

The complaint

Mr A complains about a guaranteed asset protection (GAP) insurance policy sold to him when he entered into a hire-purchase agreement with Black Horse Limited in January 2022.

What happened

Mr A bought a car from a dealership (partly funded with a hire purchase agreement) in January 2022. Mr A was sold GAP (alongside Cosmetic protection) at the same time and these were added to the finance agreement.

The car was involved in an accident in February 2024 as a result of which Mr A's insurance company determined it was a total loss.

Mr A made a claim through his car insurance company and they agreed to pay Mr A a total of £9,200 (once the insurance excess was factored in). Mr A then sought to make a claim on his GAP policy to cover the shortfall between this figure and the cash price of the vehicle (a figure Mr A has calculated to be £4,099).

But, in the process of doing so, Mr A read the insurance document and noted that taxis were not covered. Mr A says that he told the dealership that he worked as a taxi driver and that he wasn't informed of this exclusion when taking out the policy, so he feels it was mis-sold. As a result, in November 2024, Mr A complained to Black Horse.

In December 2024, Black Horse issued its final response to the complaint in which it did not uphold the complaint. In short, it did not think the policy had been mis-sold on the basis that the dealership told it Mr A didn't inform them he was going to use the car as a taxi.

Black Horse did uphold another aspect of Mr A's complaint concerning the provision of an amortisation table. Black Horse offered £30 for its failings in this regard. As I understand it, this matter is not the subject of the complaint brought to our service and, therefore, I'll make no further reference to it within this decision.

Unhappy with this, Mr A brought a complaint about the mis-sale of the GAP policy to the Financial Ombudsman Service in May 2025.

One of our investigators looked into matters and, in November 2025, issued their opinion. In short, our investigator didn't think the policy had been mis-sold. In doing so, the investigator said he was "*not persuaded [Mr A] made the dealership aware that the car was going to be used as a taxi*" and, therefore, he was "*unable to state that there was a misrepresentation rendering the GAP insurance to have been mis-sold*".

Mr A did not agree, so this complaint has been passed to me to 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 outcome as our investigator and for the same reasons. Indeed, I don't have a great deal to add to what the investigator had to say. I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.

Mr A says that he told the dealership about his occupation as a taxi driver (and therefore the intention to use the vehicle as a taxi) and, despite this, it proceeded to sell him a GAP policy from which he could not benefit.

On my reading of the complaint, this amounts to an allegation that the product was misrepresented to him. Mr A's allegation of misrepresentation is in relation to things he was told by the supplying dealer before entering into his agreement, rather than Black Horse. I'm satisfied I can consider a complaint about antecedent negotiations carried out by the supplying dealer against Black Horse because section 56 of the Consumer Credit Act 1974 (the CCA) says that it can be held liable for antecedent negotiations by the supplier.

Section 56 of the CCA states:

Antecedent negotiations

1. In this Act "antecedent negotiations" means any negotiations with the debtor or hirer –

a. conducted by the creditor or owner in relation to the making of any regulated agreement,

b. conducted by the credit-broker in relations to goods sold or proposed to be sold by the credit-broker to the creditor before forming the subject-matter of a debtor-creditor-supplier agreement within section 12(a), or

c. conducted by the supplier in relation to a transaction financed or proposed to be financed by a debtor-creditor-supplier arrangement within section 12(b) or (c), and "negotiator" means the person by whom negotiations are so conducted by the debtor or hirer.

2. Negotiations with the debtor in a case falling within subsection 1(b) or (c) shall be deemed to be conducted by the negotiator in the capacity of the agent of the creditor as well as in his actual capacity ...

4. For the purposes of this Act, antecedent negotiations shall be taken to begin when the negotiator and the debtor or hirer first enter into communication (including communication by advertisement), and to include any representations made by the

negotiator to the debtor or hirer and any other dealings between them.

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 Black Horse, for which Black Horse remain liable.

If Mr A was given a false statement of fact or law, and if that false statement was a significant reason why he took out the policy, I may think the policy had been misrepresented to him.

Establishing what was discussed between Mr A and the sales agent isn't straightforward given I wasn't party to any of the conversations they had.

On the one hand, Mr A says that he made it clear to the sales agent that he would use the car for taxi purposes. Indeed, Mr A says that the sales agent specifically recommended GAP insurance because he *"would be more likely to have an accident in [his] line of work and should [his] insurance company deem the vehicle to be a total loss, the money they would offer [him] would likely be less than what [he] paid for the vehicle"*.

On the other hand, the dealership says that it was not aware Mr A intended to use the car as a taxi. It has said that it offered a GAP policy which did provide similar cover for a vehicle used as a taxi so, if he had notified of it of the intended use, it could have offered this alternative product.

As there is a clear discrepancy between what the two parties have to say, I've turned to look at the contemporaneous evidence.

Firstly, I've seen a demands and needs statement completed by the selling agent at the time. The records indicate this was completed face-to-face. A question on this document asks:

"Is your car or car use any of the following? (it is...for any hire or reward of as a taxi)".

The answer to this question is recorded as 'No'.

Unfortunately, as I've said, I can't know for sure whether this is a true reflection of what was discussed at the time. Although I can see the document states *'Signed via text'* at 17:05 on 5 January 2022 which indicates Mr A was presented with – and had a chance to review - this document. With that being the case, on the balance of probabilities, I'm persuaded that this is likely to reflect what was discussed at the time and, therefore, the dealership was not informed the vehicle would be used as a taxi.

I say this noting that the when the agreement was processed on 5 January 2025, the use of the vehicle was recorded as 'S' (meaning social) as opposed to 'T' (meaning taxi). This was reaffirmed when an amended application was submitted on 10 January 2025 (which now included GAP and Cosmetic Protection).

What's more, I note that one of the documents Mr A received when he collected the car on 13 January 2022 (titled Combined GAP insurance – Insurance Product Information Document) states:

"What is not insured?"

Ineligible vehicles: There are certain vehicles we can't cover such as taxis, couriers, vehicles used for hire and reward...."

As the investigator noted, this document clearly, in my view, states that vehicles used as taxis are ineligible for cover.

As I've concluded that, on balance, the dealership was not aware the vehicle would be used a taxi, and the point-of-sale documentation makes the presence of the relevant exclusion sufficiently clear, I don't think there is sufficient evidence to find that there has been a false statement of fact in this case. It follows that I don't think there is sufficient evidence to support an allegation that there has been a misrepresentation resulting in the mis-sale of the policy.

Summary

Whilst I recognise this will come as a disappointment, for the reasons I've explained, I won't be asking Black Horse to do anything further to resolve this complaint.

Mr A does not have to accept my findings and if he wishes he can pursue his dispute through more formal avenues such as court (seeking appropriate legal advice as he sees fit).

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 February 2026.

Ross Phillips
Ombudsman