

17 March 2026

## Final Report by the Complaints Commissioner

### *The Complaints*

1. This report concerns Complaints made to me by three Complainants following the FCA placing restrictions on the sale of Guaranteed Asset Protection (“**GAP**”) insurance in 2024.
2. The FCA issued one Decision Letter to one Complainant, and a second Decision Letter to the other two Complainants. I have taken the decision to issue one report addressing all the Complaints I have received. This means I will cover aspects of the FCA’s actions which individual Complainants may not have raised directly.
3. The purpose of this decision is not to comment on every individual point or question the parties have made, rather it is to set out my findings on the substantive issues of the Complaint and reasons for reaching them, in deciding whether the FCA acted reasonably in the circumstances. I have summarised the Complaints as follows:

**Element One** – The Complainants say the FCA mishandled its intervention in the GAP insurance market in that, as a result of its actions, there was a period during which GAP insurance was unavailable in the market. Complainants allege that the FCA ought not to have allowed this to happen.

4. **Outcome: Not upheld.** I do not uphold the Complaint for the reasons set out below.

**Element Two** – The Complainants say that in May and June 2024 they contacted the FCA to report that they were unable to find any firms selling GAP insurance and to ask where such insurance could be obtained. They consider that the FCA did not respond in a timely manner to that enquiry and that, had it done so, it could have identified firms authorised to sell GAP insurance,

enabling them to contact those firms and potentially purchase cover within the required timeframe.

**Outcome: Not upheld.** I do not uphold the complaint for the reasons set out below.

**Element Three** – The FCA did not investigate Complaints quickly enough.

**Outcome: Upheld.** The FCA upheld this Complaint and offered compensation to all Complainants in respect of the Complaints handling delay. I agree the FCA was right to uphold this element of the Complaint and I also uphold it. However, in my view the compensation offered to some Complainants should be higher for the reasons I set out below.

5. One Complainant was awarded compensation for delay and complaints mishandling, and I do not consider it is appropriate to recommend any further compensation for delay to this Complainant. However, for the remaining Complainants, I consider the FCA's offer of £100 falls short of its own established guidelines (further details below) and I recommended the FCA increase the compensatory offer to £125 in line with the FCA's published tables for compensation.<sup>1</sup> The FCA has accepted my recommendation.

#### *Preliminary Points*

6. Like the FCA, I am also required to respect confidentiality. This is because s.348 of the Financial Services & Markets Act 2000 (“**FSMA**”) classes some information the FCA holds about firms as confidential, and restricts how that information is dealt with. In addition to this, any information that is not restricted by s.348 FSMA may be restricted due to the FCA's policy on sharing information about regulated firms and individuals, who also have legal protections. There is a good explanation of the statutory and FCA policy restrictions on information sharing at <https://www.fca.org.uk/freedom-information/information-we-can-share>. There is some information I have not been able to disclose for the reason above.

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<sup>1</sup> <https://www.fca.org.uk/about/how-we-operate/complain-about-regulators/compensatory-payments-for-complaints-handling-delay>

## *Background*

7. GAP insurance covers the difference between what standard motor insurance covers (usually the vehicle's market value at the time of a write-off or theft) and a higher figure, such as the original purchase price, invoice price, replacement cost, or outstanding finance balance, depending on the type of GAP policy. It is commonly bought when purchasing a new or nearly new vehicle. GAP insurance can often only be obtained within a fixed period following the purchase of the new vehicle, usually up to 90 days ("**the Standard 90-Day Period**").
8. GAP insurance may be sold directly by insurance firms, but more often it is sold through online brokers or vehicle dealerships ("**Distributors**").
9. In April 2019 the FCA published its concerns about value within the general insurance sector which included GAP insurance, particularly in relation to high levels of commission paid to Distributors.
10. On 25 November 2022 the FCA published its review of General Insurance Value Measures Data for July to December 2021. This showed that GAP insurance was one of the products with the lowest percentage of premiums paid out in claims, and contrasted claims cost as a percentage of premium of 5.21% for GAP insurance with, for example, 65.95% for motorcycle insurance (all).
11. On 20 September 2023 the FCA published its review of General Insurance Value Measures Data for 2022, which showed again that GAP insurance was one of the products with the lowest percentage of premiums paid out in claims. It again contrasted claims cost as a percentage of premium of 4% for GAP insurance compared with 65% for motor insurance (all).
12. On 20 September 2023 the FCA wrote to GAP insurance providers, expressing its concerns. It set out how the average premium was £330 but that few GAP insurance claims were made, with only 1.5% of policy holders making a claim in 2022, with the average paid-out claim being £608.
13. The FCA also detailed how only 6.3% of total written premiums were paid out in claims, and that commission payments of over £0.70 for each £1 of premium had been seen within the distribution chain.

