



31 March 2026

Final report by the Complaints Commissioner

Complaint number 202500620

The complaint

1. On 31 December 2025, you submitted a complaint to my office about the FCA, and I set out the elements below:

Element One – The FCA is not regulating the Before-the-Event (“**BTE**”) legal expenses insurance (“**LEI**”) market because consumers are being mis-sold policies which only refer them to a No Win No Fee solicitor and will only cover legal expenses where the case has a 51% or greater chance of success, and claims under £10,000 are routinely rejected. LEI should not be sold as insurance.

Decision – not upheld. The FCA has explained that, where claims are approved, a panel solicitor will be appointed, and clients will not be advised to approach No Win No Fee solicitors. It has also said that it has no evidence that claims under £10,000 are routinely rejected, and you have not provided evidence to support that assertion. The FCA acknowledges that the 51% prospects of success threshold may be difficult for some consumers to accept. However, it has explained that this approach works for some policyholders and, in any event, reflects the way lawyers generally advise their clients not to pursue cases where the prospects of success are below this level. While I appreciate that you are dissatisfied with the way your insurer dealt with your complaint, this does not demonstrate that the legal expenses insurance market as a whole is not functioning as intended, nor that the FCA is failing to oversee it properly, and you have not provided evidence to support that conclusion.

Element Two – The FCA has not supervised insurer Firm X adequately.

Decision – not upheld. The FCA has reviewed your concerns about Firm X. I consider the FCA has dealt with the information you provided about the firm appropriately, although neither the FCA nor I can disclose what action if any the FCA took as a result, due to confidentiality restrictions. I provide further explanation about the latter below.

Background

2. On 19 May 2025 you told the FCA that you had complained to the Financial Ombudsman Service (“**FOS**”) over a BTE LEI policy which you had taken out with Firm X. You said that although the policy stated that it applied to inquests, you were instead referred to a No Win No Fee solicitor and were told that the policy would only cover your legal expenses if your claim had a 51% or greater chance of success.
3. On 20 May the FCA Supervision Hub told you that your information had been logged and made available to the relevant area within the FCA, but confirmed that they could not discuss what had been done with your information. You were also told that you could raise your concerns about the FOS with the Independent Assessor, although they could not alter the FOS’ decision and could only consider whether the FOS treated you appropriately.
4. On 10 August 2025 you made a complaint against the FCA. You asserted that:
 - a. The FCA was not regulating the BTE LEI market and that consumers were being misled, because policyholders are not told that they will only be referred to a No Win No Fee solicitor and the policies will not cover claims worth less than £10,000.
 - b. The FCA was not addressing consumer dissatisfaction with the FOS and noted that you had approached the FOS but that it had not found in your favour.
5. On 3 October 2025 the FCA issued its Decision Letter. It did not uphold the first part of your complaint because it held that there was no evidence to suggest it had failed to regulate the BTE legal insurance market.

6. The FCA also noted that the FOS handled individual complaints about mis-selling, and you could also take your complaint directly to Firm X or the GFSC, which is responsible for authorising Firm X.
7. The FCA also did not uphold your complaint about consumer dissatisfaction with the FOS, because the FOS is operationally independent from the FCA, and the FCA's oversight is limited to approving budgets and appointment of board members.
8. On 23 December 2025 you raised a complaint with my office. You did not refer your complaint about the FCA in connection to FOS, and I have not reviewed it formally, however, for the sake of completeness, I note in passing that I agree with the FCA's response to you on this issue.

Analysis

Element One – The FCA is not regulating the Before-the-Event (“BTE”) legal expenses insurance (“LEI”) market because consumers are being mis-sold policies which only refer them to a No Win No Fee solicitor and will only cover legal expenses where the case has a 51% or greater chance of success. LEI should not be sold as insurance.

9. You have made several assertions about the BTE LEI market as a whole, and the FCA has provided you with certain information about the market.
10. Firstly, it has noted that LEI allows policyholders access to justice where conditions of their claims are met, and that the insurance usually covers expenses up to £100,000. It noted that you had provided no evidence of firms limiting the legal expenses they would cover to £10,000. The FCA also pointed out that Firm X's minimum threshold for bringing a claim is £100.
11. The FCA adds that when a policyholder claims under their policy, it will first be reviewed by the insurer to determine whether the policy covers the claim. If so, the legal case will then be passed to a panel solicitor to assess the merits, in terms of the likelihood of success.
12. The FCA has explained that a solicitor will usually caution a client against pursuing legal action if the prospects of success are less than 51%, and that if

legal action was not, on balance, likely to succeed, then an insurer would be correct in suggesting that the policyholder approach a No Win No Fee solicitor.

13. Importantly, the FCA has told you that it has *“recently examined the way in which some LEI firms manage their prospects of success determinations and have not found these to be detrimental to Consumers.”*

14. Given this, and the fact that you have not provided evidence to suggest systemic problems within the BTE LEI market, I do not consider that the FCA has failed to regulate the market adequately.

15. For the above reasons I do not uphold Element One of your complaint.

Element Two - The FCA has not supervised insurer Firm X adequately.

16. The FCA has told you that it had logged your information against Firm X but that it could not discuss what it had done with your information.

17. The regulator welcomes information from people who report concerns. However, as you were told, the FCA does not generally say what action has been taken in response to the information that it receives. This is because section s.348 of the Financial Services & Markets Act 2000 (“**FSMA**”) classes some information the FCA holds about firms as confidential and restricts how that information is dealt with. In addition to this, any information that is not restricted by s.348 FSMA may be restricted due to the FCA’s policy on sharing information about regulated firms and individuals, who also have legal protections.

18. Under this policy, the FCA will not normally disclose the fact of continuing action without the agreement of the firm concerned. There is a good explanation of the statutory and FCA policy restrictions on information sharing at <https://www.fca.org.uk/freedom-information/information-we-can-share>.

19. Like the FCA, I am required to respect confidentiality. This means that sometimes I cannot report fully on the confidential material to which I have access. However, as part of the Complaints Scheme, I have access to all the FCA’s complaints papers, including confidential material. This is so that I, as an independent person, can assess whether I am satisfied that the FCA has

behaved reasonably. I consider that the FCA has dealt with your information on Firm X reasonably.

20. For the above reasons I do not uphold Element Two of your complaint.

The Complaints Commissioner

Complaints Commissioner

31 March 2026