

## **The complaint**

Miss S complains about how Automobile Association Insurance Services ("AA") dealt with her policy renewal. In particular that payment was taken from the wrong card.

## **What happened**

Miss S had AA breakdown cover and had been a customer for many years. At one point she says her mother paid for her breakdown service but in the last two years she took over the payments.

Miss S says the AA mistakenly debited her mother's account to renew the membership in July 2022. Since her mother hadn't paid for the cover for a number of years she didn't recognise the transaction and contacted her bank to claim the money back; which it did.

In October 2022 Miss S received an email from AA saying her account provider recently asked for a refund so she would no longer be covered if she broke down. Miss S says this was the first she became aware there was an issue with her breakdown cover.

Miss S contacted AA and was told her membership rate had increased since she hadn't renewed her cover. And if she wanted to retain her gold membership status she would need to pay more. Miss S wasn't happy since she had been a customer for over 20 years and wanted to pay the same amount as she had been prior to the issue with the renewal.

Miss S contacted the AA again in December 2022 and it agreed to revert her premium to what she was previously charged. The following day she received an email saying her new membership would expire in July 2023.

Miss S is unhappy. She says AA debited the wrong account for her 2022 renewal, and she was only informed of this in October 2022. She says it took until December 2022 to resolve and so her policy year should begin in December rather than July 2022. Miss S says AA made it clear she wasn't covered to use its services until she renewed, so she doesn't think it's fair to charge her for that period.

Miss S says she has spent hours on the phone, on hold, and writing emails in order to resolve the matter. She says she wants her renewal to start in December since she's paid for membership for a year but in reality she is only able to use it for six months. So she complained to AA.

AA said the account that payment was taken from is one that has been used previously. It said since payment hadn't been made for the year 2022/2023 the membership was in arrears and was on hold. To resolve the complaint AA agreed to reinstate the policy at the amount paid the previous year and said Miss S's gold tenure wouldn't be affected.

Miss S was satisfied with this outcome until she received an email from AA explaining her policy would be renewed in July 2023 rather than December 2023 as she was expecting. So she referred her complaint to this service.

One of our investigator's looked into things for her. She upheld the complaint. She said she could see AA hadn't provided Miss S with enough information regarding her policy, and there was a clear miscommunication between the parties. She said AA should pay Miss S £50 to reflect the distress and inconvenience caused by the matter.

Miss S didn't agree. She said £50 didn't accurately reflect the distress and inconvenience caused. So the complaint come to me to decide.

### **My provisional decision**

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said;

*"Based on what I've seen so far I intend to uphold Miss S's complaint. I'll explain why.*

*It's clear how strongly Miss S feels about her complaint. I want to assure her that I've carried out an independent review and considered everything that both parties have submitted. We provide an informal complaints handling service as a free alternative to the courts and this is reflected in the way I've approached this complaint. It's part of my role to identify and concentrate on the core issues I need to address in order to reach a fair outcome – this means I might not mention everything Miss S has said. But I will comment on anything that makes a difference to the outcome of the complaint.*

#### *Payment for policy renewal*

*When AA processed the payment from Miss R's mother's card it did so as it had the payment details from when the card was used to pay for the policy. It isn't clear why this card was used over Miss S's most recently used payment method. I asked AA for evidence of what payment method was used in each year of renewal but the information I received didn't provide any clarity on that.*

*Miss S's mother then recalled the payment as she didn't recognise the transaction. So AA thought Miss S had recalled her payment and put the policy on hold. Its clear something went wrong somewhere in AA's system. And this led to Miss S's policy being put on hold before the matter was resolved in December 2022.*

*Based on the evidence it's not clear to me whether AA retained Miss S's mother's card on file since it was used for payments previously. And in order for it not to be used for future payments it would expect Miss S to remove it from her policy. Or whether the payment was taken from that card due to an issue with AA's payment system. In the absence of any definitive evidence AA reinstated the policy and agreed a discounted rate for the renewal in resolution of the complaint, as a gesture of goodwill. And I think this is fair in all the circumstances.*

#### *Renewal date of policy*

*I know Miss S says after the issue with the payment her membership was put on hold until December 2022 when payment was made. She later received a letter confirming renewal was July 2023 when she thought it would be December 2023. Miss S was unable to benefit from her policy from July 2022 to December 2022. But Miss S hadn't paid for the period from July 2022. So I don't think it's unfair she wasn't able to benefit from her membership at that point. AA subsequently reinstated the policy and took payment from the date of the original renewal in order for Miss S to retain her gold member benefit and I think that's fair and reasonable, and what I would have expected it to do.*

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

### **Response to my provisional decision**

I asked both parties to send me any further evidence or arguments they wanted me to consider. Both parties accepted the findings in my provisional decision.

### **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.

In light of the fact that both Miss S and AA agree with my findings set out in my provisional decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons set out above I'm upholding Miss S's complaint.

### **Putting things right**

AA have backdated the policy so it is continuous. This means Miss S won't lose her gold member status. AA has also discounted the premium. And I think that's fair and puts Miss S back in the position she would have been in had the issue with payment not occurred.

However, it is clear to me that Miss S has gone to a lot of trouble contacting AA and this service to resolve her concerns. Miss S was also without roadside assistance for a period which caused her a level of distress. And so to reflect this, and inconvenience caused, I think compensation in the amount of £100 is fair and reasonable and is broadly in line with the awards which we make for trouble and upset as set out on our website. So I intend to direct AA to pay Miss S a total of £100.

### **My final decision**

My final decision is that I uphold Miss S's complaint about Automobile Association Insurance Services Limited and direct it to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 November 2023.

Kiran Clair  
**Ombudsman**