

## **The complaint**

Miss C complains about Motors Insurance Company Limited trading as Car Care Plan Insurance ("MICL") and the deductions they've applied to the settlement they've paid, following the claim she made on her GAP insurance policy.

## **What happened**

In November 2022, Miss C purchased a new, used car. As part of this purchase, Miss C paid for a GAP insurance policy, underwritten by MICL.

Unfortunately, in early 2023, Miss C's car was deemed a total loss, and she received a total loss settlement through her own, separate motor insurance policy. But this settlement was less than the amount she paid for the car and so, she contacted MICL to make a claim on her GAP insurance policy for the difference.

MICL accepted Miss C's claim, and they paid her £2,079. But Miss C was unhappy with this payment, as it included over £1,500 worth of deductions that she thought were applied unfairly. So, she raised a complaint, asking for the payment to be increased.

MICL responded to the complaint and didn't uphold it. They thought Miss C's claim had been settled in line with the terms and conditions of the GAP insurance policy she held. So, they didn't think they needed to do anything more. Miss C remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought the payment MICL made was a fair one, that fell in line with the terms of the policy. And they were satisfied the payment reflected the financial information shown in the vehicle order form and vehicle sales invoice. So, they didn't think MICL needed to do anything more.

Miss C didn't agree. She maintained her belief that, as a consumer, the policy didn't provide her with the cover that she felt it was intended for. So, she maintained her position that the payment included deductions that were unreasonable, and she wanted MICL to increase the amount she received. As Miss C didn't agree, the complaint has been passed to me for a decision.

## **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 the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Miss C. I don't doubt Miss C paid for the GAP insurance policy believing that, should her car be deemed a total loss, the

policy would cover the difference between the total loss payment her insurance company issued and the total amount she paid out to purchase the car. So, when Miss C received a payment from MICL and it included deductions that equated to a significant amount, I can understand why she'd feel as though she had been left at a financial loss unfairly.

But for me to say MICL should do something more, such as pay Miss C an additional amount, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied that, when calculating the payment Miss C received, they failed to act in line with the terms and conditions of the GAP insurance policy she held. Or, if I think they did act within these, I'd need to be satisfied they acted unfairly in some other way. And in this situation, I don't think that's the case.

I've seen the terms and conditions of the policy Miss C held. And these explain *"Following the total loss of your vehicle during the period of insurance we will pay the difference – up to the sum insured – between the insured value and the purchase price of your vehicle as confirmed in the net sales invoice"*.

And I can see within the same document that purchase price is defined as *"confirmed in the net sales invoice which includes delivery, factory fitted accessories and dealer fitted options but excludes any insurance premiums. We exclude all deposit allowances, discounts, rebates, concessions, cashbacks, incentive and contributions. We also exclude new vehicle registration fees, road fund license fee, number plates, warranty costs, fuel, paintwork protection applications, other extras, arrears or negative equity"*.

So, I think the terms make it clear there were exclusions applicable to the purchase price that would be used to calculate Miss C's payment. And these exclusions are also set out clearly within the Insurance Product Information Document sent to Miss C alongside the GAP insurance terms and conditions, under the *"what is not insured"* section.

I've seen the sales invoice. And I've seen it lists the total gross vehicle selling price as £27,773.00. But I can see that this price included a total of £1,594.00 worth of costs, that all fall under the exclusions listed in the term I've quoted above. As these costs fall under the exclusions set out within the terms of the policy, I don't think I can say MICL have acted outside of the terms, or unfairly, when deducting these costs from the overall settlement they paid to Miss C.

Once these deductions were applied, it meant Miss C's selling price as detailed within the net sales invoice was £26,179.00. And when Miss C's payment of £24,100 after the applicable excess, from her motor insurer is subtracted, this leaves a total settlement of £2,079.00. And this is the amount MICL paid to Miss C. So, based on the above, I'm satisfied the payment MICL made is a fair one, that has been calculated correctly and fairly. And so, I don't think MICL need to do anything more on this occasion.

I understand this isn't the outcome Miss C was hoping for. And I recognise it leaves Miss C at what she feels is an unreasonable financial loss. But, while I do understand why Miss C feels as though the policy she took out isn't fit for the purposes she intended, I do think the terms and conditions, as well as the associated policy documentation, made it reasonably clear that there would be exclusions applied when determining the purchase price of the car and so, the payment she would receive. And I would've expected Miss C to ensure she understood the limitations of the policy before paying for it. So, while I do recognise Miss C's unhappiness and her reasoning for this, I don't think this impacts the decision I've reached.

### **My final decision**

For the reasons outlined above, I don't uphold Miss C's complaint about Motors Insurance

Company Limited trading as Car Care Plan Insurance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 26 September 2023.

Josh Haskey  
**Ombudsman**