

The complaint

Mr G complains about RAC Insurance Limited's (RAC) handling of his claim following a breakdown, under his roadside assistance policy.

What happened

Mr G was driving through Europe when his car broke down. He contacted RAC and it arranged for a recovery agent to attend. The car couldn't be repaired at the roadside and was recovered to a nearby garage.

Mr G says a diagnosis of his car wasn't carried out. He says this meant RAC didn't know if his car could be repaired. He says it later told him the car could've been fixed by 24 July 2021. Because it could've been repaired by this date, which was the date he had planned to return home, it meant the policy didn't provide for repatriation of his car back to the UK.

Mr G says he received no help to get a hire car. RAC said one could be provided but he could only use it within Germany, where the car had broken down. Mr G was travelling to Poland, so this wasn't helpful. He eventually arranged for his car to be towed to his final destination but had to pay for everything himself. This was expensive and caused Mr G significant distress. He describes being left alone with his two-year-old child and partner, without support from RAC.

RAC says Mr G didn't authorise the garage to carry out a diagnosis of the problem. When it spoke to the garage it identified the probable cause of the breakdown as a defective oil pump, which it estimated would've been repaired by 19 July 2021. Alternatively, if it was the timing chain, this would likely be repaired by 24 July.

RAC says both repairs would've been complete prior to Mr G's planned return date. It says cover isn't provided for a car to be repatriated to the UK in these circumstances. RAC says it will contribute to labour costs if a vehicle can be fixed on the same day and continue with its journey. But it says this wasn't possible here.

In its complaint response RAC says a tow to Poland wasn't possible, as this wasn't a service its agent was able to provide.

Mr G wasn't satisfied with RAC's response and referred his complaint to our service. Our investigator didn't uphold his complaint. She thought it was necessary for the cause of the problem to be diagnosed. Because Mr G didn't authorise the garage to do this, repatriation to the UK wasn't covered by his policy. Our investigator thought RAC had behaved reasonably by offering a number of different options to assist Mr G.

Our investigator says that Mr G hasn't submitted a claim for his costs to RAC for it to consider. She says that if he's dissatisfied once his claim for costs has been processed, he can raise a complaint.

Mr G didn't think this was fair and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in December 2023 explaining that I was intending to uphold Mr G's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've read Mr G's policy terms and conditions to understand the cover he has in place. The terms say:

"Section D2 – Roadside Assistance in Europe

What is covered under section D2:

If the vehicle breaks down or is involved in a road traffic collision in Europe during a journey, we will send help to either:

Repair the vehicle at the roadside. This could be a permanent or temporary repair; or

• If we are unable to repair the vehicle at the roadside, we will:

a) recover the vehicle and passengers to a local garage for fault diagnosis on the vehicle;

b) pay for the initial fault diagnosis to find the next course of action;

c) contribute towards the garage labour charges up to £150 when the vehicle can be repaired on the same day;

d) help you purchase replacement parts if they cannot be found locally, and pay for them to be delivered; and

e) we will also relay any urgent messages from the driver to a contact of their choice."

And:

"Section D3 – Onward travel in Europe

What is covered under section D3:

If the vehicle breaks down or is involved in a road traffic collision during a journey in Europe and we establish that the repairs cannot be completed within 12 hours, we will help the driver by making arrangements for the passengers to continue the journey. The driver can choose either:

• Alternative transport; or

• Additional accommodation expenses.

Alternative transport

• A hire car as a replacement until the vehicle has been fixed for up to 14 consecutive days; or

• A standard class ticket up to £125 per person per day and £1,500 in total for travel by air, rail, taxi or public transport."

Also:

"Section D4 – Getting your vehicle home

What is covered under section D4:

If we attend a breakdown or a road traffic collision in Europe under Section D2 and the vehicle cannot be repaired before the drivers planned return to the UK, we will arrange and

pay for:

- Recovery of the vehicle to a single destination of the driver's choice within the UK; and
- Storage charges for the vehicle whilst awaiting the vehicle to be returned to the UK."

