

complaint

Miss M complains about the amount she received following a claim against her asset protection insurance policy with Motors Insurance Company Limited. Car Care Plan Limited administers the policy.

background

In August 2018, Miss M was involved in an accident that wasn't her fault. She made a claim against both her motor insurance policy and her asset protection policy. Her motor insurers said that her car was a total loss and that its pre-accident market value was £25,840. Miss M had a finance arrangement in place and I understand that Miss M's motor insurer paid £22,652.30 to the finance company.

Car Care Plan paid Miss M £2,856 but she was expecting it to pay her £6,936.70, which is the difference between the amount she paid for her car - £29,589 - and the amount she owed to the finance company.

Miss M says that she phoned Car Care Plan and it told her that she'd receive the difference between her car's original value and the amount she owed. Miss M says she's out of pocket by £4,080.70. She says that this matter has affected her health.

Our investigator thought that Car Care Plan had settled Miss M's claim in line with the policy terms and conditions. He also thought that Car Care Plan had given Miss M correct information.

Miss M didn't agree with the investigator. She said:

- She spoke with more than one agent when she phoned Car Care Plan.
- It wasn't fair that deductions were made from the price she paid for the car.
- Her insurer paid £22,652.30 to her finance provider and her asset protection policy should have paid up to the value of her car.
- The sale of the asset protection policy wasn't in accordance with the relevant rules.
- She still doesn't have a car and this matter has affected her health.
- She hasn't received the money she paid for her car.
- The deductions Car Care Plan made from the purchase price haven't been explained.

The investigator responded to say that Car Care Plan had paid what it was obliged to pay under the policy and that it wasn't responsible for the sale of the policy.

As there was no agreement between the parties, the complaint was passed to me, an ombudsman, to decide.

my findings

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

It's clear and quite understandable that Miss M has very strong feelings about this matter. However, I trust that she will not take as a discourtesy the fact that I focus on what I consider to be the central issues.

I am very sorry to disappoint Miss M but her asset protection policy doesn't provide the cover she was expecting. She was expecting Car Care Plan to pay her the difference between what she paid for her car (£29,589) and the amount she owed the finance company when that debt was settled (£22,652.30). But that wasn't what the policy said.

The starting point is the terms and conditions of the asset protection policy, which say:

*"Following the **Total Loss of Your Vehicle** during the **Period of Insurance**, **We** will pay the difference [...] between the **Insured Value** and the **Purchase Price of Your Vehicle** as confirmed in the net sales invoice."*

The "**Insured Value**" is defined in the policy as the market value of the car as assessed by Miss M's insurer at the date of the total loss. Miss M's insurer said that the market value of her car at the time of the loss was £25,840.

The policy defines "**Purchase Price**" as:

*"The purchase price of **Your Vehicle** as confirmed in the net sales invoice which includes delivery, factory fitted accessories and dealer fitted options but excludes any insurance premiums, new vehicle registration fees, road fund licence fee, number plates, warranty costs, fuel, paintwork protection applications, other extras..."*

So, the "**Purchase Price**", as defined in the policy, isn't the same as the price Miss M paid for her car. Car Care Plan was entitled to deduct some of the charges made by the dealer when Miss M bought the car, namely, the cost of the number plates, fuel, stargard, first registration fee, road fund licence fee and the administration fee. Those deductions amounted to £893.

In accordance with the terms of the policy, Car Care Plan paid Miss M £2,856. That is the difference between the "**Insured Value**" of £25,840 and the "**Purchase Price**" of £28,696 (£29,589 less £893).

I'm satisfied that Car Care Plan paid Miss M what was due to her under the terms of the policy. There's nothing in the policy that means that it should pay Miss M for the finance payments she's made or pay her the difference between what she paid for the car and the amount outstanding to the finance company.

I've listened to the recordings of the phone calls between Miss M and Car Care Plan. I don't think those calls prepared Miss M for the deductions Car Care Plan subsequently made to the price Miss M paid for her car. But I don't think that alters the outcome here. That's because the terms of the policy determine what Car Care Plan has to pay Miss M and the phone calls don't alter that.

Miss M has concerns about how the policy was sold to her. As the investigator has explained, she should take the matter up with the business that sold her the policy, if she wishes to do so.

my final decision

For the reasons I've set out above, my final decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 28 June 2019.

Louise Povey
ombudsman