

## The complaint

Mr B complains that Itc Compliance Limited (“Itc”) mis-sold him a Guaranteed Asset Protection (“GAP”) insurance policy. In particular, he says he was pressured into buying the policy and he wasn’t informed Itc would be earning commission.

## What happened

Itc sold Mr B a combined ‘Vehicle Replacement’ and ‘Finance’ GAP policy. The policy was for a three-year term and started in March 2019. Mr B then complained to Itc that the policy had been mis-sold and that he’d been pressured into taking out the policy.

Itc responded and said all documentation concerning the GAP policy was provided to Mr B prior to the sale concluding, and the Insurance Product Information Document (“IPID”) set out what was and wasn’t insured. They said, in the completed Statement of Demands and Needs document, Mr B confirmed that he’d been provided with a copy of the key facts documentation and had reviewed all information provided within the document. Itc said Mr B had signed the Statement of Demands and Needs and confirmed he’d had an opportunity to read, review and ask any questions around any policy terms and conditions. Itc also said Mr B had the opportunity to cancel his policy if he thought it wasn’t suitable for him.

Our investigator looked into things for Mr B. He thought Itc hadn’t mis-sold the policy and didn’t uphold the complaint. Mr B disagreed so the matter has come 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’ve decided not to uphold the complaint. I understand Mr B will be disappointed by this but I’ll explain why I have made this decision.

### *Suitability*

During the sales process, Itc recommended the GAP policy to Mr B. That means they sold the policy on what’s known as an ‘advised sale’ basis. That means they had to take reasonable care to ensure the suitability of their advice. The information shows they completed a Statement of Demands and Needs on 23 March 2019 which asked Mr B a series of questions. It asked, *“In the event of a total loss/vehicle write off, over the next 3 years will your motor insurer guarantee to provide you with a replacement vehicle of similar price, age, specification to the one originally purchased”* and *“Do you have any existing insurance that would provide you with a replacement vehicle of a similar age and specification to the one originally purchased?”* Both of these questions were answered ‘No’. There was then a question which asked Mr B about the vehicle’s age, mileage and value. Itc then recommended a combined GAP insurance policy for a duration of three years at a price of £549.

It's clear from the answers provided by Mr B that he expressed a need to have, and would benefit from, a policy which would provide cover in the event his vehicle was deemed a total loss, and he had an outstanding balance to pay towards the finance or wanted to ensure he received the cost of a replacement vehicle. Although Mr B doesn't appear to have claimed on his policy, the cover and benefits were there if he did make a claim. There was also a statement in the Statement of Demands and Needs document which said, "*The purchase of GAP insurance is optional. GAP contracts are sold by other distributors...*" So, Mr B knew how much the policy was going to cost and was able to shop around the market if he wasn't happy with the price being offered. Taking everything into account, I haven't seen anything that makes me think Itc treated Mr B unfairly, and I'm persuaded Itc made a recommendation based on Mr B's demands and needs.

### *Unfair pressure applied*

I can see Mr B says he felt pressured into buying the policy. There are rules which require a firm to provide at least two clear days between receiving key information about the GAP policy and then taking out the policy. These are set out in the Insurance Conduct of Business Sourcebook ("ICOBS"), specifically ICOBS 6A.1.4R and ICOBS 6A.1.6R. This says, before a GAP contract is concluded, a firm must draw to the customer's attention, information including the total premium of the GAP contract, the features and benefits and any unusual exclusions or limitations, the duration of the policy, and whether it's optional. And, following this, the GAP contract cannot be concluded by the firm until at least two clear days have passed since the relevant information was provided.

The information shows the initial Statement of Demands and Needs was completed on 23 March 2019. Directly below the GAP recommendation on this document, there was a section headed, 'Important aspects of your GAP Insurance policy which you should read' and this said, "*You have received the Insurance Product Information Document/s (IPIDs) showing the key features benefits and exclusions to any GAP policies made available to you. It is important that you read this information to ensure that you can and will continue to meet any eligibility criteria before deciding to purchase. The purchase of GAP insurance is optional. GAP contracts are sold by other distributors...Should you decide to purchase [GAP policy] we will not be able to conclude the contract until the 26th March 2019...*"

There was also a customer declaration which said, "*You confirm that you understand that all of our insurance policies are optional...*" and "*That you have had the opportunity to read, review and ask any questions around any insurance policy terms and conditions for products we have recommended and that you have received our Initial Disclosure Document and relevant Insurance Product Information Documents.*"

I've seen the IPID for the GAP policy, and this set out what Mr B was insured for and the benefits, the restrictions on cover, and what isn't covered by the policy. Mr B was also made aware of the price and duration of the policy, and that the purchase of the GAP policy was optional.