The terms say RAC will pay for the initial diagnosis. I asked why it didn't authorise and pay for the garage in Germany to carry out the initial diagnosis. It says the preliminary diagnosis was a problem with the oil pressure. To dismantle the engine and perform a full diagnosis it was estimated this would cost around 450 Euros. RAC says this was needed to determine the cost of repairs and extent of the damage.

RAC says in a normal scenario it would ask the garage for a diagnosis. If the garage tells it that it needs authorisation from the customer, it contacts the customer to advise. It says it will advise the customer of the estimated costs for this. RAC says to identify who pays for the extensive dismantling and understand the time delay, costs, and parts needed for the repair, this depends on what happens with the car.

RAC says if extensive dismantling was necessary to confirm eligibility for repatriation to the UK, it would cover the 450 Euro diagnosis cost. But if the car is repaired, then the dismantling cost is part of the total repairs paid for by Mr G.

RAC says it doesn't think it failed to apply section D2 from its policy terms correctly. It says Mr G didn't allow it to follow its normal protocol from the start and didn't provide his consent for a full diagnosis to be carried out. RAC says as Mr G requested his vehicle to be towed to Poland on the day of the breakdown, a full diagnosis wasn't possible.

In its response RAC says, "subject to interpretation" the term, "initial fault diagnosis" is not the same as a full diagnosis. It says the garage's initial fault diagnosis was an oil pressure issue and the car not starting. To get a full diagnosis would have taken a few days, which RAC says Mr G declined.

I've thought about RAC's explanation of the term initial fault diagnosis. I can't see that this is explained in the policy terms anywhere. Section D2 says RAC will pay for the initial fault diagnosis to find the next course of action. It continues to then explain it will contribute up to £150 towards garage labour costs if the vehicle can be repaired on the same day. The terms make clear that other than the above contribution the repairs costs are Mr G's responsibility.

Section 4 then describes how RAC will pay for a vehicle to be repatriated back to the UK if it can't be repaired before the customer is due to travel home. Storage charges are also included in the policy cover.

Having considered this, I don't think RAC's policy terms are clear that the cost of diagnosing the problem, in full, isn't covered.

RAC suggests, "the next course of action", means the work to dismantle the engine and diagnose the fault. But I don't think a reasonable person would think this.

I think a reasonable person would expect the policy to cover the cost of diagnosing the fault. The next course of action is the required repairs. This may be an immediate repair with a contribution up to £150 from RAC, a longer repair with assistance from RAC in purchasing parts and communicating urgent messages, or repatriation of the vehicle to the UK if it can't be repaired by the customer's planned date of return.

We asked Mr G to show what the repairs to his car entailed. He has supplied an invoice showing that extensive work was required. The repair costs are in excess of £7,000. He says

his car was stuck in Europe for over a year due to supply issues obtaining the parts needed for the repairs. He describes how this ruined his holiday and created further issues in relation to his work.

I've thought about RAC's comments that Mr G didn't follow its protocols and was intent on having his car towed to his destination country. But having considered the communication that took place, Mr G was told he had to pay 450 Euros for the problem to be diagnosed. RAC should have paid for this. It didn't, and so Mr G's actions were unfairly influenced by this when trying to find a cost-effective way of dealing with the situation.

I think it's clear from the repairs that were carried out that there was little chance of Mr G's car being repaired before his planned return to the UK. RAC's policy terms provide for repatriation to the UK in these circumstances. I think this is what should've happened here.

I've thought about the impact on Mr G because this didn't happen. He has incurred costs when arranging for his car to be towed to his final destination in Europe. I think it's fair that RAC refunds this cost. In addition to the storage costs. It should also pay Mr G for any reasonable costs incurred in returning his car to the UK. Had his car been repatriated by RAC these costs wouldn't have been incurred.

I've also thought about Mr G's concerns that he wasn't provided with a hire car. RAC says the German hire companies required a credit card to be provided before a car is provided. As Mr G didn't have a credit card – this couldn't be arranged. RAC also explained that due to Covid-19 restrictions at the time hire companies weren't allowing their vehicles to cross borders into other countries. However, it advised Mr G to complete its pay and claim process to claim his costs back. It says his policy covers up to £125 per day for a maximum of 14 days.

