

The complaint

Mr G has complained that RAC Insurance Limited (RAC) unfairly dealt with a claim under a breakdown cover policy.

References to RAC include companies acting on its behalf.

What happened

Mr G had European breakdown cover. He went abroad in his car. While he was away, the air conditioning started blowing out hot air and couldn't be switched off. Mr G contacted RAC, who told him this wasn't covered by the policy. Mr G contacted RAC again the same day and its agent agreed to arrange to tow his car to a garage and provide a hire car while the issue was being diagnosed.

A few days later, Mr G spoke to RAC. He said the garage told him it should be able to diagnose the car that day, but that it could take up to 20 days to repair his car. He also said he had been told the hire car couldn't cross country borders, but that he wanted to do so. RAC said it would extend the car hire by a further day to allow for the diagnosis to be completed. Following this, Mr G returned the hire car.

The garage confirmed the issue was an influx of hot air from the engine. It provided a price for the work and said it would take up to 30 days to repair the car. RAC spoke to Mr G. Mr G said the garage had told him it didn't have the expertise to work on right-hand drive cars. He said that when he'd had the car checked in another country that this had indicated a problem with the air conditioning sensor. He said that if his claim was covered that he would like RAC to repatriate his car to the UK and for it to cover the cost of car hire for his trip. Following this, RAC reviewed the claim and decided it wasn't covered by the policy because the issue was with the air conditioning. It contacted Mr G and told him this.

Mr G paid for his car to be repaired. When he returned to the UK, he complained to RAC. He said it hadn't provided him with the service he'd paid for and had disrupted his holiday. When RAC replied, it said its agent had incorrectly advised Mr G and shouldn't have arranged any services for him under the policy. It also said it wasn't responsible for the pricing or timescales provided by the garage. It confirmed it wouldn't be looking to recover the cost of services it had provided in error. RAC later offered Mr G £50 as a gesture of goodwill.

Mr G complained to this service. Our Investigator didn't uphold the complaint. She said the policy terms didn't provide cover for air-conditioning failures. The policy also explained that hire cars couldn't cross a country border unless RAC and the hire car provider allowed this. She said the claim had been fairly declined.

As Mr G didn't agree, the complaint was referred to me.

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.

The policy explained what a breakdown was:

“an event during the policy period, that stops the vehicle from being driven because of a mechanical or electrical failure including as a result of battery failure but not as a result of a mis-fuel, road traffic collision, fire, flood, theft, acts of vandalism, any driver induced fault, flat tyres or any key related issue”

It also said:

“Where the breakdown is caused by a component failure this must stop the vehicle from working, so for example an air-conditioning failure in itself does not constitute a breakdown, and the illumination of a warning light does not always constitute a breakdown”

When the garage assessed Mr G's vehicle, it told him and RAC's agent “[t]here is a significant and robust influx of hot air direct from the engine”. The email also said “[i]f no additional damage is discovered in the air conditioning system, the expected cost is approximately 1591 euros”. I've also seen the quote for the work. I'm not an expert on car repairs but, from what I can see, the parts listed were for the air conditioning system. So, I think it was reasonable for RAC to decide the issue was with the air conditioning.

The terms and conditions said that where there was a breakdown, it had to stop the vehicle being driven. It also said that where a component failed, including the air conditioning, it had to stop the vehicle from working. It's my understanding that the fault made it difficult to drive the car, or be a passenger, because of the hot air. But the vehicle was still working and could be driven. As this wasn't considered a breakdown under the terms of the policy, this meant there wasn't cover.

Mr G has explained that he is disabled. I'm also aware Mr G has said his passenger had health conditions, including breathing-related issues. So, I've thought about whether this made a difference.

This was a roadside assistance policy. Where the issue was covered by the policy, RAC was required to attend the breakdown and either try and repair the vehicle at the side of the road to get it mobile again, if appropriate, or recover it to a garage to enable Mr G to have the vehicle repaired. The policy also provided other services where there was a valid claim under the policy, such as a hire car.

RAC later said it only provided its services due to an error by its agent. However, it meant Mr G and his passenger were initially dealt with as though there was cover in place. This helped Mr G to get the car to a garage and provided him with transport for a few days while the issue was still being diagnosed. But, the policy didn't provide cover where the driver or passenger felt they were unable to be in the car due to a fault. I'm not persuaded that it would be fair or reasonable for me to say that RAC should have provided cover under the policy because of the health issues. RAC provided assistance while the issue was still being diagnosed and it stopped doing so when it was confirmed that the issue wasn't one covered by the policy. I think that was reasonable.

Mr G also said the hire car company RAC used wouldn't let him take the car across a country border. The policy explained this might be an issue with hire cars. However, RAC initially only provided the hire car while the issue with his vehicle was being diagnosed. Mr G then returned the hire car. RAC didn't need to consider Mr G's onward travel because the issue with the car wasn't covered by the policy and the claim was closed. Once the claim

was closed, it was for Mr G to see if he was able to find a car hire company that would allow him to cross borders or to find a different solution.

I'm aware Mr G has said a repair was also carried out on his car a few months later and this found an issue with a valve. He said this showed the issue wasn't only with the air conditioning. However, RAC could only make its decision about the claim based on the information available at the time. If the garage's diagnosis was wrong or incomplete this wasn't down to RAC.

When RAC responded to the complaint, it accepted there were issues with how it had dealt with the claim, including that it shouldn't have offered any services. However, RAC didn't take any steps to recover any costs from Mr G, which I think was reasonable in the circumstances. It also offered Mr G £50 as a gesture of goodwill for the stress and frustration caused, which he declined. However, I think that was fair in the circumstances. So, I require RAC to pay Mr G the £50 it previously offered.

I'm aware Mr G has said RAC hasn't compensated him for the way it dealt with the claim and the impact this had on his holiday. However, having looked at the full circumstances of this complaint, I don't think RAC needs to pay anything in addition to what it offered as a gesture of goodwill.

My final decision

RAC Insurance Limited has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that RAC Insurance Limited should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 July 2024.

Louise O'Sullivan
Ombudsman