

The complaint

Mr M has complained that RAC Insurance Limited failed to provide any service under his RAC breakdown cover through his Keychoice insurance policy when his motorhome developed some issues when travelling in Europe.

References to RAC include all its agents both in Europe and the UK.

What happened

Mr M was on holiday in Europe with his family which comprised of five people plus his dog in his motorhome. On 30 July 2023 Mr M said the motorhome started to make a whining sound which got louder. Once at his campsite on 31 July 2023, he asked for assistance from RAC. The patrol arrived later in the afternoon who said they could take the motorhome to a garage to diagnose once they got a recovery truck big enough. Mr M asked for this to be done the next morning so his family could sleep in the motorhome.

Mr M then said there was delays caused by the fact the right tow vehicle couldn't be sourced. There was also confusion about whether he was entitled to a hire car or not, plus sourcing one big enough for his family. Mr M said RAC was of the view no hire car would be available until his motorhome was at a garage for investigation. There were also issues about the costs of the hire car and how much Mr M might be responsible for.

RAC also said there would be a delay in dealing with his motorhome at a garage given no garage was immediately able to deal with it.

Mr M decided as his motorhome hadn't been assessed and no hire car was available, that his wife and children would fly back to the UK and Mr M and his dog would make their way to the port in the motorhome to drive home to the UK despite the mechanical issues his motorhome had.

Once off the ferry in the UK Mr M contacted RAC again. He said the patrol told him the motorhome was unsafe to drive and he was shocked Mr M ended up having to drive it home. The patrol agreed to recover his motorhome to a garage that had previously done work on it. There was a delay with this also, again with sourcing a tow truck big enough to tow the motorhome. Mr M also said the patrol told him RAC should pay the costs of the repair given what happened as it was likely further damage occurred in Mr M having to drive it back in the state it was in. Mr M also asked for a hire car in the UK to get him and his family home, but RAC said this wasn't available under his cover.

Ultimately RAC said the patrol had no authority to say RAC would pay the costs of repair, but it offered £400 towards these costs of repair. It also reimbursed the costs of Mr M's wife and children flying home plus taxi costs, toll charges Mr M incurred getting to the ferry and the cost of changing the ferry crossing. The total amount was £876.95. But otherwise, it didn't think it had done anything wrong. It also paid him £150 compensation for the fact he had no contact from anyone for three days.

Mr M remained dissatisfied, so he brought his complaint to us. The investigator didn't think it should be upheld. Mr M disagreed so his complaint was passed to me to decide.

I issued a provisional decision on 26 March 2023, and I said the following:

'Having done so I'm intending to uphold this complaint for more compensation. I'll now explain why.

I'm not going to refer to every single issue in this complaint in this decision, but Mr M should be aware I've read the entirety of his details of what happened plus what RAC said. The full history of the matter is also set out in the correspondence between the parties and our service. I shall however concentrate on what I consider are the main issues. If I don't mention something, it won't be because I've ignored it, rather, it will be because I didn't think it was material to the outcome of the complaint and where necessary I shall explain that.

I will also explain first that the Financial Ombudsman Service is independent of both consumers and the businesses they are complaining about. This means that we don't act for consumers or businesses, nor do we take instructions either from consumers or businesses or allow either party to direct the course of our investigations. Were we to do so, it would compromise our independence and impartiality.

The first starting point is what services were promised to Mr M by RAC's policy. This is because the only services RAC needed to have offered Mr M were those detailed in this policy.

The policy states the following:

'Section E2: Roadside assistance in Europe Covered

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

- 1. Repair the vehicle at the roadside. This could be a permanent or temporary repair; or*
- 2. If we are unable to repair the vehicle at the roadside, we will:*
 - a) recover the vehicle and passengers to a local garage;*
 - b) we will also relay any urgent messages from the driver to a contact of their choice.*
- 3. If your vehicle has been recovered following a breakdown, we will:*
 - a) pay for the initial fault diagnosis to find the next course of action;*
 - b) contribute towards the garage labour charges up to £175, if your vehicle can be repaired on the same day;*
 - c) help you purchase replacement parts if they cannot be found locally, and pay for them to be delivered.*

...

Please note: By claiming under this section, you are authorising us and the garage to undertake fault diagnosis.

