

The complaint

Mr F is unhappy that Startline Motor Finance Limited failed to honour a Guaranteed Asset Protection ('GAP') insurance policy he says was provided as part of a hire purchase agreement he had with them.

What happened

In July 2024, Mr F was supplied with a used car through a hire purchase agreement with Startline. He paid a £400 deposit, and the agreement was for £6,094 over 60 months; with 59 monthly payments of £161.06 and a final payment of £171.06.

Following an incident in December 2024, the car was written off by Mr F's motor insurer in January 2025, leaving a shortfall still to pay. So, Mr F contacted Startline to claim on the GAP insurance provided as part of the agreement he had with them. However, Startline said that Mr F didn't have any GAP insurance, and therefore there was no policy to claim against.

Unhappy with this response, Mr F brought the matter to the Financial Ombudsman Service for investigation. Our investigator agreed that GAP insurance hadn't been provided as part of the agreement Mr F had with Startline, so there was no claim to be made.

Mr F didn't agree with the investigator's opinion. He said that the GAP insurance formed part of the agreement with Startline, so it should therefore be honoured. He also said that, if this hadn't been provided by Startline, then he would've obtained a policy from a third-party provider. So, he made financial decisions based on the existence of the policy.

Mr F also raised an additional complaint that the car had been mis-sold to him – there were a number of modifications that resulted in issues with the car. The investigator explained that, as these issues hadn't been raised with Startline, we were unable to consider them at this time.

Because Mr F didn't agree, this matter has been passed to me to make a 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've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr F was supplied with a car under a hire

purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Before I explain why I've reached my decision, it would be useful for me to set out exactly what I've been able to consider within it. In line with the rules our service works within, we are only able to consider complaints that have been raised with a financial business, with them having been given an opportunity to respond within their complaint process.

At the point which has led to this decision, Mr F has raised a complaint with Startline about the GAP insurance only – he's not raised any complaint about the modifications to the car for which he's received a response. Therefore, in line with our services approach, this decision will only consider the complaint about the GAP insurance.

When considering this matter, I've also taken into consideration section 56 of the Consumer Credit Act 1974. This states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor, and that this includes all communications (including the advert) and representations made. This means that, in this case, any discussions, communication, or representations made by either the credit broker or supplying dealership in respect of a GAP insurance policy being provided were done so as an agent of Startline, for which Startline remain liable.

I've seen a copy of the vehicle invoice dated 24 July 2024, which confirms that Mr F was purchasing the car for £5,795 and taking out a one-year warranty at the cost of £699. This brought the total cost to £6,494. The invoice also shows that the supplying dealership gave Mr F £400 part-exchange value for his existing car, bringing the amount he needed to pay down to £6,094 – the amount he financed with Startline.

However, the invoice doesn't make any reference to any other products being sold i.e. GAP insurance, whether there was a charge for this or not. What's more, the broker who arranged the finance for Mr F and the dealership who supplied the car have both confirmed that they don't sell or otherwise provide GAP insurance.

Based on this evidence, I'm satisfied that Mr F wasn't provided with a GAP insurance policy, by either the credit broker or dealership, when the car was supplied to him. Nor is there anything to show me they advised him such a policy would be provided.

Turning now to the agreement Mr F had with Startline. I've seen a copy of this and, under the breakdown of the costs of the car, this states "*Cash Price of GAP insurance (incl. of IPT) £0.00.*" It also states "*Acceptance Fee (inc. in the First Repayment) £0.00*", and the first repayment (listed separately to the subsequent 58 payments) is for the same amount – the first 59 payments are all for £161.06.

Based on this, it follows that the use of "*£0.00*" shows there is no acceptance fee – while the agreement template allows for such a fee to be applied, where it isn't the lack of such a fee is shown by confirming the cost to be "*£0.00*", rather than the removal of any reference to this from the agreement. As such, I think it's reasonable to conclude that showing the cost of GAP insurance to be £0.00 would also imply that this wasn't present, rather than a free GAP insurance policy had been applied.

Mr F has argued the agreement was misleading, and the reference to GAP insurance at the cost of £0.00 made him believe a policy was being provided free of charge. He's also said that, had he known this wasn't the case, he would've taken a policy with a third-party provider; and implied that he wouldn't have taken the car at all if GAP insurance couldn't be provided.

I've considered this to be a complaint about misrepresentation. For misrepresentation to be present there must (a) have been a false statement of fact, and (b) that false statement of fact must have induced, in this instance, Mr F to have financed this particular car with Startline because he believed it came with GAP insurance.

For the reasons already stated, I'm not satisfied that the agreement reasonably implied that GAP insurance would be provided free of charge. However, even if I'm wrong about this, I don't think the threshold of misrepresentation has been met. I say this because, if having GAP insurance in place had been so important to Mr F that he wouldn't have taken the car without it, then I would've expected to see him chasing Startline for the GAP insurance paperwork when he hadn't received it after a few weeks. And there's nothing to show he did this, nor has he ever said he unsuccessfully chased Startline for a copy of the GAP insurance policy.

Finally, Mr F hasn't provided any evidence that he was ever provided with the existence of a GAP insurance policy i.e. a certificate of insurance or policy terms and conditions, which I'd reasonably expect him to have been provided with if such a policy existed, even if this was provided at no cost.

Therefore, and while I appreciate this will come as a disappointment to Mr F, I'm satisfied that Startline didn't provide a GAP insurance policy or reasonably imply that such a policy had been put in place on his behalf. So, I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Mr F's complaint about Startline Motor Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 October 2025.

Andrew Burford
Ombudsman