

complaint

Mr B has complained about the sale by C M C Chesterfield Limited (“CMC”) of a Guaranteed Asset Protection (“GAP”) insurance policy.

He bought the policy in 2005 when he took out a loan to buy a motorcycle. He’s said he was told that the policy would clear anything he still owed if his motorcycle was written-off, once he’d paid off what he could with the money from his motor insurer. But it didn’t. And he was left with a debt to pay.

background

I issued my provisional decision in November 2014. In my provisional decision I explained why I was minded to uphold Mr B’s complaint.

In summary this was because I thought CMC didn’t sell the GAP policy properly and Mr B bought his policy without understanding what it was really for.

Mr B was an inexperienced borrower, so he would have relied heavily on what CMC told him and would have expected the policy to do what it said. I thought he would’ve been very upset when he found out the policy didn’t clear his debt and he had to find a considerable amount of money to clear it, despite not having his motorcycle any more.

I found that it would be fair and reasonable for CMC to pay Mr B what he needs to clear the debt he was left with when his motorcycle was written-off and he’d paid off what he could with the money from his insurance company. Plus, I thought it should pay Mr B any extra amount needed to clear any additional charges and interest that have been added to this debt since this time.

I also thought CMC should pay Mr B compensation for the distress he suffered when he found out the policy didn’t clear his debt. And for the distress it caused him by simply ignoring his complaint. I thought it should pay him £250 in compensation for this.

I invited both parties to let me have any comments on what I had said before I issue my final decision on the complaint. Neither party has provided any further submissions for me to look at.

my findings

I have reconsidered all the evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances of this complaint.

As no further submissions were provided for me to look at, I see no reason to change the decision reached in my provisional decision. Taking everything into account, I think CMC misled Mr B into believing his GAP policy would repay all of his outstanding borrowing should his motorcycle be written off.

So I think it’s only fair and reasonable that CMC should take responsibility for the misleading advice it gave Mr B. This means CMC needs to meet any loss Mr B has suffered as a result of his policy not paying what he expected it to.

my final decision

I uphold Mr B's complaint and order C M C Chesterfield Limited to pay him what he needs to clear any debt he has left from his loan and any charges and interest added to it since. C M C Chesterfield Limited should contact the lender and relevant debt collection agency to find out what amount it needs to pay.

I also order C M C Chesterfield Limited to pay Mr B a further £250 in compensation for distress and inconvenience.

Daniel Little
ombudsman