified and experienced solicitor. So I think it was right LV referred the matter to a panel firm so that could be done.

However, I do agree LV was responsible for delay in that process being carried out. It's not clear to me why information to support that assessment couldn't have been requested from Mr P in mid June when it was established he had cover in place at the relevant time. And there were in any case then further delays in gathering information from him. I do think that delayed the provision of the legal assessment by at least two months. So I've gone on to consider whether what LV has already agreed to do does enough to put things right here.

Mr P has suggested any compensation payment should represent a penalty for LV. However, that isn't something our rules allow me to do. What I can make an award for in this case is fair compensation for the distress and inconvenience Mr P was caused by what LV got wrong. And in considering that I'm aware this was a difficult time for Mr P when he had deadlines to meet in order to ensure that his ET claim was properly lodged.

However, he did have solicitors representing him throughout this period and so wasn't dealing with these issues alone. I appreciate he's had to make payment to his solicitors for at least some of the work they carried out but I think it likely he'd always have needed to do that. Even without delay by LV it would have taken some time for the prospects assessment to be produced. So Mr P would have needed to protect his position in that period.

Taking into account the impact on Mr P of what LV got wrong I don't think it's offer of £150 and backdating cover to when the ET1 form was submitted is unreasonable. I appreciate costs relating to the claim haven't yet been paid but that's something which is being considered as part of the separate complaint Mr P has now made.

## **My final decision**

Liverpool Victoria Insurance Company Limited has already made an offer to settle the complaint by paying Mr P £150 and backdating cover to the submission of the ET1 form. I think this offer is fair in all the circumstances and so my decision is that LV should do that.

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

James Park  
**Ombudsman**