Section E3: Onward travel in Europe Covered

If the vehicle has a breakdown 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:

- 1. Alternative transport; or*
- 2. Additional accommodation expenses.*

1. Alternative transport
Covered

- 1. A hire car as a replacement until the vehicle has been fixed up to 14 consecutive days; or*
- 2. 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.*

2. Additional accommodation expenses
Covered

We will arrange and pay for additional accommodation expenses if you are unable to use your pre-arranged accommodation up to £30 per person per day up to a maximum of £500 for all passengers.

Not covered

Accommodation where the driver has suitable alternative accommodation that can be used. Cover under this section will stop once:

- 1. The vehicle has been repaired to a roadworthy condition; or*
- 2. The decision to bring the vehicle home is made by us or your motor insurer; or*
- 3. Once we establish that the repair costs to the vehicle exceed its market value.*

Once the driver is notified of cover ending, if they have a hire car, it must be returned to the place agreed with us within 24 hours. The driver can keep the hire car for longer if you agree this with us first and pay for it.

Getting your passengers home

We will provide alternative transport as above to get the passengers back home if:

- 1. The vehicle is brought back home under Section E4; or*
- 2. Once we establish that the repair costs to the vehicle exceed its market value under Section E4.*

Section E4: Getting your vehicle home
Covered

If we attend a breakdown or a road traffic collision in Europe under Section E2 and the vehicle cannot be repaired before the drivers planned return to the UK, we will arrange and pay for:

- 1. Recovery of the vehicle to a single destination of the drivers' choice within the UK; and*
- 2. Storage charges for the vehicle whilst awaiting the vehicle to be returned to the UK; or*

3. *If your vehicle is repaired in Europe, the cost of one person to travel to collect the vehicle by standard class rail or air fare and public transport up to £600 and a contribution towards room only accommodation up to £30 per day;*
4. *If the cost of repairing the vehicle is greater than its market value as a result of a breakdown and it has to be disposed of abroad under Customs supervision, we will pay the cost of the import duty;*
5. *Reimbursement for a hire car, up to 2 consecutive days, in the UK once we have brought passengers home under Section E3 until the vehicle is brought back to the UK.*

We will take the passengers in the vehicle home under Section E3 (Onward Travel in Europe).

It is our decision whether to get the broken-down vehicle home or have it repaired locally. [My emphasis here]. We will follow your motor insurer's decision whether to get the vehicle home or have it repaired locally following a road traffic collision covered by your motor insurance.'

Mr M's account of what happened

Mr M notified RAC of his requirement for assistance on 31 July 2023. His return back to the UK by ferry, was due to take place on 7 August 2023. This is now also confirmed by Mr M.

The initial confirmed return date of the trip is important for the purposes of cover under this policy. As certain issues are only permitted to be offered should the breakdown affect the member's confirmed return date, namely under section E4 the vehicle is only repatriated home if the repairs cannot be achieved before the planned return date.

Following Mr M's call for assistance on 31 July 2023 when he arrived at the campsite, the first RAC operative couldn't recover the motorhome to a garage because of its size. So, RAC said a larger recovery truck would be provided. At this stage a hire car was offered to Mr M but given there were five people plus a dog this caused sourcing issues for a hire car big enough.

It was then agreed to hold off the larger tow truck until the next day as it was getting late, and Mr M and his family could sleep in the motorhome.

The next day 1 August 2023, RAC's operative arrived again but without the big enough tow truck. And Mr M was told by the RAC operative that given the time of year, the chances of getting the motorhome repaired in time for Mr M's return on 7 August was very slim. So, Mr M said he chased up the hire car.

Mr M said he phoned again first thing on 2 August 2023 as nothing had been concluded the previous day. He was promised a call back which never happened. Mr M called again on 3 August 2023. He said RAC first told him he wasn't entitled to a hire car and then confirmed he was indeed entitled to a hire car. However, there were difficulties in sourcing one. At this stage Mr M said he was told there would be additional costs for hiring a car. This concerned Mr M as he said he was told the ultimate cost wouldn't be known until the hire period ended. At this stage Mr M said he was getting concerned as the date he was due to return home was getting closer and nothing was happening with his motorhome getting repaired. He asked could his motorhome be repatriated back to the UK. He said RAC explained that his

motorhome needed a proper diagnosis of what was wrong first. Then there was further confusion over the hire car. Mr M said he was told it was going to cost more than the £125 per day he was entitled to, but again the ultimate costs weren't clear. Mr M was concerned of getting into an agreement for a car hire when he didn't know how much it was going to cost him.

