

The complaint

A company, which I'll refer to as H, complains about the way Allianz Global Corporate & Specialty SE dealt with a claim on its business protection insurance policy, in particular that it delayed settling the claim.

Mr S, who is a director of H, brings the complaint on H's behalf.

What happened

The background to the complaint is well known to the parties and I will summarise the key events here:

- H is a peer to peer loans company. It provided a loan for a property development. It notified a claim on its policy in January 2024 saying there had potentially been a misrepresentation by the party that took out the loan and it had suffered a loss as the loan hadn't been repaid and the borrower had gone into administration.
- The policy includes cover for loss due to crime. Allianz said it would look into the claim and appointed solicitors to investigate. H was unhappy with the way the investigation was carried out and the amount of time it was taking,
- After H complained, Allianz confirmed the claim would be paid up to the policy limit of £500,000, less the excess of £50,000, together with interest as provided for in the policy terms. Allianz asked H to provide an interest calculation and then paid £150,000, which was the policy limit (the calculation being for a higher sum).
- H remained unhappy about how long it had taken to settle the claim and said the losses had not been covered in full; because of the delayed settlement, it had not been able to pay its investors the interest they had been expecting.
- Allianz did not accept there had been delays.

Our investigator's view was that there had been delays totalling around nine weeks, and H had been without the use of the settlement money for that time. She recommended that Allianz pay interest at 8% per year for that period, and pay £200 compensation for the inconvenience H had been caused.

H accepted the investigator's view but Allianz did not, and requested an ombudsman's decision.

I issued a provisional decision saying I did not intend to direct Allianz to pay interest, but intended to award compensation of £200 for the inconvenience caused to H.

I set out my reasons as follows:

My provisional decision

The key points I need to determine are whether there was unreasonable delay in settling the claim and, if so, whether H has suffered a loss or harm as a result. Having considered

everything carefully, I consider there was some delay, but H has not shown that it suffered a financial loss as a result.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy terms define loss as:

“...financial loss suffered by the company and includes the loss of investor monies who provide loan finance to the company and, in respect of extensions B1 and B5, its legal liability to customers or third parties. In the case of a loan, loss means capital and interest at contract rate as specified in the loan agreement...”

Interest is paid as follows:

“the insurer shall indemnify the company for the amount of any interest which would have been receivable but for a loss covered under this policy or which becomes payable by the company resulting directly from a loss covered under this policy provided that the insurer's liability for such interest receivable or payable is limited to 15% of the limit of liability. In the case of a loan, interest at contract rate applies.”

The claim was notified on 31 January 2024. Initial enquiries were undertaken in February and solicitors appointed to give advice on the policy coverage. Given the nature of the claim and the amounts involved, I think that was reasonable. In late March 2024, Allianz said it was likely the claim would be covered. Another firm of solicitors was appointed to investigate the claim.

H didn't agree it was necessary to appoint solicitors or that it should cover their costs. I think it was reasonable for Allianz to appoint solicitors to investigate the claim. Mr S said Allianz could rely on investigations by the administrators of the company that was in administration, but they were not acting on behalf of Allianz or carrying out an investigation into insurance issues. And Allianz speeded up the process by saying the coverage solicitors should only ask limited questions, focusing on a few key points – and agreed to waive the policy requirement for H to pay the solicitors' costs. Information was received from the company's administrators and there was further correspondence with H. Allianz explained why solicitors were needed and offered to cover their costs itself, with the excess deducted from the settlement.

I think any delay up to 10 May 2024, when Mr S agreed to Allianz' position, was minimal.

In May 2024 the solicitors said they would undertake a high level review to establish what more information was needed. They completed this in June and said they would be contacting the administrators for further information, to establish what had happened to the money loaned. Allianz agreed with the solicitors' approach.

