

The complaint

Miss W complains that QIC Europe Ltd declined a claim on her legal expenses insurance.

Where I refer to QIC, this includes its agents and claims handlers acting on its behalf.

What happened

Miss W took out a legal expenses insurance policy, which was underwritten by QIC. Cover started in December 2020.

Following a dispute over the installation of windows at her property, Miss W issued court proceedings. At the same time, she made a claim on the policy, seeking cover for her legal costs.

QIC initially said as the claim appeared to be below the small claims limit, the policy would only cover court fees and disbursements, not solicitors' fees. Miss W was told if the policy terms were met, the policy might cover court fees.

QIC reimbursed Miss W for the court fee, but there was no further action until she got in touch again in 2025. She said the value of the claim was now above the small claims limit, so she wanted cover for legal fees. After requesting further information, QIC said the court costs had been paid in error and the claim was not covered because it relates to a contract entered into before the policy started, and there is no cover in those circumstances.

Our investigator said it was fair to decline the claim. She did not think Miss W had suffered any loss as a result of the way the claim had been dealt with.

Miss W disagrees and has requested an ombudsman's decision. She has provided detailed submissions in support of her complaint. I won't set them out in full but the key points include:

- The policy does not define an insured event as the date of a contract. The Consumer Disputes section of cover refers to agreements made during the policy period, but there is no clause excluding cover where a contract pre-dates the policy.
- Many disputes - including those involving latent building defects - only emerge years later.
- The late decision to decline based on the contract date represents a change in position after she had relied on cover being provided. She issued court proceedings on the understanding she would have cover.

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 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.

The starting point when deciding whether the claim was declined fairly is the policy terms. These say cover will be provided for disputes about consumer contracts as follows:

“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 some policies, the relevant date is the date when the dispute started but in this case, the key date is when the contract was entered into. It’s for the insurer to decide which risks it wants to cover. QIC did not want to cover the risk of a dispute arising out of a contract that was already in existence – it would only cover contracts entered into after the policy started.

Where a policy only covers contracts which were made during the period of insurance, our general approach is that this is fair even if the dispute only came to light later on, as long as the policy wording is clear. I’m satisfied in this case the policy wording is clear.

Miss W has made various points about the date when she became aware of the problem and the dispute itself started, but that is not relevant in these circumstances. The relevant date is the date when the contract was entered into. On the basis of the policy wording, the claim is not covered.

However, Miss W says she was misled into thinking her claim was covered, and started court proceedings on that basis. If Miss W was given wrong information, and acted to her detriment as a result, it might not be fair to decline cover. So I’ve considered whether it’s fair to apply the policy terms in the circumstances.

I appreciate there was some uncertainty about the claim initially. QIC paid the court fee, and Miss W says she was led to believe the claim was covered but, while QIC did indicate it may provide cover, she was told in an email in September 2023 that

“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.”

I don’t think this gave any guarantee of cover - she knew cover was subject to the policy terms being met. She was only told court fees “may” be covered. And in their note of a call with Miss W in October 2023, the call handler says they

“... advised her that I did note that the contract with the window company was entered into 2018 and her cover... only started in 2020, so as the contract was not entered into during the period of insurance, we cannot assist. PH understood, also advised her that she could use the LHL for some telephonic assistance.”

So Miss W was told at the time her claim wasn’t covered, but she could get assistance from the legal helpline.

On balance, I don’t think the evidence shows Miss W only issued court proceedings because she was told she would be covered. Miss W may have thought she’d be able to claim, and I appreciate how upsetting it was to find she couldn’t, but she was only told the policy might cover court fees. And although QIC did reimburse the court issue fee, that was in March 2024 – some months after she had issued the claim.

Miss W says the majority of her costs were incurred between October 2023 and June 2025, during which time QIC was treating aspects of the claim as covered. And she says she spent two years running a complex claim herself without legal representation, relying on the understanding that cover existed. But QIC hadn’t confirmed cover. There was no contact between them during that period. QIC had left this as an open claim, with no decision

confirmed. When she came back in 2025, it requested further information from her, reviewed that information, and then confirmed the claim was not covered.

In these circumstances, I don't think it's fair to say cover was ever confirmed. QIC acknowledged the court fee was paid in error and has said it won't seek to recover that from Miss W. I think that's fair.

If Miss W had acted to her detriment as a result of QIC's error - for example, if the only reason she pursued her legal action and incurred costs was because she was wrongly led to believe they would be covered - she shouldn't be left out of pocket as a result. For the reasons set out above, I don't think that is what happened here.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 18 May 2026.

Peter Whiteley
Ombudsman