



MOTOR INDUSTRY
CODE OF PRACTICE

Vehicle Warranty Products



Peace of mind for motorists



The Vehicle Warranty Products Code

Applying to warranty administrators governed by the
Trading Standards Institute-approved guidelines

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Introduction

The Motor Industry Code of Practice for Vehicle Warranty Products (“the Code”) confirms promises made by subscribing warranty administrators (“subscribers”) regarding the administration of their products.

The Code sets out standards that subscribers will comply with regarding:

- **Advertising**
- **Point of Sale Obligations**
- **Clarity of Information**
- **Complaints**
- **Dispute Resolution and Disciplinary Action**

Subscribers manage the registration, claims handling and aftersales on behalf of motor manufacturers, motor traders and/or insurers and where sold directly by the subscriber to the consumer, the sale of the product.

Subscribers are obliged to accept the Code in its entirety and ensure that their staff are aware of their legal responsibilities as well as their responsibilities under the Code. Subscribers will ensure that they meet all requirements laid down by the Financial Conduct Authority (“FCA”) for individuals concerned in insurance mediation and any other statutory requirements.

Subscribers are reminded that in the event of any conflict between the Code and FCA rules, that the FCA rules take precedence over the Code for insurance products.

A consumer who feels dissatisfied with a subscriber’s performance under any item covered by this Code is able to submit their grievance to the Code Advisory and Conciliation Service. A detailed procedure explaining how to do this appears in the Appendix of this Code.

Subscribers and retailers are required to use reasonable endeavours to ensure that consumers understand the products offered. If it appears to subscribers or retailers that a consumer may not understand a particular point, either prior to purchase or when making a claim, they should take reasonable steps to help the consumer understand. Particular care will be taken with vulnerable/disadvantaged consumers; advice will be given in a helpful, patient and appropriate manner. Retailers will give clear product information and explanations to make sure this is the case.

A consumer information leaflet to accompany the Code, the Brief Guide to the Motor Industry Code of Practice for Vehicle Warranty Products (“the Brief Guide”), is available to download from www.motorcodes.co.uk

Definitions

Throughout the Code:

The terms **subscriber**, **we**, **our** and **us** describes an administrator of vehicle warranty products that has subscribed to this Code.

The term **consumer** describes the owner/end user of any motor vehicle which is covered by a vehicle warranty product and includes the requirements of any vulnerable consumer; for which subscribers will have in place satisfactory provision for attending to their needs.

The term **FCA** refers to the Financial Conduct Authority, the regulator of general insurance.

The term **retailer** is taken to include motor traders and others who sell/provide vehicle warranty products.

The term **products** refers to vehicle warranty and associated products administered by a subscriber. These include MOT, tyre and financial shortfall products.

The term **financial shortfall products** describes products that will in the event of a vehicle being written off, pay the difference between the original purchase price, or the outstanding credit owed, and the amount you received from the motor insurer or replace your vehicle. Terms and conditions of the policy may vary and will apply. Guaranteed Asset Protection Insurance, Vehicle Replacement Insurance and Return to Invoice are financial shortfall products.

The term **Mechanical Breakdown Insurance (MBI)** describes an extended warranty insurance policy that pays towards the cost of repairing a vehicle following the sudden mechanical breakdown of an insured component.

The term **service contract** is taken to include any guarantee or extended warranty that is not a contract of insurance and provides cover against the failure of specified components of a motor vehicle.

The term **betterment** generally means an increase to your vehicles value as a result of replacement parts being fitted to your vehicle.

The term **Extended Warranty** is taken to include both MBI and service contract products.



Advertising

‘Our advertising will honestly promote our products.’

What our promise means to you

- 1.1 Our advertisements, promotions or any other publications, whether in writing or otherwise, will not contain any items which are likely to mislead you or be misunderstood.
- 1.2 Our advertisements (including comparative advertisements), promotions or any other publications will comply with the requirements of relevant legislation along with the codes, regulations and rulings of the relevant organisations or associations.
- 1.3 Any comparison made within our advertisements between our products or services and those offered by a competitor will not confuse or mislead you. Our advertisements will objectively compare products based upon relevant and verifiable features, which may include the price.
- 1.4 If a subscriber breaches any legislation, codes, regulations or rulings relating to advertising, they will be deemed to be in breach of this Code.

