

The complaint

Mr K complains that RAC Motoring Services (“RAC”) mishandled a breakdown insurance policy.

What happened

RAC says that Mr K had an RAC breakdown policy from 2009. In May each year, RAC sent documents to Mr K at the address it held for him about automatic renewal of the policy from about 25 June and the collection of a yearly payment by direct debit from Mr K’s bank account on about 20 July. Mr K changed his address but didn’t tell RAC.

The policy renewed most recently for the year from 25 June 2024 at a cost of £162.99.

By about 9 August 2024, Mr K complained to RAC that he hadn’t been aware of the policy or its renewal.

By a final response dated 16 August 2024, RAC turned down the complaint, but as a gesture of goodwill, offered a full refund for the year from 25 June 2024, if Mr K wanted to cancel the policy.

By 19 August 2024, Mr K had cancelled, and RAC refunded £162.99. Mr K contacted us on that date.

Our investigator thought that Mr K ought reasonably to have become aware of his cause for complaint soon after the premiums appeared on his bank statements. And the investigator said that she had not been provided any exceptional circumstances.

The investigator referred to the Financial Conduct Authority’s dispute resolution rules (“DISP”). She said that he was unable to consider anything that happened more than 6 years prior to the complaint to RAC – this includes the sale of the policy, or any actions taken by RAC before July 2018.

Our investigator didn’t recommend that the complaint from July 2018 should be upheld. She didn’t think RAC had acted unfairly in the circumstances of this complaint.

Mr K disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- RAC have been unable to provide a copy of the original signed agreement.
- The nature of the deductions - small, annual, and from a recognisable company with whom he had historic dealings - meant that they did not raise immediate concern.
- Until 2020, he had other insurance with RAC. It would not have been unreasonable for him to see an RAC transaction and assume it related to valid insurance for a vehicle he once owned.
- He held an insurance policy with RAC that included his current address. So RAC was

aware that he no longer resided at the previous address to which they claim they sent the renewal letters.

- Bank statements from June/July 2020 show the payment labelled "*RAC Financial Services*" rather than "*RAC Breakdown Cover*."
- He only became aware of the RAC payments in 2024.
- When he cancelled the direct debit in 2024, RAC contacted him within days at his correct address. They claimed that only this year was a renewal letter returned as "not at this address." He finds it implausible that for 15 years no other communication was returned, suggesting possible administrative failures on their part.
- He works for a low income and relies on Universal Credit.
- He has come across numerous public complaints describing similar issues with RAC's automatic renewal practices.

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.

Time limits

DISP 2.8.2 says that we cannot consider a complaint that's referred to us more than six years after the event complained of or, if later, more than three years after the date on which the complainant became aware, or ought reasonably to have become aware, that they had cause for complaint. There is an exception if exceptional circumstances prevented the complainant from bringing the complaint to us within those time limits.

From the renewal notices, I see that RAC collected payment on about 20 July each year.

Mr K did not complain to RAC or bring his complaint to us within six years of RAC collecting payment in 2009 or within six years of RAC collecting payment for the renewals in the years from 2010 to 2018.

So I've thought about when he ought reasonably to have known that he had cause for complaint.

Mr K has mentioned that he used to have two small businesses and other insurances.

However, I consider that RAC is first and foremost a motoring organisation that provides roadside assistance. So notwithstanding that the payment appeared on his bank statement (at least in 2020) as "*RAC FINANCIAL SERV*" I consider that Mr K ought reasonably to have known from his bank statements about each payment by late July each year.

If he wasn't happy that RAC had collected payment, then he ought reasonably to have known that he had cause for complaint by late July each year.

I consider that he has fallen well short of showing that exceptional circumstances prevented him from bringing the complaint about payments up to July 2018 to us within the time limits.

As he first complained to RAC and contacted us in August 2024, we can investigate his complaint insofar as it is about payments in the preceding six years, that is back to August 2018.

Complaint about payments August 2018 to August 2024

I haven't seen evidence of the contract dating back to 2009. However, in order to collect payments, RAC must've had a direct debit from Mr K. So I'm satisfied that Mr K had taken out a policy and agreed to automatic renewal.

After August 2018, I'm satisfied that RAC sent a renewal letter to Mr K's last known address in May 2019, 2020, 2021, 2022, 2023 and 2024.

Looking for example at the renewal letter in May 2020, I've seen that RAC said that it would renew the policy and take £88.99 on 20 July 2022. From Mr K's bank statements from 2020, I've seen that RAC took a payment on 20 July 2022 of £88.99.

From Mr K's bank statements from 2020, I've also seen that on about 8 June 2020 and on 9 July 2020, he paid about £56.00 to "...RAC Insurance". So I accept that, in addition to the breakdown policy, he also had car insurance with the RAC brand.

However, some initials preceded the phrase "*RAC Insurance*" and I think they related to a broker. "*RAC Insurance*" has for many years been arranged and administered by that broker and moreover it has been underwritten by a panel of motor insurers outside the RAC group of companies. So, whilst Mr K used the broker and one of those motor insurers to insure a car (no doubt at his correct address) in 2020, that doesn't mean that RAC had that address.

RAC later told Mr K (in its final response) the following:

"We only became aware of your change of address on 15 July 2024 when your renewal documentation had been returned to us. This is the first year weve received returned mail."

From what Mr K and RAC have each said, the payment went through on 20 July 2024.

I accept Mr K's statement that he cancelled the direct debit. But that must've been after (or only just before) 20 July 2024.

RAC sent him an email dated 5 August 2024 starting as follows:

"We think the address details we hold for you might be out of date."

Mr K regards that as too much of a coincidence. However, I see no reason to doubt that it was in response to the return in mid-July 2024 of undelivered correspondence. The email reached Mr K at his correct email address, but of course it didn't contain his new postal address.

From the emails, I find it likely that Mr K gave RAC his current address on about 9 August 2024. In any event, RAC sent the final response dated 16 August 2024 to his correct email address.

In conclusion, I don't consider that RAC did anything wrong by renewing the policy and taking the direct debits. And when Mr K complained and cancelled the policy in August 2024, it refunded the payment for the policy year from June 2024. So I don't find it fair and reasonable to direct RAC to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct RAC Motoring Services to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 August 2025.

Christopher Gilbert

Ombudsman