

The complaint

Mr and Mrs M complain that Allianz Insurance Plc unfairly declined a claim under their legal expenses insurance policy.

Where I refer to Allianz, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

Mr and Mrs M have been involved in a long running dispute with their neighbours, which has resulted in numerous claims being made with different legal expenses insurers over many years, as well as several complaints being brought to our service.

In early 2022, an Ombudsman at our service issued a final decision upholding Mr and Mrs M's complaint against their previous legal expenses insurer – who I'll refer to as 'U' – and directed it to take certain action. Mr and Mrs M say U didn't comply with the Ombudsman's directions, so they made a claim under their new legal expenses insurance policy with Allianz to take action to enforce the decision.

Allianz declined the claim on the basis that the contract in dispute between Mr and Mrs M and U was entered into before their policy started. But Mr and Mrs M don't agree, they say that both the date of the Ombudsman's final decision and U's non-compliance of it occurred within Allianz's period of cover, so it should accept the claim. They raised a complaint, which they brought to our service.

Our Investigator didn't uphold the complaint as he was satisfied Allianz had declined the claim in accordance with the policy's terms and conditions and it hadn't acted unfairly. As Mr and Mrs M didn't agree, the complaint has been passed to me to decide.

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.

When assessing whether a claim is covered under an insurance policy, the starting point is deciding whether an insured event has occurred. In other words, there must be a legal dispute that falls within a section of cover.

Mr and Mrs M's legal expenses policy with Allianz has the following sections of cover:

- Personal injury
- Your home
- Services and personal property
- Employment pursuit
- Employment defence
- Tax enquiry

- Motor prosecution defence
- Jury service
- Probate

I've considered the descriptions of each section of cover set out within the policy's terms and conditions. Having done so, I'm not persuaded Mr and Mrs M's claim falls within one. The most relevant section of cover for their dispute with U is "services and personal property", which says:

"What's covered:

Legal costs incurred in bringing a claim or beginning civil proceedings against a third party or organisation for:

- *The purchase, hire, lease, or sale of any personal or private goods or the provision of services for your private or personal use."*

But Mr and Mrs M's dispute isn't about the provision of a service provided by U – rather, it's about enforcing a decision from our service. So I'm not satisfied there's a valid claim here.

I've also considered the policy's exclusions, in particular the following:

"Any enforcement proceedings or procedure arising from a successful outcome where settlement is not then made, unless relating to claims concluded successfully under this policy."

I'm persuaded this exclusion applies here. I say this because Mr and Mrs M want to enforce our decision which directed a settlement from U, and this wasn't in relation to a claim under Allianz's policy.

Allianz has also highlighted the following policy exclusion, which it seeks to rely on in declining the claim:

"Any dispute arising from a contract entered into prior to the inception of this Legal Expenses policy..."

Mr and Mrs M say they entered into the contract with our service during Allianz's period of insurance. But as our Investigator has already explained, Mr and Mrs M don't have a contract with us – we operate under the Financial Services and Market Act 2000 as an informal dispute resolution service.

Furthermore, their claim to Allianz is about a dispute with U – not us – so the contract in question would be the insurance contract between Mr and Mrs M and U. I say this because the dispute regarding the enforcement of our decision arises from their contract of insurance and a claim made under it.

For the reasons I've explained above, I'm satisfied it was fair and reasonable for Allianz to decline cover for Mr and Mrs M's claim and I'm not persuaded it's acted unfairly. So I don't uphold the complaint.

Our final decisions are legally binding, so Mr and Mrs M can enforce our decision against U in court. And whilst they may wish to seek legal advice, there's no requirement for them to be legally represented in this process.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 19 September 2023.

Sheryl Sibley
Ombudsman