

## **complaint**

Mrs T, brings a complaint on behalf of Mr T, against Motors Insurance Company Limited ("MIC"), for failing to meet the balance of the finance agreement under a GAP insurance policy and for the delay in dealing with the claim.

## **background**

In February 2018 Mr T bought a car on finance. He also purchased a GAP insurance policy from MIC. The terms of the GAP policy say:

*"following a total loss Car care will pay the difference – up to the sum insured – between the insured value and the purchase price of the car as confirmed in the net sales invoice. The sum insured is the maximum amount that can be claimed in total during the Period of Insurance as stated in the Validation Certificate."*

The following were excluded:

*"any insurance premiums, dealer and manufacturer discounts, incentives and cashbacks, new vehicle registration fees, number plates, warranty costs, fuel, other extras, arrears or negative equity transferred from a previous finance agreement. . . "*

Mr T's car was written off after an accident in March 2018. Mr T's insurer's paid the value of the car to the finance provider. Mr T made a claim against his GAP policy, expecting them to pay an amount to clear the outstanding balance on his finance agreement. Instead a payment of £250 was made, leaving Mr T with a shortfall.

Mr T feels the terms and conditions of his policy didn't make clear the circumstances in which the policy would pay out.

MIC say they calculated the claim in line with terms and conditions of the policy. They rely upon a breakdown of the figures, provided to Mr T in April 2018.

Our investigator considered the case and felt the terms and conditions of Mr T's Gap Insurance Policy were clear. Our investigator thought MIC had applied the terms and conditions of the policy to Mr T's claim and had correctly deducted the cost of Gap insurance and an administration fee when calculating the purchase price of the vehicle, but thought MIC should have included a cambelt charge (£175) and transfer fee (£50) as part of the purchase price. She thought MIC should have made a payment of £475 towards the balance of the finance agreement, in other words, an additional £225 should have been paid. But our investigator took into account that the finance provider had agreed to waive the balance of the finance agreement, so Mr T didn't actually suffer any loss. In these circumstances, it wasn't fair and reasonable to compensate Mr T further. Our investigator also thought that MIC dealt with the claim within a reasonable time.

Mr T disagrees with the view, so the matter has come to me for a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs T, on behalf of Mr T, has raised several issues about the car and sale of the policy. For the avoidance of doubt, this decision is specific to the payment under the terms of the GAP policy only.

The purpose of GAP insurance is to cover any outstanding finance payments if a car is written off during the period of the policy, subject to the terms and conditions of that individual policy.

I've looked at the terms and conditions of Mr T's GAP insurance policy, which I've set out above. On balance, I think they set out clearly the circumstances in which a claim could be made, and how such a claim would be assessed.

I've seen the breakdown of the figures. I agree with our investigator that it would have been reasonable to have included the cost of the cambelt within the price of the car, I'm not satisfied that the transfer fee should have been included. So I think an error was made when calculating the claim. I think the payment should have been £175 more than the £250.

Mrs T has told us that the finance provider subsequently cleared the balance of the outstanding finance. That balance was more than the additional £175 calculated above. So I'm not satisfied that Mr T suffered a loss here. In my view it wouldn't be fair and reasonable to compensate Mr T further as this would amount to double recovery.

I've taken into account that it is usual practice for GAP insurers to pay a claim after the car insurer has met their claim. I've looked at the timeline of events. Loss and settlement letters were sent to Car care plan on 22 March 2018. They advised that it can take approximately 15 working days to settle a claim. A settlement figure was provided on 19 April. As this was only a couple of days after the estimated timeline, I think the timeframe was reasonable.

I'm sorry to disappoint Mr T, but I'm not going to ask MIC to do anything more.

### **my final decision**

For the reasons given, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to Mr T to accept or reject my decision before 17 June 2019.

Sarah Tozzi  
**ombudsman**