

The complaint

Mr S complains Fortegra Europe Insurance Company Ltd (“Fortegra”) charged him a cancellation fee when cancelling his GAP insurance policy. He would like the fee to be returned to him.

What happened

Guaranteed Asset Protection (GAP) insurance is designed to protect the insured against the risk of receiving less from their motor insurer than they paid for, or still owes, on their new car.

This is because new cars depreciate significantly in value: and motor insurers usually only pay market value after the first year from delivery. So, if a car is totally lost in, say, year two, it’s likely the owner will still owe much more to his lender than he receives from his motor insurer.

The risk is less acute during the first year as many motor insurers will provide a new replacement car for one totally lost or stolen during the first 12 months of ownership.

Mr S had GAP insurance with Fortegra. He tried to cancel the policy since he had sold his vehicle and was told there was a £35 cancellation fee to do so.

Mr S says he was provided with a copy of the contract when he took the policy out and there is nothing in the terms to say there is a cancellation fee. He says since he wasn’t provided with this information at the outset he shouldn’t have to pay the fee.

Mr S sent Fortegra pictures of the paper contract he was given when he purchased the cover to show there was no mention of the cancellation fee. Fortegra referred to a term in the contract and declined to refund the cancellation fee. Mr S wasn’t happy with Fortegra’s response since the paper contract he was provided didn’t refer to that specific term.

Mr S wasn’t satisfied with Fortegra’s response so referred his complaint to this service. Our investigator concluded Fortegra acted fairly and in line with the terms of the policy in charging Mr S the cancellation fee. The investigator said the terms of the policy were clear that a cancellation fee would apply if it was cancelled after 30 days.

Mr S didn’t agree. He said the copy of the contract he was provided with didn’t refer to the cancellation fee, and so the complaint was referred to me to decide.

My provisional decision

In March 2025 I issued a provisional decision on this complaint, a copy of my findings is below;

“It’s important I make clear that my decision will only consider Fortegra’s actions as the policy underwriter. It wasn’t responsible for the sale of the policy – which was sold by a third party. It was the third party’s responsibility to provide Mr S with the policy terms and conditions, and other relevant documentation. It wasn’t down to Fortegra. Fortegra’s role here was to

consider whether it was contractually entitled to any premium refund when the policy was cancelled.

Terms and conditions

My starting point is the terms and conditions of the policy. The cancellation terms state;

“If you cancel after thirty (30) days and have not made a successful claim on your policy, you will be entitled to a pro rata refund, based on the number of fully unexpired months remaining on your policy minus a fixed amount of £35 to cover our costs incurred in relation to your cancelled policy”.

So, I’m satisfied Fortega acted within the terms and conditions of the policy. Mr S took out his policy in October 2022 and cancelled it in September 2024. I’m therefore satisfied Mr S cancelled his policy outside of 30 days and so a cancellation fee of £35 applies.

Paper copy of contract

Mr S has provided this service with photographs of pages of the contract he was provided with at the point of sale. He says the information regarding the cancellation fee wasn’t included in the initial documents provided to him.

The format in which Mr S has provided copies of his paper contract don’t make it clear the order of the pages of the contract. I’ve compared Mr S’ submission with the contract provided to me by Fortega and from what I’ve seen it is possible the paper copy could have a double-sided page missing – the cancellation data table and the page containing sections 12 to 16.

But I don’t think Fortega is responsible for this. I say this because, as explained above, it didn’t sell Mr S the policy and so aren’t responsible for providing him with the relevant documents. Fortega’s terms are clear that a cancellation fee applies if the policy is cancelled after 30 days. So, I can’t fairly say Fortega has acted unfairly or done anything wrong here.

On the first page of Mr S’s paper contract it states, “please read these terms and conditions carefully, in conjunction with the Policy Schedule and Statement of Demands and Needs, and make sure you understand and fully comply with them.”

The document also recommends an online account with the administrator is created so Mr S can access policy documents, update personal details, and submit a claim. But Mr S didn’t do this until he wanted to cancel his policy. I think if he had done so it’s likely he would have been aware of the cancellation fee and other relevant aspects of his policy.

Consumer Contracts Regulations 2013

Mr S has referenced the Consumer Contract Regulations 2013 (CCR) where a trader must provide the details of any rights to cancel at the point of purchasing the product. Mr S says the sale took place according to distance regulations so he should have been told specifically about his cancellation rights.

I’ve reviewed the CCR and taken it into consideration, but I don’t agree. Fortega aren’t responsible for the sale of the policy; it was sold by the policy retailer when Mr S brought his car. So, I’m not persuaded distance selling regulations apply here.

If Mr S has a complaint about the sale of the policy, including any concerns around the documents and information provided at the point of sale, he will need to raise that with the retailer or dealership where the policy was purchased.

I empathise with Mr S's position, because I understand he paid for a contract which he then cancelled after the thirty-day period. But, overall, I find that Fortega applied the cancellation fee in line with the terms of the contract. And so, I don't think there are any reasonable grounds upon which I could uphold this complaint. So, I'm not telling Fortega to take any action."

Responses to my provisional decision

Fortegra responded to say it agreed with the provisional decision. Mr S didn't provide a response or any further comment.

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 haven't been provided with any information from either party which alters the findings set out in my provisional decision. So, the findings set out in my provisional decision are now that of this, my final decision.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Kiran Clair
Ombudsman