

The complaint

Mr K is unhappy with what QIC Europe Ltd did after he made a claim on his legal expenses insurance policy.

What happened

In 2024 Mr K sought assistance from his policy with a claim relating to a kitchen installation. After obtaining further information about that QIC asked a panel firm to assess whether the claim would have reasonable prospects of success (a requirement of the policy). The firm advised in September further information was required before prospects could be considered. That included correspondence with the supplier and evidence of a lack of cooking facilities. It also said information was required to support Mr K's claim for compensation for missed work shifts as a result of the kitchen issues.

Mr K provided further information which was reviewed by the panel firm. They advised in October information was still required on a refund Mr K had been offered and correspondence between him and the supplier after the kitchen had been installed. QIC also said the current value of the claim would fall within the limit of the small claims court Where that was the case cover wasn't provided for solicitor's costs to pursue a claim. But if Mr K was able to provide more information which evidenced a higher claim value the position on this could be reviewed.

In an October 2024 response to Mr K's complaint QIC didn't accept it had done anything wrong and thought it was entitled to rely on the advice provided by the panel firm. If Mr K was able to provide the outstanding information it would review matters to see if cover could be provided. There was further correspondence following that but QIC didn't change its position. Mr K made a further complaint to QIC. It confirmed in March 2025 that without more evidence it couldn't consider his claim further.

Our investigator agreed QIC was able to rely on the advice provided by the panel firm and as prospects of success hadn't been confirmed he didn't think it was required to accept the claim Mr K made. Mr K didn't agree. He made detailed submissions across a number of emails (all of which I've read). In my view the outstanding issues are:

- In August 2024 he'd provided QIC with the information it asked for about work he'd lost as a result of the kitchen installation in the format it requested. That showed the claim value to be £32,000. He didn't accept he hadn't substantiated his claim in relation to this. And the further evidence that QIC had asked for to support this aspect of his claim was impossible to obtain as the supplier had declined to provide it to him
- He didn't think QIC had provided the panel firm with all of the information he'd provided to it. Or that firm hadn't properly reviewed that information. As a result QIC continued to insist that further correspondence was required from him. He provided email evidence in support of his position on that.
- He queried whether a regulated solicitor had been involved with the assessment of his claim. He said the supplier had already accepted there had been a breach of contract

and so the prospects of success of his claim clearly met the requirements of his policy. QIC had in any case told him in June 2024 it would provide the support offered in the policy for a case that fell within the small claims limit (for example with court fees). But it hadn't done so.

- His insurer had recently rejected a second and separate claim from him which he said showed the same pattern of behaviour as had been evidenced in relation to this complaint.

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 QIC 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 K's policy. That covers "*professional fees to defend or pursue legal action arising from a contractual dispute relating to an agreement which an insured person has entered into during the period of insurance for...buying (including under a hire purchase agreement) hiring or receiving goods and services for personal use*".

I think it's accepted Mr K's kitchen dispute would fall within that insured event. However, it's a condition for cover to be provided that "*there is at least a 51% chance of you achieving a favourable outcome and the costs of the legal action are less than the value of any damages that are likely to be awarded as result*".

In addition, the policy excludes "*claims falling within the limits which can be dealt with in the small claims court other than as set out under insured event 2 – Consumer Disputes*". And that section (which is relevant to the claim Mr K made) says for the claims which fall within the small claims court "*we will pay appropriate experts to build your case, and court fees, as long as the value of the goods or services in dispute or the total instalment due at the time of making the claim is more than £125*".

I've considered first whether it's fair of QIC to apply that term in relation to Mr K's claim. The relevant rules say an insurer is responsible for producing appropriate information about a policy which includes an Insurance Product Information Document (IPID). That should contain information about the main exclusions where claims cannot be made. I think a consumer would reasonably expect that to include details of any significant or unusual policy exclusions and limitations. The IPID in this case does say QIC may limit professional fees paid under the policy if it feels it unlikely the claim will achieve a "*sensible outcome*". But it doesn't make any reference to cover being excluded in its entirety (with the exception of consumer disputes) where the claim value is within the small claims limit.

In my view that is a significant restriction on policy cover. I also consider it to be unusual as in my experience similar legal expenses policies don't contain exclusions like this. So it is something that should have been included in the IPID. And while the exclusion is contained in the policy terms it only appears at point 18 of the claims conditions on page 19 of the policy. I don't think QIC has done enough to draw Mr K's attention to this exclusion in the information it was responsible for producing.