14. The FCA asked relevant firms to provide information on: commission, gross written premium and claims information; their existing fair value assessments; and proposals for improving the value of GAP insurance products. The FCA announced it had written to firms via a press release on 20 September 2023.
15. The FCA considered that the firms' responses were inadequate and divided them into two tiers, requiring them to agree Voluntary Requirements ("VREQs") in stages to avoid periods where GAP insurance was not available to consumers.
16. The six Tier 1 firms (accounting for c. 80% of the GAP insurance market by written premium), agreed VREQs in early February 2024 to pause selling GAP insurance by 8 February 2024. The seven Tier 2 firms were asked not to take on new distribution partners, to prevent them gaining a competitive advantage from taking on Distributors who had previously worked with Tier 1 firms. Tier 2 firms were initially allowed to continue selling GAP insurance (via existing partners), while Tier 1 firms were not permitted to do so.
17. On 9 February 2024 the FCA issued a press release announcing that many firms had agreed to pause the sale of GAP insurance.
18. Tier 2 firms initially agreed VREQs to pause selling GAP insurance from 31 March 2024, but due to delays in Tier 1 firms addressing the FCA's fair value concerns, Tier 2 firms were permitted to continue selling GAP insurance online up to 30 April 2024. This was extended again to 14 May 2024, as, until then, no Tier 1 firms' VREQs had been lifted.
19. By 25 April 2024 the FCA had been told by one Tier 1 firm that it would need 6-10 weeks to become operationally ready to restart selling GAP insurance after its VREQ was lifted. By 9 May 2024 the FCA had been told by another Tier 1 firm that it would take 3-4 weeks.
20. On 14 May 2024 the FCA notified two Tier 1 firms that their VREQs would be lifted, the first VREQ being lifted on 16 May 2024. On the same day, Tier 2 firms were prohibited from selling GAP insurance. On 24 May 2024 the FCA issued a press release naming four firms permitted to restart selling GAP insurance.
21. As a result of the time it took those Tier 1 firms to become operationally ready to recommence selling GAP insurance, there was a period of time, which the FCA

estimated would be 3-4 weeks, starting on 14 May 2024, when no GAP insurance was available to consumers despite certain Tier 1 firms being permitted to sell it. Based on this understanding, the FCA estimated that the first firm would have become operationally ready to restart selling GAP insurance in mid-June 2024 (although the FCA did not subsequently check to ascertain when Tier 1 firms actually resumed offering GAP insurance).

22. Complaints about the lack of availability of GAP insurance during the period above were submitted to the FCA by Complainants on 15 April, 28 May and 1 June 2024. The FCA did not uphold the complaints.
23. Dissatisfied with the FCA's responses, the Complainants referred their Complaints to me.

### **Analysis**

*Element 1 - The Complainants say the FCA mishandled its intervention in the GAP insurance market in that as a result of its actions, there was a period during which GAP insurance was unavailable in the market. Complainants allege that the FCA ought not to have allowed this to happen.*

#### *The Complainants' position*

24. Two Complainants assert that they purchased new cars in April 2024, and one claims they were considering buying a new car in March 2024. All assert that they wanted to purchase GAP insurance but that it was unavailable because of the FCA intervention. However, in reality GAP insurance was available until 14 May 2024.
25. Although two complainants do not suggest that the FCA should not have intervened in the GAP insurance market at all, they assert that the way in which it did meant there was a gap when no insurance was available, and some say they lost the opportunity to obtain GAP insurance within the Standard 90-Day Period. I note that Complainants have not provided evidence to support this claim.
26. One Complainant maintains that the FCA should not have intervened in the GAP insurance market at all. However, that is a separate complaint which I

have reviewed in a different investigation and in respect of which I have issued a decision<sup>2</sup> that is published on my office's website.

