

complaint

Mr J complains that Automobile Association Insurance Services Limited ("AA") mis-sold him legal expenses insurance.

background

Mr J was sold a contents insurance policy by AA in 1996; the policy included legal expenses insurance. The policy renewed for a number of years until 2006, when Mr J opted to purchase alternative cover elsewhere.

Mr J made a number of legal expenses claims against the policy sold by AA. The legal expenses claims all stemmed from his professional regulatory body's decision to suspend his licence and impose restrictions on his registration. The legal expenses claims related to disputes with the solicitors who had acted for him in his claim against the professional regulatory body and against a not-for-profit organisation who had provided assistance to help Mr J deal with his dispute with the regulatory body.

The insurance provider of the policy sold by AA appointed panel solicitors to assess the merits of the proposed legal actions. These solicitors advised that Mr J did not have reasonable prospects of succeeding with the claims. As a result, he asked the insurance provider to consider a negligence claim against its panel solicitors.

Subsequently, the legal expenses insurance provider said it would not assist Mr J further. They said that the dispute with his regulatory body was not an insured event under the terms of the insurance. Further, it relied on exclusion clauses contained in the policy to decline Mr J's legal expenses claims.

Mr J has said that on renewal of his policy AA did not tell him about a change in the policy exclusions contained in the legal expenses section of the policy.

He has said that the legal expenses insurance was unsuitable for his needs because it excludes matters arising from professional or business activities. He says that by virtue of his profession the exclusion means that he is not covered for any claims and that as a result AA should not have sold him the policy.

Our adjudicator did not uphold the complaint. She didn't think that Mr J had demonstrated that his policy was mis-sold. Mr J appealed. He said that the policy didn't provide him with cover because of his profession and so AA acted wrongly when it sold him the policy.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our service has already considered a complaint against the insurance provider of the legal expenses insurance sold by AA. In this complaint Mr J repeats his dissatisfaction with the way in his legal expenses claims have been handled and how the exclusion clauses have been interpreted and applied to his claims. These matters have already been considered under a separate complaint against the insurance provider; they do not form part of my decision under this complaint.

Those selling insurance are required to provide clear, fair and not misleading information about the insurance they are selling, so that the consumers can make an informed choice whether to take it or not.

In this case, Mr J says that the following exclusion, which was relied on by the insurance provider when it considered his insurance claim, meant that the policy was unsuitable:

“Any matter arising from professional, business or trade activities, including the letting of property.”

I am not persuaded that this exclusion made the policy unsuitable for Mr J's needs. Firstly, the primary purpose of the insurance policy was to provide Mr J with contents insurance, which it did. Secondly, Mr J could benefit from the legal expenses insurance as he had cover for contract disputes unrelated to his professional, business or trade activities, disputes with his employer and property disputes. Therefore, the legal expenses insurance provided benefits to Mr J, irrespective of his profession and was not wholly unsuitable.

Mr J says he wasn't informed of an exclusion that was introduced on renewal of his policy in 2004, which excluded:

“Any legal cause of action in relation to the professional negligence of any lawyer or expert acting on your behalf where the original matter, for which he/she was instructed is an excluded cause of action as defined in this section.”

AA has said that Mr J was sent policy documentation when the policy started and on subsequent renewals. Mr J has said that this was not necessarily the case. Because of the passage of time, AA isn't able to produce the renewal documents from 2004. However, even if Mr J wasn't sent the revised policy in 2004, I do not consider that he has adequately demonstrated prejudice as I haven't seen any independent evidence to suggest that he would not have taken out the policy in 2004 if he was aware of this exclusion, or that his insurance claims would have succeeded but for this exclusion.

AA has provided evidence demonstrating that it sent renewal documents to Mr J in 2005. Mr J has also confirmed that he was aware of the exclusion clause relating to professional activities and that he had gone through the policy terms with AA in 1998. I have seen no evidence to show that AA provided misleading information about what the policy covered, and as some of Mr J's claims were progressed under the terms of the insurance I do not regard the policy as mis-sold.

my final decision

For the reasons given above, I do not uphold this complaint and I make no award against Automobile Association Insurance Services Limited.

Christopher Tilson
ombudsman