

The complaint

Mrs A is unhappy with what Accredited Insurance (Europe) Ltd did after she made a claim on her legal expenses insurance policy.

What happened

In March 2025 Mrs A sought assistance from her legal expenses policy as she said her neighbour's builder had caused damage at her property. Accredited said the policy excluded claims (other than consumer disputes) where they fell within the small claims court limit (£10,000). Mrs A accepted her claim wouldn't exceed that amount. Accredited said cover wasn't available for her claim.

Our investigator thought the policy exclusion was clear and had been correctly applied in this case. And he didn't think Accredited had given Mrs A misleading information about the reasons for its inclusion; it hadn't told her this was required by the Ministry of Justice. If Mrs A wanted her claim to be considered by Accredited she'd need to evidence it did have a value greater than £10,000.

Mrs A didn't agree. She said this limitation hadn't been made clear to her in the policy documentation and thought the policy would cover any legal claim she had. And Accredited had referenced the Ministry of Justice when it discussed the claim with her.

I issued a provisional decision on the complaint earlier this month. In summary I said:

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

I've looked first at the terms and conditions of Mrs A's policy. That does cover professional fees to "take legal action relating to an event which causes or could cause physical damage to your home or goods that you own or are responsible for". However, the policy contains a general exclusion which says it doesn't cover "claims falling within the limits which can be dealt with in the small claims court other than as set out in under insured event 2 – Consumer disputes". Mrs A acknowledged in a call with Accredited her claim wouldn't exceed £10,000. That means it is one that falls within the small claims court limit.

Mrs A recalls Accredited telling her the reason for the exclusion was because the Ministry of Justice had said small claims shouldn't be dealt with through legal expenses insurance. I've listened to her call with Accredited. The adviser does reference the small claims limit of £10,000 being set by the Ministry of Justice. And she goes on to say that body felt lower value claims shouldn't attract solicitor's fees when someone could pursue these themselves. But she does also say it's the policy exclusion which then works to exclude the claim Mrs A made. She doesn't say it's a Ministry of Justice requirement.

I've gone on to think about whether it's fair for Accredited to nevertheless apply the exclusion in this case. Mrs A says it wasn't made clear to her. And 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 Accredited may limit professional fees paid under the policy if it feels it unlikely the claim will achieve a “sensible outcome”. However, 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 19 of the claims conditions on page 18 of the policy. I don’t think Accredited has done enough to draw Mrs A’s attention to this exclusion in the information it was responsible for producing.

Given that it may not be fair of Accredited to rely on it to decline Mrs A’s claim. However, even if that is the case I don’t think it makes a difference to the overall outcome. It’s clear from the initial discussion between Accredited and Mrs A that, while she was very distressed by the actions of her neighbours, she hadn’t established a clear value for any claim against them. For example, she hadn’t obtained any quotes for remedial work for the damage she believed their builders had caused to her garden and fence.

That is something she would need to do in order to pursue a legal claim for damages against her neighbour (which is what falls within the policy definition of ‘legal action’). I’m not persuaded at the point Mrs A contacted Accredited she’d evidenced she had a valid claim falling within the terms of her policy at all. As a result, regardless of whether the exclusion Accredited relied on fairly applies, I think it would have been entitled to turn down her claim.

But I do think it will have caused Mrs A avoidable distress to be told an exclusion she hadn’t previously been made aware of was being applied As I’ve already found this exclusion is a significant and unusual one which should have been drawn to her attention by Accredited and wasn’t. And only being told about this when she made her claim will have been particularly upsetting given this was a difficult time when she was already distressed by the impact of her neighbour’s actions on her property. In recognition of the impact of what it got wrong on her I think Accredited should pay Mrs A £250.

Responses to my provisional decision

Mrs A raised some concerns about how our investigator had handled her complaint (which have been addressed separately). But she agreed with the outcome I’d reached. Accredited also accepted what I’d said.

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.

As both parties have accepted what I said in my provisional decision there’s no reason for me to change the findings I set out in that.

My final decision

I’ve decided to uphold this complaint. Accredited Insurance (Europe) Ltd will need to put things right by paying Mrs A £250.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs A to accept or

reject my decision before 9 March 2026.

James Park
Ombudsman