However, I'm mindful of the fact that because Mr K's claim relates to a consumer dispute the

exclusion doesn't remove cover in its entirety but limits the amount QIC will pay to expert fees and court costs. So it's not as significant a restriction for this claim as it might be for others which don't involve a consumer dispute. Given that, although I do feel QIC was at fault in not drawing this Mr K's attention, I don't think the consequences of that failing in the circumstances of his claim mean it was unfair of QIC to apply that restriction here.

I've therefore gone on to consider how it did so. Given that policy requirement I think it was reasonable QIC initially requested further information from Mr K about the value of his claim. And on receipt of a more detailed breakdown of shift work he believed he'd missed out on (as a result of the issues with his kitchen) it asked a panel firm to review the claim to see if the policy requirements in relation to prospects of success were met.

As an insurer isn't a legal expert I think that was appropriate and it's in line with our normal approach. Where a prospects assessment has been carried out by a suitably qualified lawyer who has relevant experience we think it's reasonable for an insurer to rely on a properly written and reasoned legal opinion when deciding whether a claim has prospects of success or not. Here that assessment was carried out by a paralegal. But QIC has confirmed that they were supervised by a Chartered Legal Executive (an authorised lawyer). I think their assessment was one that, in principle, QIC was entitled to rely on.

The panel firm assessment was on a standard template and a box was ticked to say the '*Chance of success*' was below 51%. However, the reason for that appears to be the firm didn't have sufficient information to reach a view on prospects. And it set out further information it thought was required in order to do so. It also queried in a separate email the valuation of the claim and wasn't satisfied information Mr K provided about shifts he was unable to work related to the kitchen installation.

Mr K says he'd already provided QIC with information the panel firm requested about correspondence with the kitchen installer and the offer of a discount. Having reviewed the correspondence he provided it's not clear to me whether that's the case or not. However, I don't think that's material to the outcome of the complaint. Whether or not he did so the key reason his claim didn't then progress was because evidence he'd provided about his work (and which is referenced in the response from the panel firm) didn't persuade it a court would be satisfied he'd suffered the claimed loss in relation to this.

As the policy doesn't provide cover for professional fees where the claim value is within the small claims limit I think it was reasonable of QIC to say without further supporting evidence these wouldn't be covered by the policy. It did provide the further information Mr K then supplied to the panel firm but that didn't change its position on this matter. Its advice included that if Mr K wanted missed shifts considered he would "*need to provide evidence and explanations of the shifts you are wanting to claim for, as it appears from the correspondence you provided that the installer [T] was at the property for only a few days*".

Mr K says the kitchen installer accepted they'd been at fault. But that doesn't in itself mean he'd recover the amount he's claiming in court proceedings. I think it was reasonable of QIC to rely on the panel's firm's advice in relation to this. And without evidence showing this claim exceeded the small claims limit the policy wouldn't provide cover for professional fees. I've also reviewed the further correspondence between Mr K and QIC following the final response it issued in October 2024. QIC did provide some guidance on what information might help support his claim which I think was reasonable. I recognise Mr K has sought to obtain information from the kitchen supplier which it wasn't able to provide. But while that's unfortunate in the absence of that or other clear supporting evidence I don't think it was unreasonable of QIC to conclude a clear link hadn't been shown between the shifts Mr K said he was unable to work and action that was required in relation to his kitchen. So I don't

think there was further action QIC needed to take in relation to the claim as it relates to cover for professional fees.

I recognise that subject to other policy terms the policy could nevertheless cover expert costs and court fees. Mr K says that hasn't been provided. However, QIC did highlight in its initial correspondence with Mr K that "*the policy may also pay appropriate expert and court fees*". And when it responded to Mr K on 20 July 2024 it said "*should the remaining policy terms be met, the Policy may cover any court fees that you incur. If you wish to claim for those fees, please let us know*". In February 2025 QIC again said "*At this stage, the claim would fall within the small claims court and should you proceed, the policy would only cover expert (such as a surveyor) and court fees*". I'm not aware Mr K has asked for cover for those costs.

And given the policy contains a specific definition of professional fees which includes the reasonable and proportionate costs charged by the authorised professional I don't think the separate reference to an "*appropriate expert*" could reasonably include legal fees Mr K incurs. So I don't think there's anything QIC currently needs to cover. It remains open to Mr K to seek policy funding for expert and court fees if he does want to pursue his claim.

Mr K has also referenced a separate claim which has recently been turned down. I'm only considering in this decision the complaint he's made about QIC in relation to his legal expenses claim. If he wants to pursue the other complaint that's something we might be able to consider separately once the business involved has had an opportunity to respond to it.

My final decision

I've decided not to uphold this complaint. 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