On 9 July 2024 the solicitors confirmed they had spoken to the administrators and received further information but Allianz didn't receive the full report until late September. Then on 22 October a letter was sent confirming the indemnity; Allianz would pay the amount loaned of £500,000, together with the interest that would have been received on the loan, but for the loss. H was asked to provide a calculation of the interest that would have been paid up to that date. Interest was limited to 15% of cover (£1m) – so £150,000.

The settlement was paid in December 2024. The policy terms require payment to be made within six months of when indemnity was confirmed. This was well within that period, so there was no delay here.

I appreciate that from H's point of view, it took almost 10 months in total to confirm the claim would be settled. But given the issues involved I think it was reasonable to appoint solicitors to carry out a thorough investigation, and this would inevitably take some time.

Having said that, I agree there were some periods where more could have been done. I don't think these were as long as nine weeks, but there were times between July and September in particular where nothing happened and Allianz took no action to pursue the claim or obtain updates from the solicitors. The actual reviews were dealt with quite quickly but there were delays in between, where little was happening. The solicitors were carrying out the investigation on behalf of Allianz and there was some onus on Allianz to manage the claim and ensure it was dealt with promptly rather than, as seems to be the case, simply sitting back and waiting for the solicitors to report.

If that delay caused H a financial loss, then I'd look to direct Allianz to compensate for that. Before proceeding with my decision I sought further information from H about the loss.

The rules that govern our service (the DISP Rules) set out our power to make awards. We can award interest but only where a money award has been made. The rules say –

"...an interest award may provide for the amount payable under the money award to bear interest at a rate and as from a date specified in the award."

So in order to award interest, I must first make a money award; I have no power to award interest in isolation.

I can only award interest if H can demonstrate it has suffered a financial loss as a result of not having received the money sooner. Not having the use of the money in itself is not enough – there needs to be evidence of a financial loss caused by this.

In this case, the claim has been settled, H was paid in full, and interest of £150,000 was also paid.

Mr S has explained that H acts as agent for its lenders, so he would say the loss it suffered was the inability to re-invest those monies in another similar investment; this investment had a target return of 12% per year and there were other investments available on its platform that would have earned a return of 12%. I've thought about this, but it doesn't demonstrate to me that H suffered a loss. This refers to a loss of interest, but the policy itself provided cover for loss of interest and £150,000 was paid for that.

I appreciate it's frustrating for Mr S but I'm not persuaded there is a loss here that means a money award should be made.

Although Mr S is dealing with this on behalf of H, the eligible complainant is H. As it is a limited company, I have no power to award compensation for any distress suffered by Mr S or any other individual involved at H.

I can award compensation for the inconvenience H (as a company) was caused. Dealing with this matter will have taken Mr S (or other of H's officers) away from their normal business activities. Dealing with any claim will always involve a certain amount of time and effort and that's to be expected but, given the nature of this case and the way it was dealt with, there was some additional inconvenience and disruption caused. I agree a payment of £200 would be fair to reflect this.

Replies to the provisional decision

Allianz has replied confirming it accepts the provisional decision. Mr S has replied on behalf of H to say he does not agree and has provided some further comments.

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 S says the £150,000 paid for loss of interest was for the original loan. He is looking for compensation for the delay in paying the capital and the interest - because H did not have the funds, it could not invest that.

I appreciate Mr S says the delay meant the money couldn't be reinvested. But he has previously confirmed that H acts as agent for the investors, and has said ultimately it's the lenders who suffered the loss as they were not repaid their funds earlier, so they did not have an opportunity to re-invest. Mr S hasn't provided evidence that persuades me there was a loss for H, as opposed to the investors.

The complainant in this case is H, so I can only make an award for a loss that H has suffered. If the investors suffered the loss, I can't award compensation to them.

It remains my view there is not a loss for which H itself should be compensated. But the delay did cause H some inconvenience and Allianz should compensate for that.

My final decision

My final decision is that I uphold the complaint and direct Allianz Global Corporate & Specialty SE to pay compensation of £200 for the inconvenience caused to H.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 17 March 2026.

Peter Whiteley
Ombudsman