

Undertaking

Introduction

As a qualifying body, the FSA can challenge firms using terms which it views as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). The FSA has been reviewing contract terms which have been referred to us by consumers, enforcement bodies and consumer organisations. This has led to the following firms 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. The FSA policy is to publish details of the undertakings and the undertakings on its 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 the publication of 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 that the FSA publishes in the review of their terms and conditions.

Axa Insurance undertaking

Name of business	AXA Insurance	Lead organisation	FSA
Trading sector	Insurance – cash back scheme	Contract identifier	Promotional Control and Support Ltd - Terms & Conditions of the Promotion
Original term	Application of the Regulations (Schedule 2 paragraph or as indicated)	How changed	New term
Insurance Cover-Service Agreement Cashback Procedure section	Consumers are required to 'strictly comply' with all the registration formalities before being eligible to claim cash back. For example, they need to: -purchase the service agreement within 30 days of purchasing the product; -fully complete and return the registration form within 15 days of the date of issue on the Confirmation schedule; -return the validation form	The terms are no longer offered as the product is no longer offered. AXA has undertaken to take a reasonable approach in applying the terms – it will not apply onerous limits to policyholders' claims. So they will: -honour claims made where the policy is registered within a six month period of inception; -honour claims made within six	N/A

	<p>and the Confirmation Schedule within 30 days following the Service Agreement expiry date.</p> <p>If consumers fail to do any of these, they are prohibited from claiming the cash back.</p> <p>Under 1(e), a term is unfair if a consumer is required to fulfil his obligation or pay a disproportionate sum in compensation. The consumer's loss of the opportunity to claim cash back is analogous to the disproportionate sum payable.</p> <p>The term appears to breach 1(n) as it makes the supplier's performance of its commitments subject to the consumer's compliance with these formalities.</p>	<p>months of the expiry date of the policy, rather than any fewer days specified in the policy;</p> <ul style="list-style-type: none"> -issue replacement documents on request; -not enforce communication methods requirements; -not enforce terms prohibiting customers from using reminder services, some are provided by competitors; -ensure their agents who act as claim handlers adhere to this strategy. 	
Other information	The firm was co-operative.		
Undertaking accepted	24 March 2004		