

The complaint

Mr L complains about how Automobile Association Insurance Services Limited (AA) sold him a breakdown insurance policy online.

This decision covers the complaint made by Mr L to AA and included in their final response letter issued in December 2023, that his policy was mis-sold by not including parts and garage cover when Mr L thought it did when he took out the policy.

Mr L also complained that the price of his policy was greater than the quoted cost of the same policy when he subsequently accessed the AA website. AA included this element of complaint in their final response, but when making his complaint to this Service Mr L didn't include this issue. So, I haven't considered it further.

This decision also doesn't cover other issues raised by Mr L with AA about service issues associated with the breakdown of his vehicle and subsequent events. This was subject to a separate final response issued by AA, awarding £150 compensation for service issues and a full refund of the cost of Mr L's policy. The response included rights to refer the complaint to the National Conciliation Service (NCS) as an Alternative Dispute Resolution (ADR) provider – not to this Service. So, these issues aren't covered in this decision.

What happened

The following is a summary of the events relevant to the complaint covered by this decision. It doesn't include the whole sequence of events and issues – covered in AA's separate final response letter referred to above – that aren't relevant to this complaint.

Mr L took out a breakdown insurance policy online with AA in October 2023. Mr L thought he'd included parts and garage cover with his policy. His vehicle subsequently broke down in November 2023, and he was advised by the engineer who attended that if he used a local garage where the AA had a partnership agreement, he would be entitled to up to £500 for parts and garage cover if this cover was included in his policy. Mr L checked his policy details but found his policy didn't include this cover, it only included roadside assistance and at home cover (at a cost of £94.47 and £114.01 respectively, less a discount of £95.98 – a net cost of £112.50).

Mr L contacted AA to complain that he'd thought his policy included parts and garage cover when it turned out it didn't. He thought AA's website confusing as he said it allowed him to add parts and garage cover without entering his vehicle registration number. But the cover wasn't added.

AA didn't uphold the complaint. In their final response they said policyholders needed to select the cover they required when taking out a policy online and the website clearly showed the cover levels available and their cost before any payment was taken. If a cover level wasn't selected it wouldn't show. The website previously allowed policyholders to select parts and garage cover online, but now wasn't available (policyholders had to call AA to add the cover).

Mr L then complained to this Service, saying he'd been mis-sold the policy and AA's website was misleading when he applied for the policy. He'd been told he'd be covered up to £500 parts and garage costs under his policy, but it didn't include the cover.

Our investigator upheld the complaint in part. She thought the online application process in respect of parts and garage coverage could have been clearer and noted the AA website had subsequently been amended. But Mr L had a responsibility to read his policy documents to ensure the cover provided met his needs and the documentation clearly indicated the policy didn't include parts and garage cover. It was fair and reasonable for AA to refund the cost of the policy, but the investigator thought they should pay Mr L £100 compensation for the confusion and inconvenience caused to him.

Both Mr L and AA disagreed with the investigator's view and asked that an ombudsman review the complaint.

Mr L referred to a letter to AA setting out his points of concern.

AA said it was Mr L's responsibility to check the level of cover in the policy prior to purchase. Had he done so, he would have been aware it didn't include parts and garage cover. AA also referred to the welcome letter emailed to Mr L listing the cover included (roadside assistance and at home cover - not parts and garage). Mr L should have checked this letter when he received it (not subsequently following his breakdown). AA also referred to the compensation of £150 for service issues and refunding the full cost of the policy, saying it put him in the position he was in before taking out the policy.

In my findings, I concluded Mr L should reasonably have been aware when he took out his policy that it didn't include parts and garage cover. And he would have had the opportunity (before his vehicle broke down) to contact AA to query this and, if he still required that element of cover, to add it.

Given these conclusions, I also didn't think the AA website was confusing, meaning Mr L (or other potential customers) weren't misled into thinking they had parts and garage cover when it wasn't the case.

Taking all these points together, I concluded AA hadn't acted unfairly or unreasonably towards Mr L. I noted in their final response covering other issues of complaint, AA awarded £150 compensation for service issues and refunded the £112.50 cost of his policy. While for elements of complaint outside my decision, I didn't think AA refunding the cost of the policy (in particular) was unfair or unreasonable, so I didn't ask them to take any further action.

Because I reached different conclusions to those of our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further, set out below.

What I've provisionally decided – and why

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

My role here is to decide whether AA have acted fairly towards Mr L.

