

The complaint

Mr G and Ms L complain about AmTrust Specialty Limited's handling of their legal expenses insurance claim.

Any reference to AmTrust includes the actions of its agents.

What happened

Mr G and Ms L hold legal expenses insurance cover with AmTrust. They made a claim in December 2024 as they wanted to take legal action against a home security company for breach of contract. AmTrust referred the claim to its panel solicitors for advice on whether the legal action had reasonable prospects of success, as required under the policy terms.

The solicitors concluded there wasn't reasonable prospects of success, though they recommended that Mr G and Ms L obtain an expert report. AmTrust refused to pay for this.

Mr G and Ms L obtained an expert report (and later an amended version with some more information) and provided it to the solicitors. However, the solicitors didn't think the reports provided enough information to support the legal action having reasonable prospects of success. AmTrust therefore withdrew funding.

Mr G and Ms L complained to AmTrust about its handling of the claim. They were unhappy with the prospects assessment, and that it hadn't been written by a solicitor. They thought their claim did have reasonable prospects of success, so they didn't think AmTrust should have withdrawn funding. They were also unhappy that AmTrust hadn't paid for an expert report.

AmTrust issued a final response to the complaint on 6 May 2025. It made the following main points:

- It told the solicitors of concerns that Mr G and Ms L had previously raised about the qualifications of the case handler. The solicitors confirmed that the prospects assessment was checked by a qualified solicitor.
- Although the solicitors asked AmTrust to consider funding for the report, AmTrust had declined to provide this, and this was in line with the policy terms.
- The solicitors concluded the expert reports later obtained by Mr G and Ms L couldn't confirm the home security company had breached the contract. So, it had withdrawn funding.
- It accepted that it had promised Mr G a call on 24 February 2025, but this didn't happen. Mr G had to call back two days later. AmTrust apologised for this and offered £50 compensation.

Unhappy with AmTrust's response, Mr G and Ms L brought a complaint to this service.

Our investigator looked into things but didn't recommend the complaint be upheld. She thought AmTrust had acted reasonably and in line with the policy terms when it declined to

pay for an expert report and withdrew funding. She thought the £50 compensation AmTrust had offered for failing to call Mr G back was fair.

Mr G and Ms L didn't accept our investigator's findings and so the matter has been passed to me for a 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.

Mr G and Ms L have provided detailed submissions to this service, though I'm not going to respond to every point that's been made. Instead, I'll focus on what I consider to be Mr G and Ms L's key areas of concern. That's not meant as a discourtesy, it simply reflects the informal nature of this service.

I note that some of Mr G and Ms L's concerns relate to the firm of solicitors. If they are unhappy with their advice, they would need to raise this with the solicitors directly, and then to the Legal Ombudsman if they remain dissatisfied.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must not unreasonably reject a claim and must handle claims promptly and fairly. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr G and Ms L's complaint.

The policy terms say that to be covered, a claim must have reasonable prospects of success. This is defined as:

'There must be a 51% or greater chance of winning the case or achieving a positive outcome...'

The policy also explains the assessment of the claim and its prospects of success will be carried out by an independent adviser, and if they determine there isn't a 51% or greater chance of success, then AmTrust may decline or discontinue support for the case.

This is standard practice for legal expenses insurance. An insurer carries the risk of paying the other sides costs as well as the insured's legal costs if the case is lost. So, it's not unreasonable that an insurer wouldn't want to cover the cost of a claim if it's unlikely to succeed.

AmTrust referred the claim to its panel firm of solicitors. They concluded that the claim didn't have reasonable prospects of success. They made the point that although Mr G and Ms L alleged the home security company had damaged their security system, they hadn't seen evidence which corroborated this. The solicitors suggested that an expert report be obtained, and then they could review the matter further. AmTrust wouldn't pay for this and withdrew funding.

Where an insurer has declined funding, it isn't for us to evaluate the merits of the underlying claim. Instead, we look at whether the insurer has acted fairly. We would expect the prospects assessment to be carried out by (or supervised by) a suitably qualified lawyer who has relevant experience. Where that's been done, 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.