There was still no progress made by 4 August. Mr M said RAC were saying they had to get the problem with the motorhome diagnosed in order for the recovery to happen. So, Mr M decided to book flights home for his wife and children. He emailed RAC to say he had done this.

On 6 August 2023 Mr M set off in his motorhome which still hadn't been repaired. He dropped his wife and children off at the airport and made his way slowly to the ferry terminal with his dog. He paid £60 to get on a different ferry time and got home to the UK.

At that stage a UK RAC operative attended him. He was told his motorhome was unsafe to drive and it was towed to a garage of Mr M's choice to be fixed. However, that didn't happen until 8 August again due to getting a tow truck big enough, and Mr M also wasn't given any hire car in the UK. He had to rely on friends and family to get him back to his own house.

Further his motorhome has sustained further damage costing about £2,000 to repair. Mr M felt RAC should cover the costs of this given it basically provided him with no service as far as he was concerned. He also said the UK patrolman who met him off the ferry in the UK said RAC should fund the costs of the repair.

RAC's account of what happened

It said Mr M was told as early as 1 August 2023 that the garage had no availability to look at his motorhome and repair it until 7 August 2023. And that given its size it couldn't be taken into storage so it wouldn't be collected until 7 August 2023. It said Mr M said he couldn't stay away beyond 4 August 2023 so then it looked into other options.

It then arranged car hire outside the terms of the policy as normally no hire car would be available until after the vehicle was in a garage being diagnosed and repaired. It acknowledged there was some confusion over the entitlement of the hire car in that he was then told he wasn't entitled to one and finally it was confirmed he was entitled as it was done outside the policy terms. There was also confusion over how the hire car was going to be paid for and who was to source this. There was also another problem given the size of Mr M's party being five people plus a dog.

Apparently, the garage then said it could look at the motorhome a little earlier. It noted Mr M said that if his motorhome couldn't be repaired then it should be repatriated home. However, this was also outside the terms of the policy. Mr M said coming back to pick up his motorhome later wasn't a viable option for him either. RAC also acknowledged its operatives didn't deal with Mr M's claim for three days. Once Mr M was back in the UK, it said it had no notes from the UK patrol man who said RAC would fund the costs of the repair of his motorhome.

So effectively RAC then paid for the costs of Mr M's wife and children flying home. It also paid some taxi fares in the UK, plus toll fees abroad, Mr M's fee for changing his ferry booking amounting to a total of £876.95. It also paid £400 towards the costs of repairing his motor home plus £150 compensation.

What should have happened given the terms of the policy

The policy requires the vehicle to either be repaired at the roadside or taken to a garage to have the problem diagnosed and repaired subject to the costs of the repair not being more than the market value of the vehicle.

It's clear Mr M did want his motorhome repaired and it's also clear to me there was a problem not just abroad but also in the UK of finding a tow truck big enough to tow the motorhome to any garage. Further according to RAC's system notes the intended garage decided upon by RAC had space issues to store Mr M's motorhome until it could schedule time to look at it.

On 31 July 2023 Mr M called RAC just after noon. Given the difficulty with getting the right tow truck to bring his motorhome to any garage nothing happened that afternoon. I find it disingenuous that RAC said that because Mr M wanted to stay the night in his motorhome it couldn't get the motorhome into a garage that afternoon. The fact is it couldn't get the right tow truck to get it to any garage regardless during that afternoon.

It then transpired given it was holiday time in France that the RAC operatives talking to Mr M told him as early as 1 August 2023 that it was unlikely his motorhome could be repaired before his intended departure on 7 August. And as I said above the garage appeared not to be able to accept the motorhome as it couldn't store it until it could look at it.

The policy provides that if the vehicle can't be repaired within 12 hours, (assuming it's actually been towed to a garage which RAC has failed to manage by this time) then Mr M would be entitled to either a hire car or accommodation expenses at his choice. I consider this is key. And I consider this time-period is the trigger for the remaining provisions of the cover to commence. The only thing hindering the diagnosis of what was wrong with the motorhome was getting a tow truck big enough to take it to a garage and for that garage to look at it. If the member has been waiting more than 12 hours for this to happen, then a hire car or accommodation needs to be provided under this policy.

