

The complaint

Mrs D complains about the way RAC Insurance Limited (RAC) handled a claim she made under her breakdown insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. Mrs D held a breakdown insurance policy provided by RAC which included European cover. In August 2024 Mrs D's vehicle unfortunately broke down whilst she was abroad and so she reported this to RAC. RAC arranged for a mechanic to attend Mrs D's vehicle but they were unable to repair it, so it was recovered and Mrs D had a friend collect her.

RAC arranged a hire vehicle for Mrs D and her vehicle was taken to a garage. The garage said there was an issue with the ABS system and Mrs D agreed for repairs to be carried out. It was believed the repairs would be complete by 14 August 2024. On 14 August 2024 the garage said there were further issues with the vehicle requiring repair. In the following days Mrs D agreed for further repairs to be carried out on her vehicle.

On 19 August 2024 Mrs D raised a complaint with RAC as she said she had received a lack of service in relation to her claim.

On 10 September 2024 Mrs D collected her vehicle but when she drove it she noticed further issues and so returned it to the garage. After discussion it was agreed her vehicle was safe to drive back to the UK and so she carefully drove home. She took her vehicle to a garage in the UK who said the outstanding issue wasn't what she had been told it was, and repaired her vehicle without charge.

RAC issued Mrs D with a final response to her complaint. It said it didn't agree it had let Mrs D down. It said it acknowledged Mrs D had frustration with the garage, but this was between her and the garage. Mrs D didn't think this was reasonable and so referred her complaint to this Service.

Our investigator looked into things. She said she didn't think RAC were responsible for any delays and had provided Mrs D with a hire vehicle in line with the terms of her policy. She said she didn't think RAC could be held responsible for the actions of the repairer but said she thought it could have provided Mrs D with better service. She said RAC should pay Mrs D £150 compensation.

RAC accepted our investigator's view but Mrs D asked for an ombudsman's decision. She said RAC had chosen the repairer and so should be responsible for its actions. She also thought RAC hadn't treated her fairly.

As Mrs D didn't agree with our investigator, the 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.

I want to acknowledge I've summarised Mrs D's complaint in less detail than she's presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mrs D and RAC I've read and considered everything that's been provided.

The relevant rules and industry guidelines explain RAC should handle claims promptly and fairly.

The terms of Mrs D's policy explain in the event of a breakdown whilst in Europe, RAC will arrange and pay for roadside assistance and if the vehicle can't be repaired roadside, recover it to a local garage or safe storage space. It would then pay for the initial fault diagnosis. It also explains if Mrs D is unable to use her vehicle for more than eight hours, it can arrange a hire vehicle for up to 14 consecutive days in total.

Based on the evidence provided, I'm satisfied RAC carried out its obligations under the policy in terms of attending the breakdown, taking Mrs D's vehicle to a repairer and arranging a hire vehicle. I understand Mrs D was frustrated the hire vehicle was only provided for 14 days, but I'm satisfied this is in line with the policy entitlement.

Mrs D has raised a number of issues in relation to the garage and repairs carried out on her vehicle. This includes the time it took for repairs to be carried out, and whether the repairs carried out were actually necessary. She also had issues with her vehicle once she collected it which she said had to be put right by a garage in the UK. Mrs D has said RAC had chosen the garage her vehicle was taken to and so feels it should be responsible for its actions. RAC have said it isn't responsible for the actions of the garage. So, I've considered whether RAC can be held responsible for the actions of the garage.

Based on the evidence provided, I can see RAC found two local garages, but only one could carry out the repairs to Mrs D's vehicle and so Mrs D's vehicle was taken there. I've not seen any evidence this garage has any formal arrangement with RAC, but was simply a garage local to the area who could carry out the repairs to Mrs D's vehicle. I don't think RAC specifically recommended this garage to Mrs D or forced her to use it. Nor have I seen evidence Mrs D was aware of another repairer she wanted to take her vehicle to. I also note the terms of Mrs D's policy state:

'We are not responsible for the actions or costs of garages, recovery firms or emergency services acting on your instructions or the instructions of anyone acting for you and cannot be held liable for them.'

I can see before proceeding with any repairs, RAC confirmed with Mrs D she agreed to the repairs being carried out. So, I think it's reasonable to conclude the garage were acting on the instructions of Mrs D when it carried out the repairs on her vehicle. I acknowledge Mrs D experienced issues with the garage, including the issues mentioned above, however, for the reasons explained, I don't hold RAC responsible for these issues.

RAC have accepted it could have handled Mrs D's claim better than it did and so have agreed to pay her £150 compensation as suggested by our investigator. Therefore, I've considered whether this is reasonable to acknowledge the impact to Mrs D.

I think the situation Mrs D found herself in was a distressing one. She had broken down whilst abroad and was faced with a large bill to repair her vehicle before she was due to return home. And whilst I don't hold RAC responsible for this, I think the way it handled Mrs D's claim did cause her some additional distress. Mrs D was driving much of the communication with RAC and had to chase on several occasions for updates on her vehicle's repairs. Additionally, whilst I can understand RAC only extending Mrs D's hire vehicle by a few days at a time whilst waiting for updates on repairs, I think it could have been more proactive in doing so in order to alleviate some of the distress Mrs D was already experiencing in the circumstances.

Overall, I think much of the distress and inconvenience Mrs D experienced was caused by the circumstances she was in, and the way the garage dealt with the repairs to her vehicle, neither of which I hold RAC responsible for. Therefore, I think the £150 compensation suggested by our investigator is reasonable to acknowledge the additional distress and inconvenience Mrs D was caused by the way RAC handled her claim.

My final decision

For the reasons I've outlined above, I uphold Mrs D's complaint about RAC Insurance Limited. I require it to pay Mrs D £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 July 2025.

Andrew Clarke
Ombudsman