DRN-5723582

Financial Ombudsman Service

The complaint

Mr D and Mrs W are complaining Bapchild Motoring World (Kent) Limited (Bapchild) mis-sold them a Guaranteed Asset Protection (GAP) policy and a Smart Repair policy when they bought a car.

What happened

In July 2021 Mr D and Mrs W bought a car through Bapchild – a car dealership – paying £11,100 for the car. They also took out a GAP insurance policy and a Smart repair policy.

Around May 2024 Mr D and Mrs W looked to claim for some damage to their car. However, they're unhappy the insurer said it wouldn't send a repairer to their house and said it would only pay £250 towards the repair. They said Bapchild told them when it sold the policy that the insurer would send a repairer to their house to carry out any repairs. And they said this was the reason they took out the insurance policy. So they believe Bapchild mis-sold the policy. They also complained it had sold the GAP insurance policy. They believe Bapchild used underhand selling techniques to sell the policies.

Bapchild didn't uphold this complaint as it said Mr D and Mrs W were only entitled refunds of the premiums if they cancelled the policies within the first 30 days since their inception.

I issued a provisional decision not upholding this complaint and I said the following:

"I don't intend to uphold this complaint and I'll now explain why.

Bapchild recommended to Mr D and Mrs W that they took out both insurance policies. So in doing so, they needed to do the following:

1. *Gather sufficient information from Mr D and Mrs W about their circumstances to understand whether the policies were suitable; and*
2. *Give Mr D and Mrs W enough information about the key features of the policies for them to make an informed choice about whether they wanted to take out the policies.*

<u>Suitability</u>

I haven't seen anything to show that Bapchild did a full fact find to fully understand Mr D and Mrs W's circumstances. So I think it should have done more here. But this doesn't automatically mean it was wrong for Bapchild to not recommend Mr D and Mrs W take out the insurance policy. And I think it was fair for Bapchild to recommend the policies in this case as I think Mr D and Mrs W could have found the policies useful.

GAP insurance policy

Mr D and Mrs W took out a policy called "return to invoice" GAP. Under these terms, the insurer will pay the difference between the amount Mr D and Mrs W paid to buy the car and the car's market value if the car is a total loss or stolen within three years – i.e. it will mean they will have the opportunity to pay the same amount for a car, irrespective of any level of depreciation of the car. So I think Mr D and Mrs W could have found the policy useful.

Smart Cover policy

This policy provided cover where Mr D and Mrs W's car suffers minor damage – such as a small scratch or dent. In these circumstances, where possible, the insurer will arrange to repair the car at a location of Mr D and Mrs W's choice, where a repair known as a "SMART repair" is possible. Where it's not possible, it will pay £250 towards a repair by a bodyshop repair.

Mr D and Mrs W have said they needed the repairs carried out at their home address, which is what they understood the policy covered. While, in this case, the insurer said it couldn't repair it at their home address, it doesn't mean the policy would never do that. The insurer, in this case, decided a SMART repair wasn't possible, so offered £250 towards the repair. While I recognise the policy didn't cover what Mr D and Mrs W wanted it to do in this case, they still received a benefit from it. And it would have done what they thought it would do in other situations – i.e. where the damage could have been repaired through a SMART repair.

Taking everything into consideration, I think Mr D and Mrs W could have also found this policy useful.

<u>Informed choice</u>

As I said, in addition to recommending the policies to Mr D and Mrs W, Bapchild also needed to give them enough information about them so they could make an informed choice about whether to buy them.

Mr D and Mrs W bought the car and took out the policies in a face-to-face meeting. So, naturally, there isn't a clear record of what was actually discussed. But I've taken into consideration their recollection of what happened and the paperwork they would have been given.

When selling the policy, the selling business needs to highlight key and significant terms of the insurance policy. This is generally done through an "Insurance Product Information Document" (IPID).

In this case, Bapchild has provided the IPIDs it says it provided for both products. And I'm satisfied these set out the key features of the policy. Mr D and Mrs W have also electronically signed a document to confirm the following statement:

"I confirm that I have received a copy of the Insurance Product Information Document (IPID) in sufficient time to make an informed decision, I understand the benefits and limitations of the products I have chosen to purchase and have received a copy of this document."

So they've both confirmed Bapchild did provide them with the IPID and that they understood the key features of the insurance policy. I'm also satisfied from their explanations of the policies that they did understand what they provided. As I said above, they said Bapchild misled them to believe that the policy covered repairs at their home. But the policy did cover that. No policy covers every scenario. But the policy did provide the cover they thought it did.

Mr D and Mrs W have also said Bapchild used unfair sales tactics to induce them into buying the policies. They said they told the sales agent they didn't have enough money to buy all of the policies. They said he then went to his manager and put down price of protections. They feel this is unfair practices. But, while I note what they've said, I think they did know they had a choice whether to buy the policies or not. And it's not unfair for there to be some price negotiation. So I can't say Bapchild carried out unfair sales techniques. And, as I've said, they signed to acknowledge Bapchild had explained the key features of the policies.

Ultimately, taking everything into consideration, I can't reasonably conclude that Bapchild mis-sold the insurance policies to Mr D and Mrs W."

Mr D and Mrs W didn't agree with my provisional decision. They maintained that Bapchild pressured them into buying the products and used unreasonable sale techniques to gain more profit. And they said the scratch could have been repaired easily as it was so small, but it was cash settled as it was more profitable to do so.

Bapchild didn't provide any more information for me to consider.

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.

I note Mr D and Mrs W's comments, but they haven't raised anything new for me to think about. My decision sets out why I didn't think I'd seen enough to say Bapchild had pressured them into buying the product. But, in addition to what I set out previously, Bapchild has also shown that they were given two days to think about the products before they took them out – Bapchild first introduced the products on 3 July 2021, but they didn't sign the contracts until 5 July 2021.

As I said before, it wasn't unfair for Bapchild to use selling techniques. But I haven't seen anything to show it acted unreasonably in the way it did. And I'm satisfied they were given enough information and time to make an informed choice.

I note Mr D and Mrs W disagree with the way the insurer settled their claim. But Bapchild isn't the insurer and it didn't make the decision on how to settle the claim. If they disagree with the way the claim was settled, Mr D and Mrs W will need to raise that with the insurer directly.

My final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs W to accept or reject my decision before 27 August 2025.
Guy Mitchell
Ombudsman