

The complaint

Mr P complains about Helvetia Global Solutions Ltd's ("Helvetia") claim settlement under his Guaranteed Asset Protection ("GAP") insurance policy.

What happened

Mr P bought a car for £28,500 and then took out a GAP policy a few months later to cover any losses in the event his car is deemed a total loss or stolen. Mr P's car was then stolen, and his motor insurer placed a market value of £28,750 on his car. After deducting the excess of £400, Mr P received £28,350 from his motor insurer. Mr P then made a claim under his GAP policy and was offered £150 – being the difference between the amount paid to him by his motor insurer and the invoice price. Mr P felt this was unfair, so he complained to Helvetia.

Helvetia responded and explained the policy would cover Mr P's excess, but only up to the invoice price of his car – so the settlement of £150 had been calculated correctly.

Our investigator looked into things for Mr P. She thought Helvetia hadn't acted unfairly in the way they settled Mr P's claim. Mr P disagreed so the matter has come to me for a decision.

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 decided not to uphold the complaint. I understand Mr P will be disappointed by this but I'll explain why I have made this decision.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The primary dispute here relates to the settlement received by Mr P for his GAP insurance claim. Mr P feels he should've been offered £550 – which represents the £400 excess he has paid and the difference of £150 between what he received from his motor insurer and the invoice price of his car. Helvetia say the £150 they've paid is correct and in line with the terms and conditions of Mr P's policy.

I think it's important to mention at this stage, GAP is an insurance policy which covers the difference between the market value of a car when it's written off or stolen, and a previously agreed amount. There are though different types of GAP cover. My starting point therefore is Mr P's GAP insurance policy documents.

The Schedule of Insurance shows Mr P took out a 'Return to Invoice' GAP policy – this means Helvetia would pay Mr P the difference between what he receives from his motor insurer, and what he paid for his car. There's a purchase invoice which shows Mr P paid £28,500 for his car and the Schedule of Insurance records the 'current value' and 'GAP limit' as £28,500. The policy booklet sets out the terms and conditions and, under a section headed 'What is covered?' it says, "*The benefits applicable to you depend on the type of GAP policy you selected when applying for this insurance.*" In this case, Mr P bought 'Return

to Invoice' GAP cover, which the policy says, "*Covers the difference between: the motor insurance settlement and the net invoice price you originally paid for your insured vehicle...*"

I do understand why Mr P has complained though as, under the same 'What is covered?' section, it says the excess is also included and, "*we will cover up to £1000 in respect of any motor insurance policy excess that you have had to pay to your motor insurer as part of your total loss claim.*" But this same section does also say, "*The payment is up to your insured vehicle purchase price.*" and this amount includes "...*payment of any excess...*" And the Schedule of Insurance does also make it clear the limit of cover for Mr P's car is £28,500. So, by paying Mr P £150, Helvetia have acted in line with the terms and conditions by settling Mr P's claim up to the invoice price. I acknowledge it means Mr P hasn't received the £400 deducted for the excess, but the terms and conditions and Schedule of Insurance explain any payment will be limited to the invoice price – so payment of £150 returns Mr P to the invoice price of his car.

Mr P says the terms and conditions say Helvetia will cover the value of his car up to £50,000 – and they'll also cover the excess separate to the value of his car. I agree the terms and conditions do say the maximum benefit payable is £50,000. But, as mentioned above, the policy documents do explain any settlement is limited to the invoice price – and in this case that's £28,500. In relation to the excess, I don't dispute the terms and conditions do make it clear the excess is covered – but it also makes it clear any payment is limited to the invoice price. I can't see there's any section of the terms and conditions which suggests the excess will be covered over and above any return to invoice payment.

I understand Mr P believes the terms and conditions show there's no relationship between the value of his car and the excess – and the policy should cover both separately. Mr P says this means it should cover the £150 to return him to the invoice price and also £400 for the excess he has paid. The Insurance Conduct of Business Sourcebook ("ICOBS"), under ICOBS: 2.2.2 R requires information from a business to be clear, fair and not misleading. Where policy terms and conditions are open to differing, yet reasonable, interpretations, I would look favourably on the party that hasn't drafted the wording.

In this case, I don't believe the policy wording is ambiguous. There's the terms and conditions I've referred to above – which I think makes it clear any payment is limited to the invoice price. But in addition to this, I've thought carefully about Mr P's interpretation of the policy terms and what this would mean for any settlement. If the policy wording applied in the way Mr P believes it should, he would receive £28,900 in total (£28,350 + £550) – this is not only greater than the invoice price, but also greater than the motor insurer's valuation of his car. This type of policy is designed to cover a difference (a gap) between what Mr P received from his motor insurer and the invoice price – but if the policy were to apply in the way Mr P believes it should, he would be receiving £150 more than the market value of his car. And I don't believe that is how the GAP policy is intended to work or what it's designed to cover.

I understand Mr P will be disappointed, but I wish to reassure Mr P I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 November 2023.

Paviter Dhaddy
Ombudsman