I consider there was extensive miscommunication between RAC and Mr M over this hire car, as the term which triggers the hire car is the 12-hour limit on at least diagnosing and finding out what is wrong with the vehicle. Much was made about the fact Mr M's motorhome hadn't been taken to a garage. However, in order to get the motorhome to a garage, it required the right sized tow truck and for the garage to accept it. The one that came out to the campsite on the morning of 1 August 2023 couldn't tow it according to Mr M. I consider it was RAC's duty to get the right tow truck to transport the vehicle it was initially happy to provide cover for. And if it couldn't do that for whatever reason, it was then under a duty to offer Mr M a hire car or alternative accommodation at his choice. I don't consider the car hire offer which was made to Mr M was outside the policy terms, as it was RAC's fault it couldn't source the right size tow truck to transport his motorhome to a garage or find a garage to look at it or store it. The initial RAC operatives were of the view the motorhome shouldn't be driven.

The policy provides for a hire car for 14 consecutive days in this situation at RAC's cost not Mr M's. So, there should never have been any discussion of any costs Mr M might have to pay. This, in my view, caused the gross miscommunication between Mr M and RAC which essentially meant RAC forgot about his claim for three whole

days. I consider RAC didn't recognise its duty under the terms of this cover to actually get Mr M's motorhome diagnosed within that 12-hours by a repairing garage.

Added to this the only garage RAC were in touch with to look at Mr M's motorhome couldn't deal with it until 7 August 2023 in any event. I'm unsure why only one garage was consulted on the time scales for looking at Mr M's motorhome. However, since it was then clear that his motorhome couldn't be diagnosed and presumably fixed in time for his departure back to the UK, I consider RAC needed to address that rather than simply not contact him for three days.

The policy is clear on what should happen here under '**Section E4: Getting your vehicle home**' as detailed above.

RAC failed to do any of this under this section at all. And it failed to communicate with Mr M for three days given the unsatisfactory confusion over the provision of the hire car since Mr M thought he might be out of pocket on that, which should have never been the case because RAC never even got the motorhome to a garage within the 12-hour time-period, let alone repaired his motorhome. It frankly never made any decision to repair the vehicle in Europe or transport it back to the UK for repair there, which it ought to have done. Under the Consumer Duty rules businesses have a duty to give consumers the information they need at the right time to allow them to make informed decisions. I don't think this happened here.

I'm afraid also it wasn't for Mr M to say that it didn't suit him to have to come back to Europe to pick up his motorhome in Europe either as it's for RAC to decide where the motorhome would be repaired, not Mr M. And some cost provision is provided for this return to pick up the vehicle once repaired under the policy too.

Clearly the intended garage could have looked at the motorhome by 7 August 2023 and most likely fixed it. So then in all probability Mr M would have had to return from the UK to pick it up again. Meanwhile he should have been provided with a hire car to get him home, first to the port and then onwards when in the UK.

If Mr M chose the hire car route any accommodation expenses for that week would have been at his cost as he couldn't have both accommodation costs plus a hire car. In his shoes it would have been reasonable to take the hire car and get everyone home and come back and pick up the motorhome when it was fixed which essentially might have cut his holiday short, but I don't necessarily hold RAC responsible for that as its policy clearly states on page 7 that:

13. We do not guarantee the recovery to any garage will be during opening hours, or that repairs can start immediately. Whilst we will try to check that the garage will undertake the type of repairs required, we cannot guarantee this. We will not take responsibility for repairs carried out at any garage and the contract for such repairs will be between you and the garage/repairer.'

Given the lack of any coherent communication with Mr M for three days, Mr M made his own plans to get everyone home. I'm glad to see that RAC paid the costs of this too. But that included driving his motorhome home too. Whilst I can understand why Mr M did this, I do consider as his garage has shown, it caused further damage to his motorhome. Given RAC did have a garage lined up to look at his car in France, albeit that the timing was unsuitable for Mr M, I don't consider RAC should be responsible for the whole of the cost of this further damage. I note it has contributed £400 towards these repair costs. I don't consider that is enough however given the lack of contact for three days essentially allowed Mr M to feel just abandoned bearing in

mind the actual policy terms. Which in turn ensured Mr M felt he had to take his motorhome home himself. Therefore, I consider RAC should increase this payment to £1,000 in total.

