

## complaint

Ms T has complained that Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. didn't pay her enough to settle her guaranteed asset protection (GAP) insurance claim.

Reference to Mapfre includes its agents.

## background

Ms T had an accident and her car was deemed a total loss. Her motor insurer paid the market value of her car. She claimed on her GAP policy for the difference between that sum and the car's invoice price.

Mapfre paid the claim but Ms T wasn't happy with the settlement. She brought her complaint about that to us. I issued a provisional decision on 27 March 2019. For ease I've copied my provisional findings below. I said:

*"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, it's likely I won't uphold it."*

*Ms T was initially unhappy because the dealer who sold her the GAP policy didn't explain that the manufacturer and retailer contributions on her invoice were discounts that reduced the net invoice price of her car. We dealt with that under a different reference number so I'm not going to address those points here.*

*Ms T's policy says it will pay the difference between the motor insurer's settlement for the market value of her car and the net invoice price. The policy gives the following definition for net invoice price:*

*"'Net Invoice Price' means the price paid by You for Your Vehicle including all factory fitted accessories, any discount given and retailer fitted accessories, but excluding road fund licence, new vehicle registration fee, fuel, paintwork and/or upholstery protection kits, insurance premiums (including this Premium), warranty premiums and any such associated costs and any Negative Equity. Retailer fitted accessories and extras are included up to a maximum total as specified on Your certificate of insurance."*

*So in order to calculate the net invoice price Mapfre didn't include: discounts (including manufacturer and retailer contributions), road fund licence, and insurance product premiums. And all of those deductions appear to be in line with the policy. But Mapfre also deducted a sum Ms T paid for the manufacturer's service plan and it was part of that sum our adjudicator didn't think it was fair for Mapfre to deduct. So I've focused on that in this decision.*

*The service plan isn't an insurance product or vehicle warranty. It's an agreement between Ms T and the manufacturer to cover the car's annual service for the next two years. So it's not explicitly excluded in Mapfre's definition of net invoice price. But I don't think that means it was unfair for Mapfre to deduct payment for it when calculating the net invoice price.*

*I think the key wording from the policy is where it says that: “‘net invoice price’ means the price paid by You for Your Vehicle.” And I think it’s fair to interpret that as the amount to buy the physical car and some of the parts or additions the manufacturer or dealer attached to it. And the exclusions for things like warranties, insurance etc. shows that the policy isn’t intended to cover other non-physical optional products, sold alongside the car intended to protect it or maintain its condition. I think the service plan is intended to give customers like Ms T peace of mind concerning her car’s next two annual services. As such I think it’s aimed at maintaining the car’s condition. And I don’t think it’s part of the cost of buying the car itself. So it doesn’t form a part of the price Ms T paid for her vehicle.*

*I accept that the policy doesn’t specifically say that it won’t cover the cost of a service plan. But motor dealers may offer numerous different products when selling cars. And various manufacturers and dealers will introduce new products designed to enhance their customers’ peace of mind. But I don’t think it’s reasonable to expect insurers like Mapfre to amend their policies to cover such products every time a dealer introduces one. Similarly I don’t think it’s reasonable to expect that Mapfre must not make a deduction for such a product simply because its policy doesn’t specifically exclude it. It follows that I think it was fair for Mapfre to make a deduction for the service plan when it was calculating the net invoice price of Ms T’s car. So I’m not going to instruct Mapfre to increase the settlement of Ms T’s GAP claim.”*

Neither Mapfre nor Ms T responded to my provisional 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. Having done so, I’m not going to uphold it.

As Mapfre and Ms T didn’t raise any objections to my provisional decision I see no reason to change it.

### **my final decision**

For the reasons set out above and in my provisional decision I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms T to accept or reject my decision before 8 June 2019.

Joe Scott  
**ombudsman**