

Introduction

As a qualifying body, we, the Financial Services Authority (the FSA), can challenge firms using terms which we view as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). So we review contract terms which are referred to us by consumers, enforcement bodies and consumer organisations. This has led to Devitt Insurance Services Limited and the Screentrade Panel of Insurers ('Screentrade'), undertaking not to use terms which we consider may be 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, which it puts on its Consumer Regulation Website. We also publish the undertakings on our website. Both publications will name the firm and identify the specific term and the part of the Regulations which relate to the term's fairness.

As part of their risk management, firms that have not given an undertaking or been subject to a court decision should remain alert to undertakings or court decisions concerning other firms. These will be of potential value in showing the likely attitude of the courts, the FSA, the OFT or other qualifying bodies to similar terms or terms with similar effects.

Publishing undertakings may attract more consumer complaints both to the FSA and direct to firms, which will need to be addressed.

Devitt Insurance Services Limited and Screentrade undertaking

<p>Name of business</p>	<p>Devitt Insurance Services Limited, who provide and administer the policy wording underwritten by Screentrade.</p> <p>Screentrade are comprised of the following firms:</p> <ul style="list-style-type: none"> • Fortis Insurance Limited; • Chaucer Insurance; • Groupama Insurance; • Zenith Insurance Plc; • Provident Insurance Plc; • National Insurance and 	<p>Lead organisation</p>	<p>FSA</p>
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	Guarantee Corporation Limited; <ul style="list-style-type: none"> • Norwich Union; and • Axa. 		
Trading sector	Motor Insurance	Contract identifier	Screentrade car insurance policy (January 04 and May 05 versions).

First term

Original term

'Section 2 fire and theft', under bullet two of the 'What is not covered' sub-section.

...

- *Loss or damage to the car and or its contents, where possession is gained by any form of deception or fraud.*

...

Application of the Regulations (Schedule 2 paragraph or as indicated)

Regulation 7(1): In our view, the second bullet of the 'What is not covered' sub-section term was not expressed in plain and intelligible language and therefore, breached regulation 7(1). In particular, when the second bullet was read in conjunction with 'Section 2 fire and theft' of the 'What is covered' sub-section, the words "and or its contents" caused ambiguity as to whether the insurance policy covered any personal possessions as 'contents' of the car, as well as the integral parts and accessories of the car.

How the term has changed

Devitt and Screentrade have agreed to delete the words 'and or its contents' from the second bullet of the 'What is not covered' sub-section.

In addition to help clarify what is and is not covered, they have introduced a new bullet to 'section 5 extra cover', under sub-section 5, 'clothing and personal belongings – what is not covered'.

New terms

Term 1: Change to 2nd bullet in 'Section 2 fire and theft' under the 'What is not covered' sub-section.

- *'Loss or damage to the car, where possession is gained by any form of deception or fraud'.*

Term 2: New bullet in 'Section 5 extra cover' under sub-section 5, 'clothing and personal

belongings – what is not covered'

'Loss of or damage to:

...

- *'property as a result of someone gaining possession of the car by any form of deception or fraud;*

...'

Other information

For all new business, the new terms will come into effect on 1 May 2008.

For customers with contracts entered into prior to 1 May 2008, containing the same terms or terms with similar effect, Devitt and Screentrade undertake to apply their contract terms fairly to ensure that no policyholder will be disadvantaged as a result of the ambiguity in the old wording.

Devitt and Screentrade were fully cooperative in agreeing this undertaking.

Undertaking published 1 May 2008