

The complaint

Mr H's complaint is about a delay in receiving payment for the legal fees he incurred from Royal & Sun Alliance Insurance Limited ('RSA') under the terms of their legal expenses insurance policy.

All references in this decision to RSA include their claims handlers because RSA are responsible for the actions complained of.

What happened

Mr H made a claim on his RSA legal expenses insurance policy for cover to deal with a dispute with his employer. RSA appointed a panel firm to consider the claim, but Mr H decided to instruct his own Solicitors, following which his employer agreed to settle his claim. RSA agreed to pay his legal costs incurred in respect of this, but it took just over 6 weeks for payment to be made. Mr H complained. In response RSA offered him £100 in recognition of the distress and inconvenience the delay caused.

Mr H is unhappy with the time it took RSA to make payment as well as the explanations he received about the delays. He wants RSA to pay him around £500 in compensation for this. He says the time he spent waiting for reimbursement caused him cash flow challenges as well as distress and inconvenience.

Our investigator considered Mr H's complaint and concluded it shouldn't be upheld. She said £100 was adequate compensation and in line with the level we'd award in these sorts of circumstances. Mr H doesn't agree. So, the matter has been passed to me to determine.

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.

Having done so, I don't uphold Mr H's complaint. I'll explain why.

In this case RSA have accepted that they did something wrong as there was an unnecessary delay in making payment to Mr H. Because of this I don't need to determine the issues Mr H has asked me to consider- namely when RSA's claims handlers approved his claim and when they put in his request for payment. The issue I need to decide is the impact their actions had on Mr H and whether the amount RSA have offered is adequate to compensate him for this.

Mr H has talked about the delay in receiving payment being the cause of cash flow challenges as well as stress and inconvenience. But I haven't seen anything to suggest that he had to pay interest on borrowings or lost out financially as a result of the delay in receiving payment. And I would expect it to take a few weeks at least for this kind of payment to be made by RSA. So, the delay in receiving payment to my mind amounts to no more than about three or four weeks.

I can see that Mr H chased RSA for payment several times and entered into detailed correspondence to understand the reasons for it. I realise he wasn't satisfied with the explanations given and that he found this frustrating, and I can understand that. But in the circumstances, I think RSA's offer of £100 adequately compensates him for this. That's because this amount is in line with what we would usually award in similar circumstances and compensates him for both the stress and inconvenience he suffered as well as the time he had to wait to receive payment.

If Mr H hasn't already accepted RSA's offer of £100 and still wants to, he should contact them directly.

I realise my decision will be disappointing for Mr H, but I hope I've explained why I won't be upholding his complaint.

My final decision

I don't uphold my complaint against Royal & Sun Alliance Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 November 2023.

Lale Hussein-Venn
Ombudsman