#### *The FCA's position*

27. The FCA characterised the Complainants as claiming that *"The FCA, in applying a blanket ban upon GAP insurance companies and brokers, have left consumers financially exposed should they suffer a total loss claim"* and *"The FCA failed to target 'bad firms' and instead imposed a ban on all firms."*
28. The FCA did not uphold the Complaint on the basis that it asserts that there was no blanket ban.
29. The FCA points to its approach in dividing firms into two tiers, to ensure that at least some GAP insurance was always available to consumers. The FCA adds that it twice extended the period in which Tier 2 firms were authorised to sell GAP insurance because no Tier 1 firms had yet demonstrated fair value or measures to improve value.
30. The FCA states that it assessed firms' Fair Value Assessments ("**FVAs**") individually, allowing the FCA to lift restrictions on individual firms as and when they could demonstrate that they could now provide fair value to consumers, rather than waiting for every firm to have provided FVAs.
31. The FCA adds that it considered each distribution channel separately, asserting that restrictions on one type of Distributor could be lifted while still maintained for another type.
32. The FCA does accept that *"there was a short period of time where it may not have been possible to purchase GAP insurance. This occurred when the first 2 tier 1 firms were able to start reselling [but were not operationally ready]<sup>3</sup> and tier 2 firms agreed to stop selling new policies. This can take from 48 hours to several weeks depending on firms' ability to re-start operations. The lack of availability during this period was due to the time it took for firms to provide information to the FCA about their GAP policies."*

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<sup>2</sup> [202400701-Issued-01-August-2025.-Published-21-August-2025.pdf](#)

<sup>3</sup> Words added by my office.

33. The FCA has subsequently provided evidence to demonstrate that, in the weeks leading up to 14 May 2024, it was aware that there would be a period of unavailability, of approximately 3-4 weeks, however, for reasons described below, it decided this was the optimal option among a number of options open to it.
34. The FCA has noted that all firms had ample time from September 2023 to improve value to consumers and could have provided FVAs sooner to avoid restrictions. The FCA has also noted that it allowed firms to provide FVAs for separate distribution channels, recognising that dealerships would take longer to improve their offering and to operationalise. Equally, it has also suggested some firms could operationalise very quickly, particularly if they sold direct to consumers or used online brokers.
35. Whilst agreeing that consumers were affected by the lack of GAP insurance, the FCA has also reported that it received very little feedback from consumers or trade or consumer bodies flagging harm to consumers or difficulties caused by its intervention, and nothing to indicate widespread problems.

*My analysis of the issues*

36. Although the Complainants assert that the FCA had imposed restrictions on the sale of GAP insurance, and one Complainant uses the words “*blanket suspension,*” the essence of the Complaints is that for a period of time GAP insurance was unavailable.
37. The FCA approach to intervening in the GAP market was to divide firms into two tiers. The largest Tier 1 firms were first prohibited from selling GAP insurance until they provided the FCA with FVAs. Until any Tier 1 firm had provided satisfactory FVAs and any of its VREQs were lifted, the smaller Tier 2 firms were permitted to continue selling GAP insurance.
38. I note that the FCA accepts that there was a period when consumers may not have been able to obtain GAP insurance between Tier 2 firms stopping selling on 14 May 2024 and the first Tier 1 firms being operationally ready to restart selling after being permitted to do so.
39. The FCA has explained in its Decision Letters that the period of unavailability “*was due to the time it took for firms to provide information to the FCA about*

*their GAP policies.*” This refers to Tier 1 firms not providing FVAs sooner, where if they had, they would likely have been operationally ready to sell GAP insurance when Tier 2 firms agreed VREQs.

40. The period was also due to the time it would take Tier 1 firms to become operationally ready to provide GAP insurance, after their VREQs were lifted, and the FCA was aware there would be a short period when GAP insurance would not be available.
41. With respect to this, the FCA has stated that it “*considered and ensured the availability of GAP insurance throughout the intervention and any lack of availability was short term.*” It has subsequently provided supporting evidence which demonstrates how it weighed up competing priorities, including limiting the sale of products which had not demonstrated fair value.
42. On 9 May 2024 the FCA balanced the pros and cons of three options:
  - a. Extending the deadline again on which VREQs would be imposed on Tier 2 firms by four weeks when no Tier 1 firm had provided a satisfactory FVA.
    - i. Pro - this would maintain consumer access to the market.
    - ii. Cons – uneven playing field for Tier 1 firms, increased risk of a Tier 1 firm challenging its VREQ and a challenge for the FCA to explain continued extensions in public, especially given the continuing issues with Tier 2 products.
  - b. Extending the deadline by four weeks for Tier 2 firms and allowing all Tier 1 firms to sell GAP insurance again for those four weeks.
    - i. Pros – this would maintain consumer access to the market and create a level playing field between the tiers.
    - ii. Cons – contradictory messaging to Tier 1 firms who have been told their FVAs are not adequate, allows firms to sell GAP insurance before demonstrating fair value, and Tier 1 firms might not be operationally ready to restart selling Gap insurance in time.
  - c. Not extending the deadline.

