

The complaint

Mr H complains that Marshall Motor Group Ltd (“Marshall”) mis-sold him a Guaranteed Asset Protection (“GAP”) insurance policy.

What happened

Mr H bought a car on finance over a four-year term. He also took out a GAP policy which he later found out was for three years. Mr H complained and said the GAP policy was mis-sold as it wouldn't cover him for the final year of his finance agreement. Marshall responded and explained, at the point of sale, Mr H was provided with the full documentation setting out the term of the policy - and this was also confirmed in information sent to him by the insurer. They said the information was provided within the cancellation period so, had Mr H felt the product wasn't suitable for his requirements, there was an opportunity for him to cancel it and obtain a full refund.

Our investigator looked into things for Mr H. She thought Marshall hadn't mis-sold the policy. Mr H 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 H will be disappointed by this but I'll explain why I have made this decision.

I understand Mr H is concerned as he was under the impression his GAP insurance was the same length as his finance agreement. So, he raised a complaint when he became aware his GAP policy provided cover for three years, but his finance was over four years – leaving him in a position where there was no GAP cover when entering into the final year of his finance agreement.

I can see Mr H completed and signed a 'Compliance confirmation form' – this says Mr H understands he has taken out a GAP policy in line with a 'Supplementary order form'. The order form, which has also been signed by Mr H confirms the type and term of the GAP policy he bought. This describes Mr H's GAP insurance cover as a 36-month policy. Mr H was also provided a document setting out the key benefits and restrictions of the GAP policy. This contains a table which sets out the GAP policies offered, the claims limit and the term of the policy. All the policies offered are either 24 or 36 months. So, I think it was made clear during the sales process that Mr H's GAP policy was for a 36-month term.

I've also looked further to see whether the information provided during the sales process was reasonable for Mr H to identify the difference between the term of his GAP policy when compared to the term of his finance agreement – and I think it was. The compliance confirmation form contains a section for details of any finance arrangements. This asks for the term of the finance agreement, and it notes '49 months'. So, in documents signed by Mr H at the same time, there's information about the term of his GAP policy and finance agreement.

I acknowledge Mr H was under the impression the term of his GAP cover would at least match the term of his finance agreement. But I haven't seen any information that Marshall, either in discussions with Mr H or in the documentation, suggested this, or that the wording in the documentation was presented in a manner which would've created that impression. I think the information provided was clear, fair and not misleading. And the policy booklet provided shows that Mr H would never have been able to take out a policy which would've covered him for the full 49-month period of his finance agreement. The policy documents also set out the steps Mr H needs to take to cancel his policy and confirms cancellation within the first 30 days will lead to a full refund of the premium. So, in addition to Marshall providing information clearly setting out the term of the GAP policy, providing information about how the term compares to the term of Mr H's finance agreement, the information also clearly sets out how Mr H could cancel his policy if he felt it wasn't suitable.

I can see Mr H has provided an invoice showing he took out allow wheel protection – and the invoice shows the term as being three years. He has also provided a separate supplementary invoice for the GAP insurance – but this doesn't refer to a term. So, Mr H believed the cover was four years. I acknowledge the cover for alloys is specified as three years in the invoice provided by Mr H but the absence of a term on Mr H's supplementary invoice for the GAP policy doesn't persuade me that the information provided by Marshall was unclear or ambiguous. While the supplementary invoice doesn't specifically refer to the term three years in the same way that it does for the allow wheel cover, it also doesn't refer to it being four years. And the other documentation I've referred to above, does confirm Mr H's policy was for a three-year term and also that Marshall weren't offering a GAP policy with a four year term.

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 H to accept or reject my decision before 22 November 2023.

Paviter Dhaddy
Ombudsman