I can understand Mr G's frustration that he had to arrange a hire car and pay for this himself. But in the circumstances described I don't think there was a viable alternative. RAC should refund Mr G for these costs up to the limits set out in his policy – but I think its instructions that this could be done following its pay and claim process was reasonable.

Having considered all of this I accept that RAC engaged with Mr G and offered some alternative solutions. But none of this should've happened had it paid for the fault to be diagnosed. His car could then have been repatriated to the UK.

It must have been very distressing for Mr G and his family when their car broke down in a foreign country. RAC didn't handle the situation as it ought to which made matters worse. This resulted in a greater level of distress, inconvenience, and frustration than it should have. Because of this I think RAC should pay Mr G £350 compensation.

I said I was intending to uphold Mr G's complaint and RAC should:

- pay the towing costs on receipt of proof of payment;
- refund the storage costs paid by Mr G;
- pay the reasonable costs demonstrated by Mr G in returning his car to the UK; and
- pay £350 compensation to acknowledge the distress, inconvenience, and frustration it caused Mr G.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr G responded to say he didn't think the compensation was enough. He says had RAC

followed its procedures it would've helped him avoid big repair costs. He says in the UK he would've sold the car for spare parts or repair it, pay off his finance agreement and buy something cheaper.

RAC responded to say Mr G had unrealistic expectations that the garage would be able to diagnose his car immediately. It says its terms are clear that an initial diagnosis is covered but any further diagnosis is not. RAC also says Mr G refused to give authority for any diagnosis so the garage couldn't have told him what was causing the issue.

RAC says Mr G wanted his car towed to Poland. This was outside the policy entitlements. It says it told him if it agreed to pay for this, no further services would be provided. RAC says the option of repatriation was discussed between it and its European partner. But the costs of towing to Poland were cheaper, and this was Mr G's preferred option, so these costs were agreed.

RAC says it's unsure why it should be liable for storage costs whilst Mr G's car was at the garage in Germany. It says he had agreed if towing services were provided to Poland this would be the end of any services it provided. RAC doesn't think it should pay for storage for the time it took Mr G to arrange for a tow.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I acknowledge Mr G's view that RAC should pay him a higher compensation amount than I recommended. I understand he was caused distress and inconvenience because the business didn't treat him fairly according to its policy terms. But based on the evidence I've seen I think £350 is a reasonable compensation payment. I note Mr G's reference to selling his car or selling it for parts. But I don't think he's shown that this is something he was prevented from doing.

RAC points to Mr G's unrealistic expectations and that its policy provides for an initial diagnosis. However, as explained in my provisional decision, I don't think the terms are clear in this respect. A reasonable person would expect the wording in the policy terms to provide for the fault to be diagnosed. Whereas Mr G was told he had to pay 450 Euros to have the fault diagnosed. Because it didn't agree to pay for the diagnosis Mr G took alternative action to try and minimise his costs.

I acknowledge RAC's view on Mr G's preference for a tow to Poland, and its comments about storage charges. But had the fault diagnosis been carried out and paid for by RAC, Mr G will have been in an informed position to decide what to do next. The policy terms provide for repatriation where the repairs can't be completed before the policyholders planned return date. Based on the extensive repairs Mr G has shown were necessary, it's unlikely the car would be repaired before his planned return. RAC should've offered repatriation having diagnosed the fault. Had it done so the storage costs would also have been covered under Mr G's policy.

Although I have carefully considered the further comments provided by both parties, I'm not persuaded these comments warrant a change to my provisional decision.

My final decision

My final decision is that RAC Insurance Limited should:

- pay the towing costs on receipt of proof of payment;
- refund the storage costs paid by Mr G;
- pay the reasonable costs demonstrated by Mr G in returning his car to the UK; and
- pay £350 compensation to acknowledge the distress, inconvenience, and frustration it caused Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 February 2023.

Mike Waldron
Ombudsman