We would advise you to

- Read our advertisements carefully and in full. If an advertisement is not clear to you, clarify it before you commit yourself to any transaction.
- Ask questions if you are unsure as to the extent of the protection offered by the product.
- Read the terms and conditions of the product before signing the contract.
- Ensure that the product you are considering purchasing is suitable for your requirements.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Misrepresentation Act 1967

Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006) Business Protection from Misleading Marketing Regulations 2008

Consumer Protection from Unfair Trading Regulations 2008

The UK Code of Non-Broadcast Advertising, Sales Promotion and Direct Marketing

The UK Code of Broadcast Advertising

Ofcom Broadcasting Code (TV/radio advertising)

Financial Conduct Authority Handbook, including the Perimeter Guidance Manual (PERG)

Point of Sale

‘We will ensure that you are provided with appropriate advice and information regarding our products, according to your needs and to ensure that you understand the product being purchased.’

What our promise means to you

- 2.1 We require that the retailer's staff are knowledgeable, trained and competent to assist in your purchase of our products.
- 2.2 The retailer will provide appropriate information regarding key contract terms of the product(s) and cover prior to the completion of the contract, detailing, the period of cover, the limit of sums covered, the level of cover provided, the geographical scope of the product, any mileage restrictions, the price of each product and the total cost, whether the product is a contract of insurance or a service contract or guarantee and your cancellation rights, including any cancellation fees.
- 2.3 Where any of our products are provided free with a motor vehicle, the retailer will provide you with appropriate information regarding the product(s) and cover before the vehicle sale agreement is made.
- 2.4 This information will also detail your obligations (if applicable) to maintain the vehicle and the consequences of any failure to do so and whether the product requires you to have your vehicle serviced by a particular retailer group or by a manufacturer authorised repairer and state that you may be liable to pay diagnostic costs in the event that a repair is not covered by your product.
- 2.5 Our product literature will be written in plain English and will be supplied to you either at the time of purchase or within a reasonable period thereafter. If you do not receive this within 10 working days of signing any purchase agreement, you should contact the retailer.
- 2.6 Once your product is registered, you will either be provided with your documentation by the supplying retailer, or you will receive from us within a reasonable period of time, a communication confirming registration and a reminder of your obligations (if applicable) to maintain and service the vehicle. If you do not receive this within 10 working days of signing any purchase agreement, you should contact the subscriber.
- 2.7 High pressure selling techniques will not be used in the sale of any of our products.
- 2.8 If you are unhappy with the product for any reason, you have a right to cancel the agreement within a minimum period of 14 days from the receipt of your product literature.
- 2.9 Copies of the Code are available, free of charge from Motor Codes, or you can download a copy from www.motorcodes.co.uk
- 2.10 We will take all reasonable steps to ensure that retailers do not use our products as a means of evading their own legal obligations to you. Our products will clearly state that the cover provided is in addition to your legal rights.

- 2.11 We will ensure that the retailer will provide you with sufficient and accurate product information to enable you to make an informed decision.
- 2.12 We will ensure that any complaint regarding the mis-selling of a product is investigated by the appropriate party.

We would advise you to

- Be aware that there is no obligation to purchase a product as part of your vehicle purchase.
- Read the summary and the product literature prior to signing the purchase agreement.
- Ask the retailer questions if you are unsure as to the level of cover involved.
- Ensure that you understand your obligations regarding the service/maintenance requirements, (if applicable) specifically the service intervals in terms of mileage and time periods.
- Where there is no direction in your product documentation regarding repair work, we recommend that you choose a garage that is subscribed to the Motor Industry Code of Practice for Service and Repair for any service or repair work. Find your nearest subscribed garage at www.motorcodes.co.uk
- Understand how to make a claim/ call for roadside assistance.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Misrepresentation Act 1967 Supply of Goods and Services Act 1982

Unfair Contract Terms Act 1977

Unfair Terms in Consumer Contract Regulations 1999

Consumer Protection (Distance Selling) Regulations 2000

Financial Services and Markets Act 2000 (as amended) Financial Services (Distance Marketing) Regulations 2004

Business Protection from Misleading Marketing Regulations 2008

Consumer Protection from Unfair Trading Regulations 2008

Financial Conduct Authority Handbook, including the Perimeter Guidance Manual (PERG)



