

The complaint

Mr S has complained that U K Insurance Limited trading as Green Flag (UKI) provided poor service in handling his breakdown and recovery claim under his breakdown assistance policy.

What happened

On 29 February 2024, Mr S' car broke down. He was travelling from the northeast of England to London.

He contacted UKI for assistance. His car couldn't be repaired at the roadside, so it was decided to recover his car back to the northeast of England. But his car wasn't delivered for four days and had sustained damage during this transportation. Meanwhile Mr S still had to get to London. He was told a hire car could be provided but there were none available, so he had to take both taxis and the train.

Mr S complained to UKI. And he brought his complaint to this service. UKI then issued its final response letter and upheld Mr S' complaint. It confirmed there was a delay of 4 days in recovering Mr S's car. It confirmed its communication with Mr S over this was poor and it apologised. It also confirmed it wasn't able to locate a hire car for Mr S and it had promised to cover the cost of the taxi to London and provide a hire car to get him home again. It confirmed this hire car for his return journey was never arranged. And it confirmed it was wholly likely his car had been damaged whilst in its care for four days.

So, it reimbursed Mr S' travel costs of taxis and train fares. It also agreed to reimburse the repair costs to his car in the sum of £2,335.26 (excluding VAT) and paid him £300 compensation. It said it would pay the VAT element when the car had been repaired.

Mr S didn't think this was sufficient, so the investigator considered his complaint. He didn't think it was fair that UKI withheld the VAT element of the car repairs costs especially when Mr S told UKI he was in difficulty paying it. And that in turn further delayed the repair of Mr S' car. UKI told the investigator it had paid the VAT in December 2024. So, he thought UKI should pay Mr S a further £100 compensation.

Neither UKI nor Mr S agreed so Mr S' complaint has been 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.

Having done so, I'm upholding this complaint along the same lines of the investigator. I'll now explain why.

There is no doubt that UKI didn't provide the service Mr S should have expected when he asked it for assistance when his car broke down. The recovery of his car took four days and was damaged along the way. No hire car was provided so Mr S had to pay for taxis and train fares. So, he was put to significant trouble and upset for a breakdown service he had paid for.

Therefore, I think it's right UKI apologised, refunded him his taxi and train fare costs, and agreed to pay the repair costs of his car.

I'm less convinced that UKI did the right thing by withholding the VAT element of the cost of the necessary repairs to Mr S' car that UKI's recovery undoubtedly caused to his car. It clearly put Mr S to further trouble and upset which I don't consider was warranted here given the poor level of service UKI provided to Mr S in the first place. Mr S told UKI of the difficulties he faced in having to fund the VAT upfront in this way. Nonetheless it did refund the VAT in December 2024 when it saw that Mr S had paid it. But that doesn't negate the delay to the repairs and further trouble and upset it caused Mr S, unnecessarily in my view, too.

I consider the amount of compensation of £300 UKI initially paid to Mr S at that stage to have been reasonable and in line with our approach. Our stance on compensation is more fully detailed on our website. I consider UKI didn't need to withhold the VAT element in the way it did here, so I consider it does need to further compensate Mr S. I think the investigator's suggestion of a further £100 compensation is fair overall. It means Mr S is compensated in total by £400 which is in the bracket of where the mistake has caused considerable distress, upset, and worry which needed a lot of extra effort to sort out. And typically, the impact lasts over many weeks or months.

My final decision

I now require U K Insurance Limited trading as Green Flag to pay Mr S a further £100 compensation so as to ensure the maximum compensation he receives is £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 April 2025.

Rona Doyle
Ombudsman