

# Chapter 6A

## Product specific rules



## 6A.2 Optional additional products

### Restriction on marketing or providing an optional product for which a fee is payable

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- (1) A *firm* must not enter into an agreement with a *customer* under which a charge is, or may become, payable for an *optional additional product* unless the *customer* has actively elected to obtain that specific product.
- (2) A *firm* must not impose a charge on a *customer* for an *optional additional product* under an agreement entered into on or after 1 April 2016 unless the *customer* has actively elected to obtain that specific product before becoming bound to pay the charge.
- (3) A *firm* must not invite or induce a *customer* to obtain an *optional additional product* for which a charge will be, or may become, payable if the *firm* knows or has reasonable cause to suspect that:
  - (a) a contravention of (1) or (2) will take place with respect to the product; or
  - (b) the *person* supplying the *optional additional product* will act in a way that would contravene (1) or (2) if that *person* were a *firm*.
- (4) An omission by a *customer* is not to be regarded as an active election for the purpose of this *rule*.
- (5) It is immaterial for the purposes of (3) whether or not the *firm* would or might be a party to the agreement for the *optional additional product*.
- (6) A charge includes a financial consideration of any kind whether payable to the *firm* or any other *person*.
- (7) [deleted]
- (8) If the *customer* is required to obtain an additional product as a condition for the purchase of the *non-investment insurance contract* then that product is an *optional additional product* if the *customer* is given a choice:
  - (a) as to the seller or supplier from whom to obtain the product; or
  - (b) which specific product to obtain.
- (9) It is immaterial for the purposes of (7) and (8) whether the *optional additional product* is obtained from the *firm* or another *person*.

- (10) (a) If, under the terms and conditions of an *optional additional product*, there is to be an automatic renewal of the agreement on substantially the same terms, it suffices for the purposes of (1) to (3) if the *customer* actively elected before entering into the initial agreement or a preceding renewal to obtain the product.
  - (b) An automatic renewal of the agreement is not to be regarded as being on substantially the same terms if, following the renewal, a charge will or may become payable for the *optional additional product* for the first time (in which case, (1) to (3) apply at the time of the renewal).
  - (c) Except as set out in (b), changes in the level of charges for an *optional additional product* are to be disregarded in determining whether an automatic renewal of an agreement is on substantially the same terms.
- (11) A *customer* may make an active election for the purposes of this rule through an intermediary in the sales process or through a *person* acting on behalf of the *firm*.

- 6A.2.2 G An example of an omission by a *customer* which is not to be regarded as an active election is the failure by the *customer* to change a default option such as a pre-ticked box on a website.
- 6A.2.3 G *Firms* are reminded that a similar prohibition on opt-out selling of add-on products is imposed by The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 in relation to optional additional agreements where the main sale is not a financial service or product.
- 6A.2.4 G *Firms* are reminded that they must ensure that their *appointed representatives* comply with this section ■ ICOBS 6A.2.
- 6A.2.5 G *Firms* are reminded that *retail premium finance* is an *optional additional product* for the purposes of ■ ICOBS 6A.2.1R.