- i. Pros – consumers will be able to purchase GAP insurance from a particular firm in 3-4 weeks, and there will be an even playing field between the tiers.
  - ii. Con – consumers will have no market access for 3-4 weeks.
- 43. By this time the FCA was aware that one Tier 1 firm would take 3-4 weeks to become operationally ready to restart selling GAP insurance once its VREQ had been lifted. The FCA considered that not extending the point by which Tier 2 firms would agree VREQs was the best of the three options, even though this would mean there was a period during which there was no GAP insurance available.
- 44. The FCA was aware of the risk of a temporary gap, assessed its options, and considered that, for purposes of market competition between firms and fair value product availability, it was better to allow a short period when GAP insurance may not have been available. Another priority for the FCA was to minimise the sale of poor value products by Tier 2 firms.
- 45. The FCA chose this option predicated on its estimate that at least one of the Tier 1 firms would operationalise to market within 3-4 weeks, which meant that consumers would still have time to purchase GAP insurance within the 90-Day Period once some firms had operationalised.
- 46. A negative consequence of the 3–4 week period of unavailability is that some consumers whose Standard 90-Day Period expired during that window may have been unable to obtain GAP insurance. It is not clear whether the FCA fully considered this point.
- 47. However, I have seen no evidence that either of the two Complainants who purchased vehicles was in that position. Both say they were unable to obtain GAP insurance within the Standard 90-Day Period, but they state that their vehicles were purchased in April 2024. On the FCA’s estimate referred to above, at least one Tier 1 firm would have operationalised within 3–4 weeks, that is, before July 2024. In the absence of further detail from the Complainants, it is therefore not clear that the period of unavailability prevented them from obtaining GAP insurance within the Standard 90-Day Period.

48. My role is not to determine whether the FCA chose the best or only option, but whether its decision fell within the range of responses open to a reasonable regulator acting in pursuit of its statutory objectives. The existence of other possible options does not make the chosen option unreasonable or irrational.
49. I am satisfied that the FCA's decision to allow what was reasonably expected to be a short period of time when GAP insurance was not available to the market, was fully considered and within the range of decisions open to a regulator acting reasonably, even if it was not the only or best option.
50. **For the above reasons, I do not uphold Element One of this complaint.**

*Element Two- The Complainants say that in May and June 2024 they contacted the FCA to report that they were unable to find any firms selling GAP insurance and to ask where such insurance could be obtained. They consider that the FCA did not respond in a timely manner to that enquiry and that, had it done so, it could have identified firms authorised to sell GAP insurance, enabling them to contact those firms and potentially purchase cover within the required timeframe.*

*The Complainants' position*

51. One Complainant asserts that the FCA could have provided a quick response before issuing its Decision Letter, showing that there were some firms permitted to provide GAP insurance. This would have allowed them to obtain GAP insurance within the relevant purchase period, but they assert they did not know that GAP insurance was available and, if so, from which firms. As a result, they were only able to secure GAP insurance linked to the value of their car after one year, and therefore the FCA should compensate them in the event they make a claim under their policy.

*The FCA's position*

52. In response to this Complaint, the FCA first stated in its Decision Letter dated 26 June 2025, that *"It would not be possible, on any matter, for individual Complainants to be contacted separately during their Complaint investigation (prior to an outcome), to inform them of information which may or may not be beneficial."*

53. The FCA also noted that there were alternatives to GAP insurance available which it said would have provided the same or enhanced cover, such as 'new car replacement' insurance which could be added to a consumer's comprehensive car insurance. It has separately told me that there were alternatives available within comprehensive policies.
54. The FCA has later stated in correspondence with me that it did not publish details of alternatives to GAP insurance during its intervention, such as Agreed Value Motor Insurance, asserting that it does not give financial advice and that recommending products could be viewed as anti-competitive and could damage the GAP insurance market.
55. In the same Decision Letter, the FCA then drew attention to its press release published on 24 May 2024, around the time that VREQs on certain Tier 1 firms were lifted. It named four Tier 1 firms which were "*permitted to recommence their sales*" of GAP insurance, and the Decision Letter states that that this news was covered elsewhere online and that there were alternative products to GAP insurance available. This was around a week before two of the Complainants complained to the FCA.
56. The press release also stated "*Firms that have resumed sales of GAP insurance have done so with materially lower levels of commission being paid out to those selling GAP, improving value for customers.*"

*My analysis of the issues*

57. I do not agree with the FCA's position that it was impossible to provide an initial response to individuals before concluding its investigation, directing them to the 24 May 2024 press release.
58. However, although the FCA could have responded immediately and it may have been helpful for it to do so I consider that the FCA was not under an obligation to do so under the process set out in the Complaints Scheme.
59. I also do not agree with the FCA's stated reasons for not alerting consumers to alternatives to GAP insurance. I consider that, without recommending a particular product, it could have publicly informed consumers that alternatives existed, if it considered that consumers were unlikely to be aware of these

alternatives. If it thought it necessary, it could then have recommended that they could discuss these alternatives with brokers or providers or take advice.