Clarity of Information

‘Our product literature is written in plain English and clearly sets out any servicing/maintenance requirements’

What our promise means to you

- 3.1 Our terms and conditions will be written in plain English and presented in reasonably sized print. Our products will clearly state the general cover provided and any exclusions.
- 3.2 We require vehicles to be serviced in line with the manufacturer’s recommendations.
- 3.3 Where products specify the use of a manufacturer-approved repairer for regular servicing or for warranty work, this will be stated clearly.
- 3.4 Our warranty products will clearly list either all of the parts which are covered or all of the parts which are not covered.
- 3.5 If you are permitted to transfer the unexpired portion of any product (excluding financial shortfall products) to a subsequent owner (consumer) where the vehicle is sold privately, details and the conditions on how to transfer the product are contained within the product literature.
- 3.6 We will clearly set out your cancellation rights and state our policy on premature cancellation of the contract after the expiry of the initial cancellation period.
- 3.7 We will clearly state our policy on betterment, new for old cover and the use of reconditioned components.
- 3.8 We will clearly set out our policy on reimbursement of expenses in the event of a breakdown and advise whether your vehicle is covered whilst abroad.
- 3.9 We will cover the reasonable cost of related diagnostic or exploratory work where the mechanical failure is covered by our product. Where the mechanical failure is not covered by our product, we will clearly set out your responsibility to cover the cost of the work.
- 3.10 Details of our complaints procedure are contained within our product literature. The complaints procedure is in addition to your existing legal rights.

- 3.11 Our product literature will prominently display the Code logo and clearly inform you that we subscribe to the Code.
- 3.12 Our product literature will clearly detail the parties to the contract and whether or not it is a contract of insurance.

We would advise you to

- Use the cancellation period to satisfy yourself that the product you have committed to is suitable for your needs.
- Familiarise yourself with the terms and conditions of the product.
- Ask us or the retailer if there are any terms you do not understand.
- Ensure that you have the vehicle serviced at the manufacturer's recommended service intervals.
- Where there is no direction in your product documentation regarding repair work, we recommend that you choose a garage that is subscribed to the Motor Industry Code of Practice for Service and Repair for any service or repair work. Find your nearest subscribed garage at www.motorcodes.co.uk
- Ensure that you understand how to make a claim.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Unfair Contract Terms Act 1977

Unfair Terms in Consumer Contracts Regulations 1999

Consumer Protection (Distance Selling) Regulations 2000

Financial Services and Markets Act 2000 (as amended) Financial Services (Distance Marketing) Regulations 2004

Financial Conduct Authority Handbook, including the Perimeter Guidance Manual (PERG)

Claims Handling

‘We have in place a simple claims procedure to fairly and promptly process your claim’

What our promise means to you

- 4.1 The claims line/customer relations telephone number and opening times will be prominently displayed within the product literature and our claims line will be adequately staffed.
- 4.2 Your claim will be assessed as quickly as possible and we will take reasonable steps to keep you advised of the status of your claim.
- 4.3 Should an inspection by one of our engineers or a third party be necessary, it will be carried out as soon as practically possible.
- 4.4 Where we specify the use of an approved network repairer for extended warranty work, this will be clearly stated within the product literature together with details of how to locate the nearest approved network repairer. We will not require work to be carried out by an approved network repairer where it would prove onerous on you to do so.
- 4.5 Labour costs for repairs will be covered unless specifically excluded, or a maximum rate is stipulated.
- 4.6 We will clearly state whether our products cover the full labour rates of repairs carried out by manufacturer-authorized repairers for vehicles not purchased from a manufacturer-approved retailer or for vehicles purchased without a full retailer service history. If you choose to have your vehicle repaired by a manufacturer-authorized repairer, we may reserve the right to limit the payment of labour costs to what we would regard as reasonable based on the cost that we would have incurred had the repair been carried out by an administrator approved network repairer or alternate local independent repairer.
- 4.7 Our policy on courtesy vehicles will be set out in the product literature. Where a loan car is made available, this will be as reasonable alternative transport rather than an exact replacement of your vehicle.
- 4.8 In the event that work is carried out to your vehicle prior to authorisation being sought, we will not refuse the claim without giving consideration to the circumstances of the case. Claims will not be unreasonably rejected.
- 4.9 If you fail to have your vehicle serviced in accordance with the manufacturers servicing schedule, mechanical breakdowns and part failures that could be connected to vehicle servicing will not be covered. However, product cover will continue for mechanical breakdowns and part failures unconnected with vehicle servicing.

