

The complaint

Ms L complains about how INTACT INSURANCE UK LIMITED has dealt with a claim she made under her legal expenses insurance policy.

What happened

Ms L had a dispute with her employer and made a claim under her legal expense's insurance policy for assistance with bringing an employment tribunal claim. INTACT initially declined the claim and Ms L brought her complaint about this to the Service to resolve.

While the Investigator was looking into the matter INTACT agreed to accept the claim and move it forward for assessment by one of its panel solicitor firms. So, this resolved part of the complaint. Ms L however thought she should be awarded compensation for the stress the initial decline of the claim had caused. The Investigator didn't agree so the case was passed to me to decide.

Having initially looked at the case, I thought INTACT had all the information available to it at the start of the claim, to have made the decision to progress it to an assessment earlier. So, I thought its delay had an impact on Ms L. I recognised that due to the underlying circumstances of why Ms L was bringing her claim, she was vulnerable and this delay would have had an additional impact on her. INTACT agreed with my recommendation to resolve the complaint.

Ms L did not agree with my recommendation. She thought I should award in the region of £1,000 to £1,500. She highlighted additional problems she'd had with the claims progression since INTACT had agreed to accept it for assessment. She also pointed out that she'd incurred legal costs to progress her employment claim in the meantime and the difficulties she'd had meeting required deadlines due to being without support. Ms L explained her health has worsened in the meantime due to the stress of the matter. Ms L asked that I formally reconsider the amount of compensation to be awarded.

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.

I recognise this matter is important to Ms L and it has undoubtedly had an impact on her. Bringing legal action is a stressful experience, and I recognise the initial decline of the claim would have added to this.

However, I must point out here, that while INTACT has accepted the claim for assessment, that does not automatically mean cover will be provided by the policy. The legal claim must be assessed to meet the requirements of the policy such as being more likely than not to succeed. Therefore, while at this point, I can say the assessment has been delayed I can't make a finding that Ms L's position has been prejudiced, as it is not yet known whether she would have a valid claim under the policy.

It is for this reason that while I appreciate all Ms L has explained, I won't be making a higher award of compensation. My consideration here is limited to the initial decision to decline the claim, anything that has happened since falls outside of my review.

If Ms L is unhappy about how the claim is progressing, she can make a further complaint about those issues.

If the claim is later accepted for cover under the policy, any legal costs Ms L has incurred in the meantime will need to be assessed by INTACT in the usual way against the policy terms. And, if Ms L is unhappy about any amount it reimburses, then she would be able to make a new complaint about that then.

Having considered everything, I'm satisfied INTACT initially incorrectly declined the claim. It has now agreed to accept the claim for assessment which I think is reasonable however I think it should pay Ms L £500 compensation to reflect the impact its error had on her.

My final decision

My final decision is that I uphold Ms L's complaint against INTACT INSURANCE UK LIMITED. I direct it to pay Ms L £500 compensation.

INTACT INSURANCE UK LIMITED must pay the compensation within 28 days of the date on which we tell it Ms L accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 15 May 2026.

Alison Gore
Ombudsman