

The complaint

Mr and Mrs B complain about the premiums Automobile Association Insurance Services Limited ("AA") charged them for breakdown cover.

Mr and Mrs B are joint policyholders, but most of the communication regarding the complaint has been from Mr B. So, I'll refer mainly to him in my decision.

What happened

Mr and Mrs B held breakdown cover with AA for around 40 years. After receiving their renewal documents in mid-2024, Mr B decided to get a quote from another breakdown cover provider. This was much cheaper than the premium AA had offered him, so he called AA to cancel his direct debit.

AA offered Mr B a discount of around 60% on the price he'd initially been quoted. Mr B says he queried why he wasn't offered this before and was told the discount could only be offered if he phoned up to renew his policy.

Mr B was concerned that he'd been overcharged for the policy for the previous six years. So, he raised a complaint.

AA said it always invites customers to renew on the true and accurate price of their membership, but it allows them to contact it to discuss any changes in their circumstances, so it can see if there are any relevant discounts that can be applied. It said its renewal invitations advise customers may be able to find lower prices if they shop around. They also advise that customers can call to make changes to their renewal or discuss their membership. It said Mr B was given a discount to his renewal when he called in June 2017.

AA said it also offers a discounted price within the first year to allow new customers to trial their breakdown service with it and after this the price returns to its standard offer. As a long-standing member of 40 years, Mr B had unlocked many extra benefits to reward his loyalty.

AA also acknowledged some customer service issues and said it would pay Mr B £60 compensation for these.

Mr B remained unhappy and referred his complaint to the Financial Ombudsman Service.

Our investigator didn't think Mr B's complaint should be upheld. He didn't think AA had acted unfairly in charging the premiums it had.

Mr B disagreed with our investigator's outcome. He said AA had moved to "*auto renew*" his policy on the advice of AA. He hadn't been advised that he could get a quote of a 60% discount on his renewal offer or that it could only be applied manually when he contacted AA to renew.

Mr B also commented that AA had awarded him £60 compensation for a mistake in charging his credit card twice. It was willing to give him £60 for something that had not cost him anything but were unwilling to refund him the £660 it should never have paid him.

As Mr B disagrees with our investigator's outcome, his 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've decided not to uphold Mr and Mrs B's complaint. I'll explain why.

The relevant industry rules required AA to give Mr and Mrs B enough time and information to allow them to make an informed decision about renewing their policy.

AA needed to give Mr and Mrs B clear information about how the new premium compared to the premium paid in the previous year. It needed to remind them to check if the policy was appropriate for them, in terms of cover and price, and tell them they were able to compare it with policies offered by other providers. It also needed to let them know whether the contract would automatically renew.

As Mr and Mrs B had been with AA for more than three years, the documents needed to include a statement saying: *"You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around."*

Having reviewed the documents AA sent to Mr B prior to the 2024 renewal, I'm satisfied AA included the required information.

I understand Mr B is unhappy that AA didn't advise him that he could only receive a discount on the quoted price if he phoned up. He says that up to 2017 he would phone up to renew his policy each year. However, in 2018 he transferred to auto renewing the policy after following advice in an AA leaflet. While he did receive a significant discount after he phoned in 2024, he feels he has lost out on similar discounts for the years 2018 to 2023.

I appreciate Mr B feels he's been disadvantaged because he followed AA's advice to auto renew, rather than phoning to discuss the renewal with AA each year. However, a business is entitled to exercise its commercial judgement to decide if, when and to whom a discount is offered, as long as it does so in a manner which is fair and in a way which demonstrates it is treating its customers fairly.

In this case, AA has provided our service with their reasons for offering Mr B a discount. It says its agents are able to look at discretionary discounts if presented with a price challenge from a customer. It says it's not possible to say if Mr B would have been offered a discount in previous years as these are discretionary, depending on what's available at the time.

It seems that Mr B raising a price objection activated a process in which AA could offer a discretionary discount if one was available at that point in time. I haven't seen any information that suggests Mr B has been treated differently to any other customer in the same circumstances. So, I'm not persuaded that AA treated Mr B unfairly.

Mr B has commented that the renewal price he's been offered for 2025 isn't much more than the discounted amount he paid in 2024. He believes AA has already applied a discount. I can see the price he's been offered for 2025 is much lower than the price he was originally quoted in 2024. But I can't see any mention of a discount for 2025 in the paperwork Mr B has shared with us. In any event, I don't think the 2025 renewal price shows that the prices AA offered Mr B in previous years were unfair.

I know my answer will be disappointing for Mr B. But overall, I think AA has acted fairly and reasonably.

My final decision

For the reasons I've explained, I don't uphold Mr and Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 8 July 2025.

Anne Muscroft
Ombudsman