I also consider the lack of communication and the confusion by the operatives over the policy terms, plus the lack of locating a tow truck both in France and the UK caused a significant amount of delay, distress, trouble and upset to Mr M.

Consequently, I don't consider the payment of £150 compensation to be adequate or in line with our approach on these matters. I consider a total payment of £350 compensation to be more adequate. So, I consider RAC should increase this compensation payment to a total of £350.'

RAC didn't respond to my provisional decision.

Mr M did so at some length. First, he said he was never aware any garage was set up to look at his car as he said no one ever communicated that to him. He finds it upsetting there is no note of what the patrol told him in the UK about RAC being liable to fix his motorhome and asked that if it's right he had no authority to say this, does that mean the offer was therefore actually made by the UK patrol. He said he was never paid for the costs of the toll roads abroad which he explained he used on his drive back to the port on purpose given it was more likely he could be rescued if his motorhome just stopped working. He wanted me to review the level of compensation I was intending to award. He has now spent over £2,000 on the repairs and will potentially have to pay a further £1,950 to recondition the gearbox. He feels very strongly that RAC should pay this.

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.

Having done so again, I remain of the view the outcome detailed in my provisional decision is the reasonable one.

It did appear from the system notes a garage was able to look at Mr M's motorhome but not until at least 7 August and it appeared it couldn't store the motorhome due to its size. The system notes aren't that clear but that's what I've surmised from them.

It does appear the offer of £400 RAC made towards Mr M's repair costs for his motorhome was because of what the UK patrol said as in it seems there was some recognition that this conversation took place. However, no insurer such as RAC could give that type of resolution without at least investigating what happened abroad first, so I don't consider it was that unreasonable for RAC to confirm Mr M was consequently misinformed about it. If nothing else, they would need to check their overseas partner's system notes on the matter to try and verify things.

The amount paid to Mr M in the sum of £876.95 included £95 taxi fares in the UK, change of ferry costs €70.08, flights €662.70, motorway tolls £116.94 and £33.30. Therefore, the toll fees were included in this payment which Mr M has already received. If it's the case that he hasn't received the listed costs for motorway tolls or indeed the total amount claimed, then RAC should pay these now.

Breakdown assistance policies never pay for the total of the repair required and the premium paid reflects this limitation. That means essentially that the insured event is not the cause of the breakdown but just that the breakdown occurred. Also, this policy merely pays £175 towards the labour costs only which follows the limitations of this policy. I appreciate given

the situation here, that Mr M believes RAC should pay the costs of repairing his motorhome and indeed the reconditioning of the gearbox as a result of the lack of service he received when he broke down and that that meant he had to drive his motorhome for a considerable way to get the ferry potentially causing further and more extensive damage.

However other than this £175 towards labour only costs the policy itself doesn't provide for the cost of the repair of the issue that caused the breakdown. I consider that's significant as regards the manner of how to compensate Mr M for the lack of service of what the policy would provide him, namely actually getting a garage to diagnose the problem and repair it. In real terms instead of asking RAC to operate outside its policy terms in funding the cost of repairs, it technically becomes one of compensation instead.

Our approach to compensation is clearly outlined on our website. It's not there to fine or punish businesses but to compensate for the lack of service. In this regard I continue to maintain that the increase of its compensation towards the costs of the repair of Mr M's motorhome to £1,000 is fair here. More so given the actual insured event being that the breakdown occurred rather than the cause of the breakdown. However, I do understand why Mr M disagrees and why he thinks the lack of service caused the repair costs to escalate. But nonetheless I consider this approach is fairer to the situation of what the policy provides for and indeed our approach to compensation.

My final decision

So, for these reasons it's my final decision that I uphold this complaint.

I now require RAC Insurance Limited to do the following:

- Increase its compensation payment towards the cost of the repair of Mr M's motorhome to £1,000 in total so pay a further £600. So ensure a total of £1,000 is now paid to Mr M.
- If it is the case Mr M hasn't received the toll payments included in the £876.95 it said it paid Mr M, or if indeed it hasn't yet made that total payment, then it should pay this to Mr M now.
- Increase its compensation payment for the distress it caused Mr M to £350 in total so pay a further £200. So ensure a total of £350 compensation is now paid to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 May 2024.

Rona Doyle
Ombudsman