Beazley Logo

Claims examples

David vs Goliath

February 13, 2023

At Beazley we pride ourselves on our innovative and strategic thinking, and we were recently able to put this to good use.

Claims Scenario

Group of mortgage brokers selling interest-only mortgages, faced mis-selling damages claims. Find out how their Beazley Errors & Omissions (E&O) policies saved them millions.

Each individual claim was small, and in many cases the standard response would have been to pay out the claims, given the size of the premium involved and the low value of the claims. However, the claims were largely spurious, with potentially damaging consequences for our clients' reputations and finances, and so we decided to investigate further.

In a number of cases we had a particularly strong case to defend, so these were taken up as test cases and defended in court. Where there was a legal gap, we worked to create doubt in the mind of the legal firm behind the group of claims about their likely chances of success in bringing a group of claims forward.

Our strategy paid off, resulting in the withdrawal of almost all of the claims made against its SME financial planner policyholders.

Looking a little deeper

Our claims team identified a defensible gap around the statute of limitations on the timing of the claims. We challenged the claims in test cases where the financial planners were able to prove the mortgage buyers had been clearly advised of the risks at the time they bought the mortgage products, and that it could be proven that a longer time period had elapsed since the alleged mis-selling had occurred.

By researching, developing and seeing through a sophisticated defence strategy on behalf of these SME clients, in a situation where each individual claim was in itself quite small, and where the premium paid

by the policyholders was also quite low. Our team mounted a successful defence to the test case mortgage claims.

Their legal successes have now raised enough doubts in the mind of the legal firm involved in bringing the claims to cause them to announce they will no longer pursue the vast majority and will not look to bring any new claims in future either.

Going the extra mile

Thanks to the diligence, experience and technical expertise shown by our team, this group of SME clients were able to successfully challenge predatory legal claims, which could have had a significant impact on these small businesses if the defence had not been so robust.

For our SME customers, the aggregate amount saved was close to £5 million and more than 300 policyholders were saved from having the worry and stress of fighting erroneous claims. Settling would have cost millions and customers now also possibly stand to recoup some of the money spent on litigation.

As we grow our SME offering via myBeazley, the hands-on and dedicated service seen in the handling of this kind of low value, high impact claims exemplify our promise to offer an immediate, accessible and personal claims handling service to all of our clients.

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