DRN-5690854

The complaint

Mr S is complaining about the amount Automobile Association Insurance Services Limited ('AAIS') wanted to charge when he said he wanted to cancel his roadside assistance policy.

What happened

In May 2025 Mr S took out a roadside assistance policy through AAIS – a broker. He bought the policy online. Shortly after the policy started Mr S contacted AAIS to look to cancel the policy. AAIS said, if he cancelled the policy, he'd receive a refund of the premium, less a £20 charge. Mr S chose to not cancel the policy, but he complained about the £20 charge as he didn't think AAIS had made this clear to him before he took out the policy.

AAIS didn't uphold this complaint as it said the charge was set out in the policy terms. Mr S still didn't think AAIS had treated him fairly. So he referred his complaint to this Service.

Our Investigator didn't uphold this complaint as he was satisfied AAIS had set out the charge before Mr S chose to buy the policy.

Mr S maintained AAIS hadn't made the charge clear and asked for an ombudsman to consider this complaint.

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've decided to not uphold this complaint and I'll now explain why.

Mr S has said, as he looked to cancel the policy during the cooling off period – i.e. within 14 days of it starting, AAIS can only charge a fee if it set out this charge to him before he chose to buy the policy. He also set out regulations say any fee must only reflect the administration costs a business incurred.

Mr S says AAIS set the term out on page 25 of the policy term which he doesn't believe was sufficient to highlight this to him. And he said, as the policy was taken out online, he doesn't believe there would be any administrative costs involved.

I agree with Mr S that a consumer can only be charged an administration/cancellation fee if they were told that this would happen while they were buying the policy. So, if AAIS wanted to charge a cancellation fee where Mr S wanted to cancel the policy during the cooling off period, it needed to tell him about it before he agreed to buy the policy – i.e. not just in the terms and conditions sent after the sale was completed.

However, AAIS has provided a copy of the online application process it says Mr S would have gone through. And during this it says Mr S would have been presented a screen setting out important information. I'm persuaded that this is likely to have been the case. And I can see this sets out the following:

“Important information

Cancellation

- *You have a 14-day cooling-off period from the date you receive your documents or your cover starts, if later*
- *You’ll get a refund minus a £20 adjustment fee if you cancel during the cooling-off period*
- *You can still cancel after this period, but won’t receive a mid-term refund”*

Mr S would have seen this *before* he chose to buy the policy. I’m, therefore, satisfied that AAIS told Mr S before the policy started that it would charge a £20 fee if Mr S chose to cancel the policy during the cooling-off period. So it did comply with its requirements regarding this.

Mr S has also rightly set out that any charge must be proportionate to the service provided, with no element of profit. There will always be some administrative costs involved in arranging and cancelling a policy – even when taken out online. I don’t consider £20 to be an unreasonable charge to reflect this. So I don’t think it was unreasonable for AAIS to have said it would charge this if Mr S had wanted to cancel the policy.

Ultimately, while I note and have considered everything Mr S has set out, I don’t think AAIS has treated Mr S unfairly.

My final decision

For the reasons I’ve set out above, it’s my final decision that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 24 September 2025.
Guy Mitchell
Ombudsman