

The complaint

Mr A is unhappy that AmTrust International Underwriters DAC has declined a claim made against his guaranteed asset protection (GAP) insurance policy after the car was stolen.

What happened

In March 2018 Mr A acquired a car with a finance loan and at the same time took out GAP insurance. Mr A said the car was stolen in November 2019. The loss of the car was considered under the car's motor insurance policy. And Mr A made a claim to AmTrust for the shortfall under the GAP insurance policy that he had with them.

AmTrust declined Mr A's claim, saying he wasn't eligible for the GAP insurance cover as he wasn't the registered keeper of the car at the time the GAP insurance policy was taken out. He referred his complaint to us.

Our investigator said that AmTrust hadn't acted unfairly by declining Mr A's claim as his policy says he had to be the registered keeper of the car and he wasn't.

Mr A said his brother hadn't been able to get finance on the car, so he'd taken out the finance loan and the GAP insurance in his name. He said the dealer had entered the car registration documents in his brother's name. He asked for an ombudsman to decide.

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'm not upholding this complaint, I'll explain why.

In bringing this complaint Mr A has said that the policy was mis-sold, as it was known that the car wouldn't be registered in his name. But in that of his brother who had been unable to obtain finance to acquire the car. But AmTrust didn't sell the GAP insurance policy to Mr A the car dealership did. And the dealership is a separate body from AmTrust and is also regulated by the Financial Conduct Authority. This means that the dealership is itself responsible for responding to complaints about the sale of the policy. So, I don't intend to deal with Mr A's complaint about the policy's mis-sale in this decision. In determining my decision, I will look at whether AmTrust have acted fairly and reasonably in declining Mr A's claim under his GAP insurance policy cover.

GAP is an insurance policy which covers the difference (gap) between the market value of a car when it's been written off or stolen, and what the consumer has left to pay on their car finance loan. In March 2018, Mr A took out the GAP insurance policy alongside the finance loan for the car, the insurance policy provided cover up to £25,000.

In November 2019, the car was stolen. As there was a shortfall in the amount paid under the car motor insurance policy, to the amount still owed on the finance loan, Mr A made a claim under his Gap insurance policy.

Mr A's GAP insurance policy was taken out in March 2018. The terms and conditions of the policy say:

"You are eligible for this insurance if at the Date of commencement

- You are the registered keeper of the Insured Vehicle"*

I can see from the registration document for the car, that the registered keeper wasn't Mr A but his brother. The registration document shows Mr A's brother was the registered keeper from 28 March 2018. Mr A's GAP policy began 29 March 2018. So, Mr A wasn't the registered keeper at the date of commencement of the policy. And so, he wasn't eligible for the GAP insurance.

I can also see that the motor insurance policy for the car was also in Mr A's brother's name. As Mr A's brother was the registered keeper and the motor insurance policy was also in Mr A's brother's name the theft of the car was covered by the motor insurance claim.

I know Mr A will be disappointed by my decision, but I can't say that Amtrust has acted unfairly and unreasonably by declining his GAP insurance claim, as he wasn't eligible under the terms and conditions of the policy.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 June 2021.

Anne Scarr
Ombudsman