- 4.10 The procedure for escalating complaints will be clearly set out in the product literature.
- 4.11 We will make all reasonable efforts to respond to you regarding your claim within 5 working days of receipt.
- 4.12 The repairer will fit any parts, which may be provided either by the repairer or subscriber, and carry out the work to your vehicle; we will pay the costs, if covered by the warranty, either direct to the repairer or to the consumer if the repairer is outside of the subscriber's network.

We would advise you to

- Read the product literature prior to purchase.
- Ensure you know what to do in the event of a claim.
- Keep records of work completed to your vehicle including receipts for servicing, as these may be requested before a claim can be authorised.
- Where there is no direction in your product documentation regarding repair work, we recommend that you choose a garage that is subscribed to the Motor Industry Code of Practice for Service and Repair for any service or repair work. Find your nearest subscribed garage at www.motorcodes.co.uk
- Keep details of how to make a claim with your vehicle should you need to claim whilst away from home.
- Instruct any garage carrying out rectification work to contact our claims line, to gain authorisation before proceeding with any repairs.
- Keep records of all contact with claims department.
- Notify us (as soon as possible) of any mechanical breakdown.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Unfair Contract Terms Act 1977

Unfair Terms in Consumer Contracts Regulations 1999

Financial Services and Markets Act 2000 (as amended)

Financial Conduct Authority Handbook, including the Perimeter Guidance Manual (PERG)

Service Contracts, Guarantees and Non-insured Products

‘We provide you with additional consumer protection over and above our legal obligations.’

What our promise means to you

- 5.1 The product literature will clearly state that the product is a non insured product, detail the parties to the contract and state that the obligation to pay claims is the sole responsibility of the supplying retailer.
- 5.2 Prior to engaging in business with a retailer, the subscriber will take reasonable steps to ensure that their credit status is acceptable. Thereafter, the process to ensure that the retailer’s credit status remains acceptable will be undertaken on an annual basis to ensure ongoing consumer protection.
- 5.3 You have a right to cancel the product within 14 days from the date of receipt of the product literature. This will apply where no claim has been made and accepted. Where a claim has been made and accepted the right to cancel will usually not apply. Details of the cancellation process and refunds will be clearly stated within your product documentation.
- 5.4 Where the product is cancelled, no pro rata fee or administration charge will be made unless clearly detailed within the product/credit agreement terms and conditions.
- 5.5 All protection products offered by vehicle manufacturers and retailers will clearly state that they are not insurance products and that the benefits of the product are covered by those parties. Should the retailer of a non- insured product cease to trade, then it is possible that the product will no longer be valid.

We would advise you to

- Read the product literature.
- Ensure that you understand your cancellation rights.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Enterprise Act 2002

Unfair Contract Terms Act 1977

Supply of Goods and Services Act 1982

Financial Services (Distance Marketing) Regulations 2004

Unfair Terms in Consumer Contract Regulations 1999

Consumer Protection (Distance Selling) Regulations 2000

Insured Products

‘We will comply with all regulatory requirements laid down by the Financial Conduct Authority.’

What our promise means to you

- 6.1 The retailer will be authorised by the FCA, either directly or as the appointed representative of an authorised firm, to sell general insurance products or carry out any other regulated activity.
- 6.2 You will be informed by the retailer that your product is a contract of insurance, underwritten by an authorised insurer.
- 6.3 The product summary and literature will clearly identify the insurer and their contact details.
- 6.4 The product literature will clearly set out the relationship between you, the insurer and ourselves and will state that the contract is a contract between you and insurer.
- 6.5 The insurer will be advised of our adherence to this Code.
- 6.6 You will have a right to cancel the contract of insurance within a minimum of 14 days from the date of receipt of your policy documents and receive a full refund. Thereafter details of your cancellation rights and any refund policy will be included within your product literature. In the event that you cancel the contract of insurance outside of the initial cancellation period you may be charged an administration fee. Any fee will only include reasonable costs incurred by us as a result of the cancellation.
- 6.7 The policy will clearly state the details of the applicable compensation scheme in the event that the insurer cannot meet their liabilities.

