

The complaint

Mrs L complains that RAC Insurance Limited wouldn't repatriate her car when she made a claim on her European breakdown policy.

What happened

In August 2024, Mrs L's car broke down when she was in France. She called RAC for help under her European breakdown policy. The car was recovered to a local garage and Mrs L made her own way home to the UK.

RAC called her the day after she arrived home. It said the garage had assessed the damage and quoted repairs at over €8,000 while the market value of her car was £1,355. It said this meant her car was beyond economical repair and, under the policy terms, it didn't have to repatriate her car.

Mrs L immediately complained to RAC. She said:

- She didn't see where the policy said repair costs had to be assessed in the country where the breakdown happened.
- It wasn't fair for RAC to rely on the French quote. Her UK mechanic could repair the car for around £600.
- Her repair quote was less than the value of her car so RAC should arrange for it to be recovered to the UK.

RAC told Mrs L that, under the policy terms, it based the cost of repairs "*on the estimate made by the European garage*" and would only repatriate her car if "*the cost of repairing your car is less than its market value.*" It offered her three options: pay for repairs and collect the car herself; repatriate the car at her own expense; scrap the car. It told her it would contribute £600 to her costs if she chose the first option.

Mrs L was unhappy with this response and brought her complaint to this service. She said, in summary:

- The policy didn't say that repair costs would be based on new parts.
- This wasn't reasonable for a 17-year-old car worth £1,500.
- She believes this "*benchmark*" set an unreasonably high barrier to her being able to make a successful claim.
- RAC acted unfairly by agreeing cover for a £1,500 car knowing European repair costs were likely to be significantly more than in the UK.
- She was quoted over €8,000 for repairs that would have cost her £600.
- She believes she was "*misled*" and RAC used an "*exorbitant*" repair quote to avoid repatriating her car.

She sent us evidence the car was scrapped in France in December 2024. She wants RAC to compensate her for the loss.

Our investigator didn't recommend that the complaint should be upheld. He found that RAC's valuation of Mrs L's car was correct, and he thought it acted fairly by relying on the French garage's repair quote. He was satisfied that the car was beyond economical repair and RAC didn't have to repatriate it. He thought its decision was fair and in line with the policy terms.

Mrs L didn't accept this, so the complaint was passed to me to make a final 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.

Section F of the policy booklet (*'Getting you and your vehicle home'*) says RAC will either arrange and pay for recovery of a vehicle back to the UK or pay up to £600 for someone to collect the car after it's been repaired. However, it says: *"You are only covered under this section if the cost of repairing your vehicle is less than its market value."*

The same policy exclusion is set out in two other documents RAC sent Mrs L when she took out the policy:

- The policy schedule says RAC covers the cost of returning a vehicle to the UK *"providing your vehicle is not beyond economical repair"*.
- The Insurance Product Information Document (IPID) says: *"You won't be covered if the cost of repairing your vehicle is greater than it's [sic] market value."*

Beyond economical repair is defined on page 6 of the policy booklet: *"This is when the cost of repairing your vehicle would be greater than its market value. **We'll base the cost of repairs on the estimate made by the European garage.**"* [emphasis added]

Market value is defined as: *"What your vehicle is worth in the UK, as determined by us. This will be from Glass's Guide or another appropriate trade vehicle valuation guide, based on a vehicle of equivalent age, make, recorded mileage and value."*

RAC sent us the valuation guide it relied on when it determined the market value of Mrs L's car. I'm satisfied the valuation is based on the same make, model, age, and approximate mileage as Mrs L's car. It's also within £150 of what Mrs L told us her car was worth. The garage's repair quote was €8,304.58. This is significantly greater than the car's market value so, under the policy terms above, I'm satisfied that the car was beyond economical repair. This means Mrs L wasn't covered for repatriation of her car to the UK.

Mrs L says she can get the car repaired in the UK for £600. That's not entirely relevant as the policy is clear that RAC will use estimates by its European garages. However, I've looked at the quotes. The main difference is the French quote is for a new gearbox, while Mrs L's quote is for a used one. RAC told us the French garage is a main dealership for Mrs L's make of car and didn't use second-hand parts *"as these could not be guaranteed and [the garage] would be liable for repairs."* I think that's a reasonable point. I don't think it's realistic to think an insurer would ask overseas repairers to give estimates using second-hand parts.

I wouldn't necessarily expect RAC to seek a second opinion or hunt around for a garage who would agree to use second-hand parts. However, in an email on 3 September RAC told Mrs L it could *"explore the option of having your vehicle taken to another local garage in France for an additional estimate"*, although this would be at Mrs L's expense. She didn't take up this offer. And if she wanted to use her own mechanic to carry out repairs, she could have arranged for the car to be repatriated herself.

Like most policies of this type, cover is subject to certain limitations and the premium paid reflects these limitations. In this case, a car won't be repatriated if the European garage's estimated repair costs are greater than the market value of the car. Mrs L bought the policy online, meaning this was a non-advised sale. In other words, it was Mrs L's responsibility to make sure it was suitable for her needs. I'm satisfied that the policy terms are clear, and I don't agree with Mrs L that they are unreasonable.

For the reasons above, I think RAC's decision not to repatriate the car was fair and in line with the policy terms. It follows that I don't uphold the complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 23 April 2025.

Simon Begley
Ombudsman