The key issue in Mr L's complaint is he feels he was mis-sold his policy as he thought he'd included parts and garage cover when taking out the policy online, when in fact this cover wasn't included in his policy. I've looked at the evidence and information available, including what Mr L may have seen when taking out his policy, as well as the policy documentation and information he was provided with at the time.

AA say when Mr L took out his policy online, he was presented with the option to add parts and garage cover. The sales journey would have prompted him (in bold) to enter his vehicle registration number. However, Mr L didn't enter a registration number, which meant the parts and garage cover wasn't added or included in his policy. Mr L says no error message came up when he didn't enter a registration number, which he expected had the registration number been mandatory to add the cover.

In considering this issue, I've looked at the screenshots provided by Mr L and AA's consideration of them. I've noted the actual sales journey Mr L would have taken at the time of purchasing his policy isn't available – Mr L provided screenshots from his later following of the online process, when he realised his policy didn't include parts and garage cover.

The screenshots indicate the option to add parts and garage cover, with a box to record the vehicle registration number. The screenshot I've seen doesn't refer to this being mandatory – though I think it's reasonable to take the inclusion of the box to be for a reason. For example, vehicles vary in the cost of repair, so this could affect the cost of selecting the option. There's a separate screenshot showing a cost of £112.50 (for a year) with ticked items for 'Cover for you' and 'At Home'. The parts and garage option is shown above the quoted cost, but not ticked. Taken together, I think it reasonable to think this indicates the £112.50 cost is only for the two ticked options – not parts and garage cover.

I've also listened to a call recording between Mr L and AA, particularly those points in the call Mr L says support his case. The call handler acknowledges the first options selected (such as Roadside and At Home) produce a price. But if the vehicle registration number box isn't completed, no price is shown, and the cover isn't then added to the policy. I think it reasonable this indicates that without a registration number, a specific price of the cover option can't be calculated. This is consistent with the screenshots.

So, I've concluded it would have been sufficiently clear that without entering a vehicle registration number, a cost of the parts and garage cover option wouldn't be shown and therefore wouldn't be included in the policy. The screenshot referenced above clearly indicated the cost of the policy (£112.50) and that this only included roadside assistance and at home cover – it didn't include parts and garage cover.

I've also noted the welcome letter, issued to Mr L after he'd taken out the policy, sets out, under a heading Your level of cover, two elements:

“Roadside Assistance	£94.47
At Home	£114.01
Includes a Group Scheme discount of:	£95.98
Total cost	£112.50

This is consistent with the screenshots referred to above. Given there's no mention of parts and garage cover, I think it's reasonable to conclude the policy didn't include this element of cover. The welcome pack also asks the policyholder to check the membership, payment details and policy documents attached and provides a number to make any changes or upgrades. So, I think Mr L should reasonably have been aware that his policy didn't include parts and garage cover – but could have checked or added it by contacting AA.

A further issue raised by Mr L is AA changing their website since he took out his policy to remove the option to add parts and garage cover when taking out a policy online –

consumers have to phone AA if they want to add this cover. Mr L says this change was to prevent potential customers being misled, as he says he was. While this change could be taken to mean AA accept their website was previously confusing, their complaint notes state the online option to add parts and garage cover was removed, but this wasn't due to Mr L's complaint, rather it was an internal business decision by AA to test the customer journey. In the absence of any other evidence on this point, I can't reasonably conclude the change was a response to Mr L's complaint, or an admission the website was previously misleading.

Taking all these points into account, I've concluded Mr L should reasonably have been aware when he took out his policy that it didn't include parts and garage cover. So, he would have had the opportunity (before his vehicle broke down) to contact AA to query this and, if he still required that element of cover, to add it.

Given these conclusions, I also don't think the AA website – based on the information and evidence I've seen – is confusing and therefore means Mr L (or other potential customer) is misled into thinking they have parts and garage cover when this isn't the case.

Taking all these points together, I've concluded AA haven't acted unfairly or unreasonably towards Mr L on the specific element of complaint covered by this decision. I note in their final response covering other issues of complaint, AA awarded £150 compensation for service issues and refunded the £112.50 cost of his policy. While this is for elements of complaint that fall outside this decision, I don't think AA refunding the cost of the policy (in particular) is unfair or unreasonable, so I won't be asking them to take any further action.

My provisional decision

For the reasons set out above, my provisional decision is that I don't uphold Mr L's complaint.

Neither Mr L nor AA responded to the provisional decision by the date requested.

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.

My role here is to decide whether Wakam have acted fairly towards Mr L.

As neither Mr L nor AA made any comments on the provisional decision, then my final decision remains the same, for the reasons set out in the provisional decision.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 June 2024.

Paul King
Ombudsman