

## Undertaking

### Introduction

As a qualifying body, we (the FSA) can challenge firms using terms which we view as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). This has led to the following firm undertaking not to use terms which may be considered unfair.

We have a duty under the Regulations to notify the Office of Fair Trading (OFT) of the undertakings we receive. The OFT has a duty to publish details of these undertakings. The OFT does so on its Consumer Regulation Website. Our policy is to publish details of the undertakings and the undertakings on our website. Both publications will name the firms and identify the specific term and the part of the Regulations which relate to the term's fairness.

In general, firms should regularly assess whether their terms and conditions in consumer contracts meet the standards of fairness set out in the Regulations and consider what steps they need to take to comply with the Regulations.

Please be aware that publishing the undertakings may attract more consumer complaints both to the FSA and direct to firms, which will need to be addressed. We encourage firms to consider the undertakings we publish when reviewing their terms and conditions.

### Amtrust International Underwriters Ltd undertaking

<b>Name of business</b>	Amtrust International Underwriters Ltd	<b>Lead organisation</b>	FSA
<b>Trading sector</b>	Insurance – payment protection insurance (PPI)	<b>Contract identifier</b>	Car Protect – Payment Protection Plan
<b>Original term</b>	<b>Application of the Regulations (Schedule 2 paragraph or as indicated)</b>	<b>How changed</b>	<b>New term</b>
Section 13, Paragraph under 'Cancellation'	Under the policy, customers were not given a refund of premiums after the statutory cancellation period if they repaid their loan early. The original term stated:  'You may cancel within 30 days of the Insurance Start Date and We will refund any Premium You may have paid. No refunds of Premium will be payable if cancellation is received after the first 30 days and the Insurance will remain	The firm has amended the term in new policies issued since 1 March 2006 to allow for a refund of premium period if consumers repay their loan early. The amended term now states:  'If you are not entirely happy with the cover, you may cancel within 30 days of the Insurance start date and we will refund any premium you may have paid, otherwise we will offer a pro-rata refund of premium...'	Section 13, Cancellation

	<p>effective until the Finishing Date of Cover...'</p> <p>In our view, failing to allow consumers the possibility of a refund if they repay their loan early may be unfair because it effectively locks consumers into retaining a valueless policy while the insurer is no longer carrying the risk.</p> <p>The term may not have met the requirements of Regulation 5 (1), which states that a term is unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the rights and obligations of the parties, to the detriment of the consumer.</p>	<p>Amtrust has agreed not to rely on the original cancellation term contained in its existing policies.</p> <p>It has agreed to apply the amended term in practice to customers who signed a PPI policy before 1 March 2006.</p> <p>Amtrust will be informing those customers affected by these policies.</p>	
<b>Other information</b>	<p>Amtrust was fully cooperative in agreeing this undertaking.</p> <p>Other Amtrust PPI policies where this term occurs (including the Virtual Insurance Products policy - ASU Single Premium Certificate, and Borderway) have been amended in line with this undertaking.</p> <p>The Keyfacts document has been amended in line with the policy amendments.</p> <p>In addition, the new term allows for a refund of premium if consumers cancel their PPI even if the loan is still outstanding in some circumstances.</p>		
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