

## **The complaint**

Mrs B's complaint is about the handling of a claim under her motor legal expenses insurance cover with Liverpool Victoria Insurance Company Limited ("LV").

LV are the underwriters of this policy, *i.e.* the insurer. Part of this complaint concerns the actions of the agents it uses to deal with claims and complaints on its behalf. As LV has accepted it is accountable for the actions of the agent, in my decision, any reference to LV includes the actions of the agents.

Mrs B is also represented in this complaint by her husband. Again for ease, I will refer to Mrs B throughout.

## **What happened**

Mrs B was involved in a motor accident in 2017. She made a claim under the legal expenses section of her motor insurance to recover damages for psychological injuries she suffered as a result of the accident.

In July 2022, Mrs B complained to LV about the progress of her claim. She says it took over five years for the solicitors to deal with, even though they had all the necessary evidence and the other driver had admitted liability. Mrs B also says that the medical agency the solicitors used caused delays and arranged inappropriate and unnecessary courses of treatment ignoring the advice of their own clinical psychologist.

Mrs B asked LV to arrange a second legal opinion on the case and for a medical review before agreeing any settlement, which it refused. Mrs B also says she was only given four weeks' notice of a court hearing and the panel solicitors bullied and harassed her into accepting the first settlement offer made by the other party's representative, which was not what her claim was worth.

LV says that it is only responsible for indemnifying the panel solicitors' fees and by appointing them and paying their fees, it has fulfilled its obligations under the terms and conditions of the policy. LV says Mrs B did not ask for a change of solicitors, only a second opinion and that is not something covered by the policy. It referred her complaint to the solicitors to respond to and said Mrs B would need to follow their complaint procedure if she remained unhappy with their service.

Mrs B remained unhappy with LV's response and referred her complaint to our service. She has made number of points in support of her complaint. I confirm I have considered everything that Mrs B has said but have summarised the main points below:

- she wasn't told by LV that the legal expenses part of her policy would be outsourced and feels mis-led, as she thought her insurance policy was all with LV.
- LV failed in their duty of care to her. She did not choose the panel solicitors or the medical experts used, they were imposed on her.
- She asked for a second legal opinion and a medical assessment, as she had not been seen for some time, so she could make a measured decision on the advice of

the solicitors but this was refused.

- Rather than acting in her best interests the panel solicitors sought to protect the insurance companies involved. And, knowing her medical diagnosis, forced her into accepting the first offered made by other driver.
- There were countless errors and delays by LV, the solicitors and the medical experts they appointed. The solicitors put pressure on her and caused her stress, including making her set up apps on her home computer for the virtual hearing on her case with little notice.

Mrs B says LV should offer her realistic compensation for the life changing psychological injuries sustained and for the consequences that have led on from that incident.

One of our Investigators looked into the matter. The investigator said it was normal practice for legal expenses claims to be handled by another entity and not the insurer and for panel solicitors to be appointed, as happened here and there was nothing wrong in that process. She said that she could only consider the actions of the insurer and not the panel solicitors, who were acting independently of LV, which is not responsible for any advice the solicitors provided.

The Investigator said there was a delay in LV responding to the request for a second opinion but this did not make any difference to her position, as it was not something that was covered by the policy. The Investigator said there was no evidence that Mrs B had raised any concerns about the claim before July 2022 and no evidence that LV had caused delays in the claim process. She did not therefore consider that the complaint should be upheld.

Mrs B does not accept the Investigator's assessment. She says the Investigator has come to this conclusion without reviewing any of the emails she has offered showing the countless delays and errors by LV, the panel solicitors and the medical experts.

As the Investigator was unable to resolve the complaint, it was passed to me.

### **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.

Mrs B has said that the solicitor and agents' involvement should've been made clear from the outset, as she took the insurance on the understanding that LV provided the legal cover.

LV does provide the legal expenses cover, it is the insurance underwriter backing the policy. However, it uses agents to deal with legal expenses insurance claims on its behalf. The policy document does explain this. The first page of the motor legal expenses booklet says: "*This section of your insurance is managed independently on our behalf by ... [our agents]*". But in any event, LV is required by statute to separate its legal expenses business from its other liabilities by doing this.<sup>1</sup>

I don't therefore agree that LV has done anything wrong in appointing agents to deal with legal expenses insurance claims on its behalf. I also do not think Mrs B was misled about this when she took out the policy. As stated, the arrangement is set out in the policy sufficiently clearly in my opinion and the arrangement is a statutory requirement.

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<sup>1</sup> Section 5 of The Insurance Companies (Legal Expenses Insurance) Regulations 1990

The claims-handling agents are acting on behalf of LV and it is responsible for anything they do. The agents considered the claim and appointed one of their panel of pre-approved solicitors. Most legal expenses insurance policies work in the same way, with insurers having a panel of pre-approved solicitors. The insurers will usually have pay agreements with these pre-approved solicitor firms, which is aimed to make this more cost effective and they will have been audited and checked for their suitability to deal with certain legal issues.

We expect legal expenses insurers, and their claims-handling agents, to take care to appoint solicitors that are suitably qualified and experienced to deal with the legal case in question, however, it has no duty to oversee how they run the case and it isn't responsible for any action or omission on the solicitor's part. Solicitors are independent professionals, subject to their own regulation. This is the case whether the solicitor is on the insurer's panel of preferred solicitors or not. Panel solicitors will have some agreements in place with insurers but it does not change that their primary duties are to the courts and their clients (in this case Mrs B).

In addition, this service has no jurisdiction over solicitors. I have no power therefore to make any finding about the complaints Mrs B has made about how long the solicitors took to manage her case, issues with the hearing or whether she could have achieved a higher settlement. Mrs B would need to raise any issues he has about the quality of their legal representation and the service they provided, directly with the panel firm (which she has done) and thereafter the Legal Ombudsman.

When Mrs B raised her concerns about the panel solicitors to LV, it asked the solicitors to look into it. I think this was reasonable. Mrs B asked LV if she could get a second opinion on the advice being given to her by LV but the policy does not cover that. It covers the reasonable legal costs of pursuing a valid claim and LV was paying a solicitor to act for her. There is no evidence that LV were not suitable to deal with the matter or that their advice was incorrect, so I do not think it was unreasonable for LV to refuse to pay for another firm to give a second opinion, or for further medical assessments that had not been advised as necessary by the panel solicitors. LV has no right to interfere with the running of a legal claim.

Mrs B also refers to "*countless*" examples of delays on the part of LV and their subcontractors but all the examples she has given were by the solicitors and medical agents. I am not aware of any evidence that LV acted unfairly or unreasonably in the handling of the legal expenses insurance claim.

Mrs B is adamant that her claim was worth more than she settled for and that she was coerced by the panel solicitors into accepting it. A policyholder's own assessment of their legal case cannot reasonably outweigh the assessment of qualified solicitor. But in any event, as stated above, I cannot address any issues with the legal advice given. I can only address whether LV has acted fairly and reasonably as an insurer providing indemnity for Mrs B's legal costs and I think it did. There is no evidence that LV and its claims-handling agents did not act in her interest or that they caused any unnecessary or avoidable delays in her legal claim.

So while I appreciate Mrs B feels very strongly about the strength of her claim and that she was forced to settle for less than it was worth, I do not consider that LV has acted unfairly or unreasonably. I do not therefore propose to make any award in Mrs B's favour.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 February 2024.

Harriet McCarthy  
**Ombudsman**