We would advise you to

- Read the product literature to identify the insurer.
- Ensure that you understand your cancellation rights.
- If you are uncertain of your cancellation rights ask us or the retailer to clarify them.

For your information

Where applicable to the subscriber, we observe the requirements of all legislation and regulatory requirements, including:

Financial Services and Markets Act 2000 (as amended) Financial Services (Distance Marketing) Regulations 2004

Financial Conduct Authority Handbook, including the Perimeter Guidance Manual (PERG)

ABI Good Practice Guide

Guidance on Handling Complaints

“In the unlikely event that you feel we have failed on any of our promises, we refer you to the Motor Codes Advisory Service.

Their role is to ensure that we are acting responsibly and are fulfilling our obligations under this Code.”

Initial Complaint

A consumer or intermediary who has a complaint about a product administered by a subscriber should firstly contact the subscriber’s customer relations department directly. Upon receiving a complaint subscribers are required to ensure that they take effective and immediate action to resolve the complaint. Subscribers will respond to consumer correspondence within 10 working days of receipt.

In the event that a complaint remains unresolved, it is a subscriber’s obligation to make clear to the consumer their referral rights. These will be fully detailed within the product literature and may include Insurer, the Motor Codes Advisory Service or the Financial Ombudsman Service as appropriate.

Advice Line

The Motor Codes Advisory Service will provide consumers with appropriate advice and provide the route for further assistance where necessary, as follows:

Fast Track

If the vehicle is still with the repairer and/or the advice team considers the complaint is one that can potentially be resolved quickly by Fast Track, then the consumer team may contact the subscriber by telephone to negotiate a resolution.

If the complaint cannot be resolved by Fast Track or is not suitable for Fast Track then the complaint can be referred to the conciliation service.

Conciliation

Consumers may be asked to submit their complaint in writing in order for the case to progress. The Conciliation Service will investigate potential breaches of the Code and aim to quickly review and resolve any dispute with as little disruption to the consumer as possible.

However in certain complex cases it is not always possible to resolve a dispute quickly, as it can take some time to gather all the information necessary to reach a decision and a satisfactory outcome. Consumers will be kept informed of progress and the Conciliation Service will advise both subscriber and consumer on a remedy as appropriate.

Arbitration (Service Contracts and Guarantees)

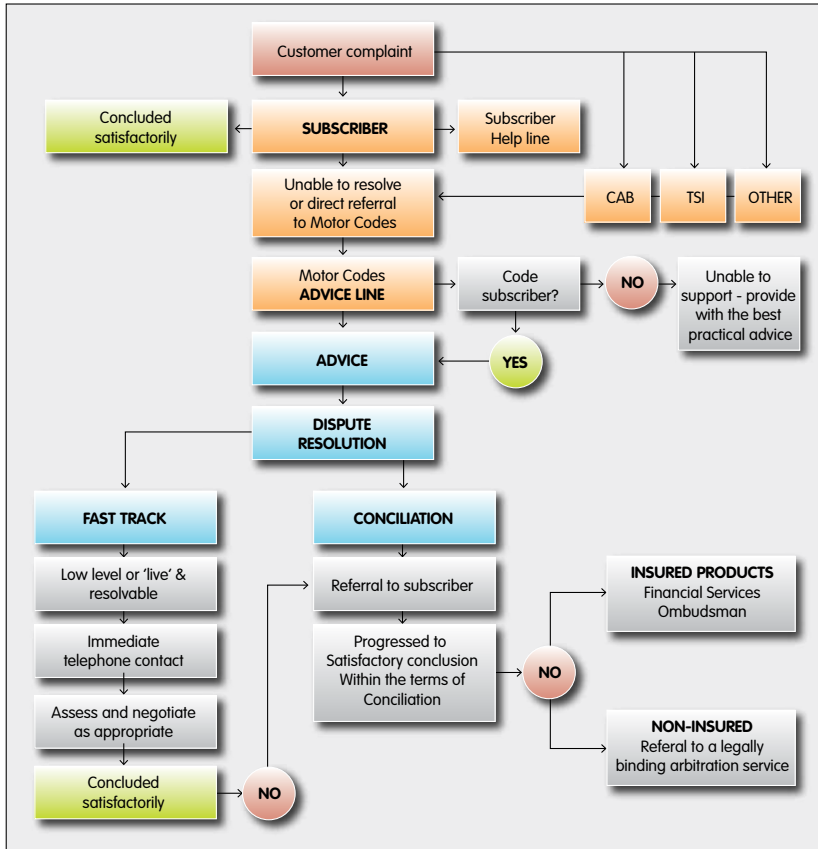
If a consumer is not satisfied with the outcome of conciliation, for service contracts and guarantees, the consumer can request that their case is sent to arbitration. The award of the arbitrator is enforceable in law on all parties. Full details of arbitration can be provided upon request in the event you wish to escalate the matter.