60. It is the case that the 24 May 2024 press release was publicly available and covered online by other outlets, and could have been located by consumers at the time through an internet search for 'GAP insurance.'
61. I should add that, although the 24 May 2024 press release named four firms permitted to restart selling GAP insurance, it did not explain that products were not yet available from those firms.
62. In fact, the four named firms were not operationally ready at the time of the 24 May 2024 press release, and at this time the FCA would have known this, given it anticipated a 3-4 week period of unavailability starting on 14 May 2024. However, the press release stated that "*a significant proportion of the market is now able to restart sales.*" It also contains a quote from the FCA's Executive Director of Consumers and Competition which stated "*I'm pleased that, following constructive engagement with the industry, a significant proportion of the market is now able to restart sales.*" This implies that they were practically ready, when in reality they were not, which I consider misleading.
63. The FCA has commented on the Preliminary Report to disagree with my position. It accepts that the press release could have included further information about how long it might take for firms to restart selling GAP insurance, but holds, that the statements were factually correct and not misleading.
64. I accept the statements were technically accurate. The issue however is not whether the statements were literally true. The issue is whether, taken as a whole and read by a reasonable person, the press release created a misleading impression. The release stated that firms had been "*permitted to recommence their sales*" and that "*a significant proportion of the market is now able to restart sales.*" In ordinary language, "*now able to restart sales*" conveys the sense that firms were in a position to begin selling at that time. It does not naturally convey the sense that firms remained operationally unable to sell and would require several further weeks before doing so.

65. At the time of publication, the FCA was aware that firms were not yet operationally ready to resume sales and that implementation steps would take additional time. In those circumstances, in my view the absence of any qualification as to timing meant that the press release conveyed an impression of immediate market re-entry which did not reflect the actual position.
66. I note in passing that it is also of concern that the FCA did not subsequently check to ascertain the exact dates these firms resumed selling GAP insurance. I understand the FCA does not know precisely how long the period of unavailability lasted.
67. Having said that, I do not consider the above has a direct bearing on the outcome of the Complaint. The FCA had at that point no more information than that contained in the press release which would have assisted the Complainants. Answering them directly and immediately would therefore not have provided any benefit that could not have been obtained by reading the press release and contacting the firms listed to ask how and when GAP insurance could be purchased. Even if the FCA had contacted the Complainants directly, it could not have given them any more information.
68. **For the above reasons I do not uphold Element Two of this Complaint. It follows that I do not recommend any remedy for the Complainants.**

*Element Three – The FCA did not investigate Complaints quickly enough*

*The Complainants' position*

69. Two of the Complainants complain about the length of time taken for the FCA to issue its Decision Letters. Their Complaints, submitted respectively on 28 May and 1 June 2024, received Decision Letters on 14 May 2025, nearly a year after being submitted. The other Complainant submitted a Complaint on 10 April 2024 and received a Decision Letter on 26 February 2025.

*The FCA's position*

70. The FCA did not give reasons to two Complainants for the length of time taken to issue its Decision Letters. Subsequently it has noted that its intervention into the GAP insurance market was ongoing in late 2024 and that it had to prioritise

other group Complaints dating back further. The FCA told the third Complainant that the delay was because it had miscategorised their Complaint.

71. The FCA has upheld the Complaints over the delay in issuing its Decision Letters, has apologised to Complainants, and offered compensatory payments.

*My analysis of the issues*

72. I welcome the FCA's apology and the fact it upheld this element of the Complaints. I consider the FCA's offer of compensation to one Complainant, who was added to this Complaint and who accepted that offer, was adequate, and I do not recommend that this offer is increased.

73. However, I do not consider that compensatory payments of £100 were adequate for the other two Complainants.

74. The FCA website<sup>4</sup>, last updated on 1 November 2023, sets out a table of compensation payments and suggests distress or inconvenience due to avoidable Complaint handling delays of between 10 and 12 months should attract compensation of £125.

**75. Therefore, I uphold Element Three of this Complaint and recommended the FCA increase its offer to the remaining two Complainants to £125. The FCA has now agreed to my recommendation.**

*The Complaints Commissioner*

Complaints Commissioner

17 March 2026

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<sup>4</sup> <https://www.fca.org.uk/about/how-we-operate/complain-about-regulators/compensatory-payments-for-complaints-handling-delay>