

## **The complaint**

Mr and Mrs U complain about the way UK Insurance Limited trading as Direct Line (UKI) has handled a claim under their legal expenses insurance (LEI) policy.

For ease of reading, I've referred to Mr U throughout my decision.

## **What happened**

The circumstances of this complaint are well known to both parties, so I've summarised what's happened.

- Mr U has a LEI policy which is underwritten by UKI. He made a claim on the policy to pursue a legal dispute against his neighbour as their plants were encroaching on his land.
- UKI appointed a panel firm of solicitors, J, to deal with the matter. J said the legal claim had reasonable prospects of success and so wrote to Mr U's neighbour. J also asked Mr U to obtain estimates for the remedial works.
- The neighbour's insurer said they were willing to settle on a 'without prejudice' basis. J deemed it a reasonable offer and asked Mr U to provide updated estimates for the works.
- Mr U didn't want to settle on a without prejudice basis. He said there was a risk that if the issue persisted after the remedial works, he wouldn't have any further recourse. He said he wanted an arborist to attend and his property and provide an expert opinion on the situation – something J had previously suggested.
- Mr U complained to UKI saying: he disagreed with the settlement; J hadn't handled his claim promptly; J had failed to respond to emails in a timely manner and answer his questions.
- UKI explained it isn't legally qualified and so, is entitled to rely on J's legal advice – which was that as the neighbour had agreed to settle on a without prejudice basis, an arborist wasn't necessary. UKI reiterated J's comment that any remedial work ought to come with a guarantee and so there, would be recourse if the problem reoccurred. It recognised however, there had been delays and poor communication and paid £150 compensation.
- Unhappy, Mr U brought a complaint to this Service. An Investigator considered it but didn't uphold it. Mr U remained unhappy and so, the complaint has been passed to me for an Ombudsman's decision.

## **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 issue here is that Mr U disagrees with the advice J has given – namely, to accept a settlement offer on a ‘without prejudice’ basis. He doesn’t consider it to be an adequate solution to the legal dispute.
- I’m aware Mr U has already referred his concerns about J’s advice to the Legal Ombudsman which is the appropriate body to review these. But, whilst I can’t comment on the merits of Mr U’s legal dispute, I have considered whether UKI has acted reasonably by relying on J’s advice when handling Mr U’s LEI claim.
- UKI, as the insurer of the policy, isn’t a legal expert. And so, it’s entitled to rely on the advice of a qualified legal expert, such as J to inform its position.
- J has explained to both parties why it considers accepting the settlement offer to be the right course of action and in turn why it doesn’t deem an arborist’s survey to be necessary.
- In the absence of evidence which suggests J’s legal advice is so obviously wrong, I consider it reasonable for UKI to have relied on it to say it’s now up to Mr U to decide whether he wants to accept it as a resolution to his LEI claim or not.
- UKI has paid compensation to recognise there were shortcomings with how J handled the claim. By doing so, it seems to be acknowledging it should have had better oversight of how J was progressing things. I consider £150 to be fair in the circumstances.
- Understandably, the situation with his neighbour has been stressful for Mr U and this has been compounded by being advised to accept what he considers to be an inadequate resolution to his dispute. But, in terms of what I can look at – namely, UKI’s handling of the LEI claim – I haven’t seen anything to persuade me it has treated him unfairly, and so I won’t be recommending it pay additional compensation.

### **My final decision**

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr U and Mrs U to accept or reject my decision before 24 August 2023.

Nicola Beakhust  
**Ombudsman**