I appreciate Mr G and Ms L disagree with the conclusions reached by the solicitors, and I note their comments around this. Though I've read the assessment and I think it's properly reasoned. The assessment addresses the claim made and provided reasons for why it was unlikely to succeed. Although the assessment was carried out by a paralegal, they were supervised by a qualified lawyer. So, I'm satisfied it was reasonable for AmTrust to rely on that assessment when concluding the policy term relating to prospects wasn't met.

Mr G and Ms L think that AmTrust ought to have paid for the expert report that the prospects assessment suggested they obtain. AmTrust refused to do so because the report was required to establish whether there were reasonable prospects of success. I think that was reasonable. Under the policy terms, AmTrust was entitled to withdraw funding as soon as it was confirmed there was no reasonable prospects of success.

Mr G and Ms L have made the point that the firm of solicitors asked AmTrust if it would fund the report. They said the cost of an expert report was proportionate to the claim itself, and that there were good prospects of recoverability. As our investigator has explained, proportionality is a relevant factor to be considered in a claim. However, the first hurdle to overcome is that there needs to be reasonable prospects of success, which would include recovering the money at stake. Though as I've explained, the solicitors concluded there wasn't reasonable prospects of success. So, I don't think AmTrust did anything wrong by refusing to pay for the report.

It might be different if the claim *did* have good prospects of success and a report was needed to support the legal claim - such as establishing the value of the claim for example. In those cases, an insurer would usually cover the cost of obtaining an expert report as this would be considered a necessary expense of litigation. But I wouldn't expect an insurer to cover the cost of a report to help a consumer try and show there may be reasonable prospects of success in the first place.

Mr G and Ms L did obtain an independent report and later an amended report from the same company. The firm of solicitors considered these reports but advised that they didn't have sufficient detail to confirm prospects of success. They said the reports only provided some insight into the reason for the alarm's failure, but didn't go so far as to assist them in being able to confirm whether the home security company had breached the terms and conditions of their contract with Mr G and Ms L.

I've looked at the reports. They only include a few sentences about the alarm and don't offer any information about what could have caused the system to fail. So, again, I think it was reasonable for AmTrust to rely on the legal advice received that the reports didn't support the claim having reasonable prospects of success.

Therefore, I'm satisfied it was reasonable for AmTrust to withdraw funding as the policy terms allowed it to do so.

Mr G and Ms L say the advice they'd received on the legal helpline was that they had a valid claim. As our investigator has explained, a legal helpline can only provide general advice. The prospects assessment was carried out by a firm of solicitors who had all the relevant information before making a decision on prospects. I've explained why I'm satisfied it was reasonable for AmTrust to rely on this.

I've also considered the overall handling of Mr G and Ms L's claim. In doing so I've taken into account their vulnerabilities. For the most part, I think AmTrust handled their claim fairly and promptly. The claim was submitted in December 2024, and AmTrust accepted this soon after (subject to an assessment on prospects). It confirmed the claim had been sent to the solicitors for a legal assessment. It advised that once the solicitors had confirmed they could

act, then an assessment on prospects would normally take between five and ten days, depending on the complexity of the case.

When Mr G and Ms L hadn't heard from the solicitors on prospects by the end of January 2025, AmTrust contacted the solicitors about this on their behalf. That is what I would expect it to do. Mr G and Ms L then received the prospects assessment in early February 2025. There was then further correspondence between the parties in relation to the reports, and I can see that Mr G and Ms L did chase AmTrust on occasions when they hadn't received a prompt response. However, I can't see that AmTrust caused any significant avoidable delays in its handling of the matter. Though AmTrust has accepted that it failed to call Mr G back when this was agreed. It offered £50 compensation for this, which I consider to be reasonable for this error.

I therefore don't require AmTrust to do anything further.

My final decision

My final decision is that AmTrust has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that AmTrust Specialty Limited should pay £50 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Ms L to accept or reject my decision before 26 February 2026.

Chantelle Hurn-Ryan
Ombudsman