Financial Ombudsman Service (Insured Products)

If a consumer is not satisfied with the outcome of conciliation, for insured products, they can still refer their complaint to the Financial Ombudsman Service.

Consumers must refer complaints to the Financial Ombudsman Service within six months of the "final response" letter from the subscriber. Complaints cannot be referred to the Financial Ombudsman Service after more than six months. Further details about how to contact the Financial Ombudsman service can be found within the Appendix of this Code.

Complaints Escalation Procedure



This diagram is intended to act as a visual aid to assist your understanding of the complaints escalation process that will be followed for any complaints made to/or regarding a subscriber under the Code.

Dispute Resolution and Disciplinary Action

Escalating a complaint to the Code Advisory and Conciliation Service

If attempts to reach a satisfactory solution fail, subscribers must advise you of your right to refer the complaint to the Code Advisory and Conciliation Service.

Before writing we recommend you call the Consumer Advice Line.

0800 692 0825

Or submit your enquiry online at www.motorcodes.co.uk

Where invited to submit a complaint, the consumer should submit their details at www.motorcodes.co.uk or write to:

Motor Industry Codes
PO BOX 44755
London
SW1X 7WU

All written enquiries referred to the Code Advisory and Conciliation Service within a reasonable time of the cause for complaint arising will be considered. A written response will be sent to you within 7 working days of receipt and within reasonable timescales, determined by the nature of the investigation, thereafter.

If conciliation does not resolve the complaint to your satisfaction, you may choose to escalate your complaint.

Subscribers commit to co-operate fully with local consumer advisors or third parties when acting on behalf of a consumer.

Disciplinary Action

The Independent Compliance Assessment Panel (ICAP) is an independent panel which monitors the operation of the Code and subscriber compliance. ICAP also reviews cases of persistent or serious breaches of the Code by subscribers.

ICAP is independent of the sector and its authority over subscribers reflects the serious nature with which the Motor Codes views non-compliance.

More details can be found at www.motorcodes.co.uk

Other Motor Industry Codes

To find out more about our other codes of practice visit www.motorcodes.co.uk

Data

For the purpose of monitoring and resolving complaints and monitoring compliance with the code, as well as assessing consumer satisfaction, subscribers may pass consumers' personal data to Motor Codes which may analyse that data and publish findings based on it. Any such data will be processed in accordance with the Data Protection Act 1998.

Code Survey

A consumer survey covering each section of the Code is contained within the Motor Industry Code for Practice for Vehicle Protection Brief Guide ("the brief guide"). The Brief Guide is available to download at www.motorcodes.co.uk or Motor Codes will send you a copy free of charge, upon request.

The Brief Guide Survey is used to monitor subscribers' performance under the Code, the results of the survey will be published in the Motor Codes Annual Report.

Financial Ombudsman Service - Insured products only

If you remain dissatisfied with the outcome of conciliation and wish to escalate your complaint you may refer it to your insurer, whose details appear in your product documents. If the insurer has already been involved during conciliation and your policy is underwritten by a Lloyd's underwriter you may refer the matter to Lloyd's Complaints Department:

Policyholder & Market Assistance

Lloyd's Market Services, G6/86, One Lime Street, London, EC3M 7HA

If the insurer is not a Lloyd's underwriter or Lloyd's Complaints Department does not settle the dispute to your satisfaction, you may refer the matter to:

The Financial Ombudsman Service

South Quay Plaza, 183 Marsh Wall, London, E14 9SR



MOTOR INDUSTRY
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Vehicle Warranty Products



Peace of mind for motorists

Find out more about Motor Codes'
Service and Repair Code
and New Car Code
at www.motorcodes.co.uk