

The complaint

Mr R has complained that his broker, RAC Financial Services Ltd ('RAC'), didn't make him aware that the excess on his key replacement policy which is added onto his roadside assistance cover, changed from £0 to £30. He says he found out after payment was taken from him when his policy automatically renewed.

What happened

Mr R has been taking out his roadside assistance cover through RAC for a number of years. RAC said that from 2023 Mr R's policy also included optional key replacement cover. When the policy renewed, in 2024, RAC said that Mr R's free royalty reward changed which meant there would be a £30 excess before each claim on his key replacement cover. The policy along with his roadside assistance renewed automatically in August 2024.

Mr R complained to RAC a few days after his policy renewed and said he was unhappy that he wasn't informed about the increase in the excess. He said he wanted £46.19 compensation or for his membership to be cancelled without a cancellation fee.

RAC considered the complaint but it didn't uphold it. It said that the renewal documents sent to Mr R in July 2024, before the policy renewed, stated that there would be a £30 excess. It said the information was sent to Mr R well in advance of renewal and that he had ample time to decide if he wanted to proceed. It said if Mr R wanted to proceed with the cancellation there would be a £25 charge.

Mr R then brought his complaint to us. He said that RAC's renewal documents did not mention the excess. He said they mentioned that the price of the policy had gone up by £10 for a 12-month policy whereas in 2023 his policy was for 15 months. He said he could tolerate this as it was at least mentioned in the renewal email. But he only became aware of the change in the key cover excess when he logged onto the online portal which was after payment was taken from his account. He said he wanted either £46.19 compensation for the inconvenience caused or a full premium refund without a cancellation fee.

One of our investigators considered the complaint but didn't think it should be upheld. Our investigator thought RAC was acting in line with regulatory guidance when it highlighted Mr R's 2023 and his 2024 premium prices in the renewal documents and encouraged him to shop around. She also noted that the information was provided 23 days before renewal, so Mr R had time to review it and cancel the renewal if he wished. She also thought that RAC prompted Mr R to log onto the online portal where the excess was made clear. Our investigator also thought that the £25 cancellation fee was sufficiently highlighted within the documents RAC issued.

In relation to the price, our investigator said if Mr R wished to complain about the premium, he would have to raise a complaint against the insurer who underwrites the policy. She said RAC's arrangement fee was highlighted within the documents, it was the same as the year before and was a reasonable amount in the circumstances. Our investigator added that RAC told us that the previous year it had added three more months' cover free of charge as a gesture of goodwill and wasn't obliged to provide this each year.

Mr R didn't agree and said that RAC changed the terms of the policy without his explicit consent. He said that the price he was quoted was higher than the price for new customers and that he wasn't allowed to cancel free of charge within the first 14 days. Mr R asked for an ombudsman's decision and said that he wasn't informed about the change in the policy until after the payment had gone through even though he hadn't accessed the renewal documents. He asked for £300 compensation.

The matter was then passed 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.

RAC is acting as Mr R's broker and is responsible for arranging and administering the policy and this also includes its renewal. Mr R's key cover and roadside assistance cover are provided by two separate insurers.

Those who sell insurance, including brokers and insurers, should provide information that is clear and not misleading so that potential customers can make an informed choice before deciding to buy a policy.

On 22 July 2024, RAC emailed Mr R to let him know his policy would auto-renew on 13 August 2024. The email contained some details about his cover which included the price which had gone up from £46.99 for 15 months to £56.99 for 12 months. The email also said that Mr R should log onto the RAC's online portal under "What to do next". It also prompted Mr R to check his details and make sure his cover still met his needs.

Mr R told us that he didn't log on to the portal until after the policy renewed. From what I understand he hasn't said that he didn't receive the above email or that he received it late. In the circumstances, I think RAC did enough to make Mr R aware that he should log onto its online portal to check his policy details and make sure he was still happy with his cover before the policy renewed.

RAC provided us with Mr R's renewal documents which I understand were available on the online portal. The cover letter, also dated 22 July 2024, states in bold letters: "Your FREE loyalty reward is changing" and underneath it says that there is now a £30 policy excess on Mr R's free key replacement cover. The excess is also shown in the policy schedule.

I think the change in the excess is sufficiently highlighted in the renewal documents and I don't think any of the information provided in relation to it is misleading. I think it's likely that if Mr R had checked his documents earlier, he would have noticed this change then. Mr R

has himself said that he noticed the change when he logged onto the online portal. I think this shows that the information RAC provided was clear and that the reason Mr R hadn't noticed it earlier was because he hadn't logged onto the portal. As I said above, I think RAC did enough to prompt him to do so in its July 2024 letter where it also made it clear that the policy would auto-renew in August 2024. So, I don't think there is anything further it could have reasonably done.

I appreciate that Mr R may say that this information should have been on the email he was sent but I think the fact that Mr R was prompted to log on to the portal and to check that the cover he was being provided with was still suitable, was fair and reasonable in the circumstances. Mr R said that the policy terms were changed without his consent, but this was the start of a new policy (year) and in the circumstances I think RAC/the underwriters were entitled to make changes as long as anything significant was brought to Mr R's attention. And, as I said, I thought the change in excess was sufficiently highlighted.

Mr R said that he wanted to be able to cancel his policy without a cancellation fee but RAC said it would have charged a £25 administration fee. I don't think it is unfair for RAC to charge a fee for arranging the cancellation even if this was within the initial 14 days. And I think £25 is a reasonable amount bearing in mind the tasks it would have had to carry out to make sure the policy was cancelled. And I think the £25 fee was brought to Mr R's attention and was in his renewal documents for 2023 and 2024, and specifically in the policy schedule.

Mr R also mentioned to RAC that he wasn't happy about the price, though the complaint he brought to us was mainly about the change in the excess. As our investigator said if Mr R is unhappy about the premium of his roadside assistance cover he will have to complain to the insurer. I note that his key cover policy is free. RAC, as Mr R's broker charges a £41 arrangement fee which, as our investigator pointed out, was the same as the year before and was sufficiently highlighted within the renewal documents. I don't think this amount is unreasonable in the circumstances bearing in mind RAC will incur administrative costs in arranging the policy, and I think it is fair and reasonable that RAC is able to charge this.

I appreciate Mr R will be disappointed with my decision. But for the reasons I have provided, I don't think RAC, as Mr R's broker, acted in a way that was unfair or unreasonable in the specific circumstances of this complaint.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 February 2025.

Anastasia Serdari
Ombudsman