

The complaint

Mr F has complained about the poor service he received when he sought assistance following a breakdown under the Roadside Breakdown Cover section of his car insurance policy.

RAC Insurance Limited is the underwriter of the European Motoring Assistance section of Mr F's policy. All reference to the underwriter in my decision includes its agents.

What happened

Mr F was travelling with his wife to a port for onward travel to Europe when unfortunately his car broke down. He called for assistance and was offered a taxi home and for his car to be recovered to a garage. But under the policy, Mr F was entitled to a hire car due to where he had broken down so that his travel plans could continue.

Despite Mr F's requests for the hire car, RAC failed to acknowledge his entitlement until 16 November 2022. And Mr F's car wasn't recovered to a garage until 15 November 2022.

In November 2022 Mr F raised his complaint with RAC a number of times.

RAC apologised for failing to provide Mr F with a hire car and said it would reimburse him for the costs - and associated costs - to arrange one so that he and his wife could travel abroad. Mr F organised a hire car for 22 November 2022. This was the earliest date because he needed to complete a 'vehicle abroad' form for the hire car company which would take a few days to process.

However, on 19 November 2022 Mr F told RAC that his car had been repaired by the garage. This meant Mr F no longer needed the hire car from 22 November 2022. So Mr F travelled with his wife on their journey in his car.

RAC upheld Mr F's complaint. It offered him a total of £500 compensation. This was £150 for the distress and inconvenience caused by its poor service. RAC said its call agents had failed to provide a hire car when Mr F was entitled to one when he broke down on 5 November 2022.

It offered £280 for eight days loss of use of a hire car at £35 a day, and £70 to cover any charges Mr F may have had to pay for rearranging his travel. It said it would consider any further charges if Mr F provided evidence.

Our Investigator thought RAC had done enough to resolve Mr F's complaint.

Mr F didn't agree. In summary he said RAC hadn't done enough to put things right. He wants RAC to pay him the equivalent costs it had agreed to pay for a hire car for 14 days before his car was repaired. He doesn't think it's fair that RAC has avoided paying this when it provided such a poor service to him. He reiterated the timeline and the impact RAC's poor service had on him and his wife and their travel plans.

I issued a provisional decision on 14 June 2023 as I intended to uphold the complaint and to ask RAC to increase the compensation award to a total of £850.

Mr F accepted my provisional decision. RAC didn't reply. So the case has been passed back to me to decide.

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.

As Mr F accepted my provisional decision. As I haven't received any new information from RAC, my final decision is on the same lines as my provisional decision.

Mr F's policy says it will provide the following in the circumstances under which Mr F broke down:

"Onward travel in the UK

What is covered under section D1:

If we attend a breakdown under Section A (or C) and cannot fix the vehicle by your planned departure date and you are within 24 hours of your planned departure date we will arrange a hire car for the continuation of your journey for up to 14 consecutive days."

If RAC had acted in line with the policy terms, Mr F would have been delayed for his onward journey by around 24 hours - taking into account a reasonable period of time for RAC to arrange a hire car. I say this because Mr F broke down in the early hours of the morning of 5 November 2022.

It took the garage four days to repair Mr F's car. So - if RAC's agent had promptly recovered his car, the impact of the first error in failing to provide a hire car would have - on balance - been less.

The impact of RAC's failings meant Mr F and his wife lost two weeks of their four week holiday and missed attending planned events.

It's clear from the emails and call records provided by Mr F that he had to spend a significant amount of time in contact with RAC to ask for what he was entitled to under the policy. I've no doubt that the impact of having to make calls daily to check if his car had been recovered and to try to obtain the benefit under the policy to enable him and his wife to travel was significant and upsetting. Mr F was told on a daily basis that his car was going to be recovered, but it wasn't. And he was repeatedly told he wasn't entitled to a hire car, passed between departments and given different reasons as to why.

I think the goodwill gesture payment offered by RAC of £350 for loss of car hire at £35 a day and £70 to cover charges incurred due to changing ferry travel goes some way to putting things right. I don't agree that RAC should reimburse Mr F for a car hire cost that he didn't incur as it was no longer needed.

But I don't think the compensation award of £150 for distress and inconvenience is enough to reflect the impact of RAC's failings on Mr F. I think it is unreasonable that Mr F wasn't provided with the benefit he was entitled to when he broke down - and this was clearly compounded by the fact that he was repeatedly told over a period of around ten days that he was wrong. This caused Mr F considerable frustration and worry - all the time while losing days of his and his wife's holiday which I think was completely avoidable.

Taking everything into account, I think a fairer compensation award in addition to the distress and inconvenience award of £150 should be £500, so I think RAC should pay an additional £350 to Mr F. This should be in addition to the £350 offered for loss of car hire and for time taken to rearrange his travel plans and check for any associated costs on cancellation of car hire. I add here that the policy says RAC will arrange car hire - but Mr F did this.

My final decision

My final decision is that I uphold this complaint and require RAC Insurance Limited to do the following:

- Increase the compensation award for distress and inconvenience from £150 to £500.
- This is in addition to the £350 offered for loss of car hire and for rearranging travel plans, so a total of £850.

RAC Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr F accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 August 2023.

Geraldine Newbold
Ombudsman