There is then another Statement of Demands and Needs document which was completed, and signed and dated by Mr B on 29 March 2019, and which set out the same questions as the document dated 23 March 2019. On this document though it confirmed which products Mr B had decided to purchase, and this included the GAP policy.

The document again drew Mr B's attention to important aspects of the policy and confirmed Mr B had received a copy of the IPID and understood the benefits and limitations of the policy. And, given that the Statement of Demands and Needs completed on 23 March 2019 explained the sale couldn't be concluded until 26 March 2019, it's clear the need to have a deferred period was brought to Mr B's attention. A Schedule shows the policy started on 29 March 2019.

So, taking this information into account, I think Mr B was, in line with the relevant rules under ICOBS, given at least two clear days between being presented with the relevant information relating to the GAP policy and the sale concluding. It therefore follows, that I'm not persuaded Itc acted unfairly in the sale of the policy.

I acknowledge Mr B says that Itc insisted he took out the GAP policy despite him continually saying that he didn't want or need the policy, and that he finally agreed after much pressure had been applied. I have taken Mr B's comments into account, but I haven't seen any evidence that Itc insisted Mr B take out the policy. Instead, I've seen the information shows the documents made Mr B aware the policy was optional. I also haven't seen any evidence of unfair pressure being applied to Mr B. Instead, I've seen Mr B was provided with the key information and then given time to consider this prior to the sale concluding.

### *Commission disclosure*

Mr B says he wasn't made aware, during the sale, that Itc would be earning commission on the sale of the policy. ICOBS: 2.2.2 R requires information from a business to be clear, fair and not misleading. So, I've started by considering whether there was a requirement for Itc to disclose the details of their commission. ICOBS 4.3 R covers commission disclosure for customers and sets out the remuneration disclosure rule and says:

*"In good time before the conclusion of the initial contract of insurance...an insurance intermediary must provide the customer with information:*

- (1) on the nature of the remuneration received in relation to the contract of insurance:*
- (2) about whether in relation to the contract it works on the basis of:*
  - (b) a commission of any kind, that is the remuneration included in the premium"*

The information shows the customer declaration section of the Statement of Demands and Needs confirmed Mr B had received a copy of the Information Disclosure Document ("IDD"). I've seen the IDD and under a heading, 'Insurance' it said, *"We do not charge fees for arranging insurance, we may however receive an economic benefit or retain a part of any premium by way of remuneration."*

The requirement under ICOBS 4.3 R was for Itc to disclose to Mr B the fact they earned commission, and the IDD does say they 'may' retain a part of any premium. This doesn't confirm commission is guaranteed. Instead, it puts Mr B on notice that this is something Itc 'may' receive. So, I've thought about the term 'may' being used here in this context. And, for a number of reasons, I'm not persuaded Mr B has been treated unfairly.

Firstly, it's standard practice within the insurance industry for a broker to charge commission for their services. The expected source of income for insurance brokers generally is the commission earned when selling/arranging/administering the insurance policy. And I think it's a fair starting position to expect that the insurance broker is paid for their service. Secondly, the IDD did say Itc don't charge any arrangement fees. So given what I've said about it being standard practice for brokers to charge commission, I think it was reasonable therefore to expect the reference in the IDD to the payment, which Itc said they 'may' receive, related to commission.

Finally, I've also considered what, if anything, would likely have been different if Itc had confirmed they would earn commission as opposed to saying they 'may'. I'm not persuaded this would likely have led to Mr B finding an alternative broker. As I've mentioned, it's standard practice for brokers to earn commission, so that likely would've applied to any

alternative brokers. And the Statement of Demands and Needs document did inform Mr B he could buy a policy elsewhere – but he chose not to. So, in relation to the disclosure of commission, I'm satisfied Itc have acted in line with ICOBS, and I haven't seen any information which persuades me that the term 'may' has led to Mr B being treated unfairly. And, looking at the information more broadly in terms of what was contained in the IPID and IDD, and the way it was explained, I'm persuaded Itc provided information which was clear, fair and not misleading.

I wish to reassure Mr B I've read and considered everything he has sent in, so if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 October 2025.

Paviter Dhaddy  
**Ombudsman**