



Been in an accident that wasn't your fault? Legal expenses insurance may help pursue any losses

Legally covered

You never know when you might need to take someone to court. Legal expenses insurance may help you with the costs

The cost of taking legal action can be prohibitive. Could you afford to claim compensation if you were injured in an accident, unfairly dismissed from work or had a dispute with a tradesman? You may be able to if you have legal expenses insurance (LEI).

LEI is usually sold as an add-on to car or house insurance, generally for a small extra premium (£15 to £20 a year isn't unusual). Occasionally it's included free. It is also possible to buy standalone policies, although these are less common. There is always a limit to how much can be claimed under the policy – usually £50,000 or £100,000.

There are two types of LEI – before the event and after the event. Most LEI is before the event and offers cover for things that might happen. It usually includes the costs of solicitors' fees, expert witnesses, court fees and any legal costs awarded to the other side. After-the-event insurance is taken out after the incident has happened and insures you against losing the case.

Extent of cover

For maximum cover, it's worth having both household and car LEI. Household LEI commonly covers personal injury, employment disputes (such as unfair dismissal), property disputes – disagreements over boundaries, for example – and disputes about goods or services bought or hired.

LEI with your car insurance generally covers the cost of pursuing losses because of accidents that weren't your fault. It usually covers claiming compensation for injury,

damage to your car and uninsured losses such as your policy excess and car hire.

All policies are different, but common exclusions include divorce or custody matters, defamation, disputes with contractors about major improvements to your house, and small claims (£5,000 or less in England, £2,000 in Northern Ireland or £750 in Scotland). However, you can receive legal advice on small claims cases if you're a member of Which? Legal Service – available to subscribers to any of our magazines or to Which? Online for £9.75 for the first six months, then £9.75 a quarter.

Is LEI for you?

Sixty four per cent of those who responded to our survey have LEI and, at £15-£20 a year, it's worth considering. This is small change compared with the potential costs of taking a case to court. Without LEI, you could end up out of pocket even if you win, as the court may not award all of your costs.

You can receive advice on small claims if you're a member of Which? Legal Service

3,696 Which? online panel members responded to our survey about LEI. Thanks to all.

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Checklist

It's worth having LEI, but there are things you need to consider before you buy

■ Are you already covered?

Before buying LEI, check whether your car and house insurance policies include it. You may also get free legal advice if you are a member of some professional bodies or motoring organisations or a trade union.

■ **Will you win?** Insurers usually insist that there is a reasonable chance of your claim being successful before they will take it on.

■ **Size of claim** Some insurers won't take on a case if the amount you are claiming is likely to be less than your case costs. So if you are claiming £500 but your insurer thinks it would cost £1,000 to settle the case, it may turn you down.

■ **Time limit** There is often a time limit on making a claim – 180 days after the incident took place isn't unusual.

■ **Choice of solicitor** Most policies allow you to choose your own solicitor, but you cannot usually do this until a decision's been made to take the case on. However, by this point it may not be practical to change solicitors.

■ **Offers to settle** Usually you must accept any reasonable offer to settle. If you choose to continue with the case against advice, you may have to bear any subsequent costs.

■ **Complaints** If you're not happy with how your case is being handled, complain to the Financial Ombudsman Service (see 'Contacts', below).

Contacts

Financial Ombudsman Service
0845 080 1800
www.financial-ombudsman.org.uk
Which? Legal Service 0800 252100
www.whichlegalservice.co.uk