

## The complaint

Mr K complains that RAC Financial Services Limited (“RAC”) mishandled his breakdown cover.

## What happened

Mr K had a vehicle with a “64” registration number. Early in the morning of 22 February 2025, Mr K went online and, through RAC, he bought breakdown cover for his vehicle. He paid £82.40 for one year. Later the same day, Mr K emailed RAC to cancel the cover and request a full refund.

On 5 March 2025, RAC told Mr K it had cancelled the cover, kept £25.00 and arranged a refund of £57.40. Mr K complained to RAC that it had unfairly kept the £25.00.

By a final response dated 26 March 2025, RAC turned down the complaint. It included the following statement:

*“Our records show that you joined our breakdown service online when your vehicle had already broken down”*

On 31 March 2025, Mr K replied to RAC including the following:

*“Your advisor informed me over the phone that I should not have been allowed to join your scheme because no additional members were permitted at the time. If this was the case, then my membership should not have been approved in the first place... Your response incorrectly states that I purchased the service when my car had already broken down. At no point did I say this.”*

On 1 April 2025, RAC replied to Mr K including the following:

*“In your initial request you advised that you wished to cancel your membership as service was not available to you in the first 12 hours. Cover was purchased online and then a call out was requested the same day. When the agent advised you we were not accepting new members, this was for members needing assistance straight away, not for breakdown membership in total.”*

Mr K brought his complaint to us in early April 2025.

Our investigator didn’t recommend (in mid-July 2025) that the complaint should be upheld. He thought that RAC were within their rights to retain £25.00 as the arrangement and administration fee. The investigator said the following:

*“RAC have stated that there was no call which took place at the time of sale and no call recordings for the phone number you provided when taking out the cover. They have stated if the call was made from another number which you are able to provide then to let them know what number and they will conduct further searches and take any necessary action if required.”*

Mr K disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He provided a phone number and a list of calls to RAC. We sent that to RAC and it provided a recording of Mr K's call for help.

Our investigator still didn't recommend (in mid-August 2025) that the complaint should be upheld. He thought that RAC had acted fairly and had not treated Mr K any differently to other customers in the same circumstance.

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

- His vehicle had broken down. He was stranded at the roadside. It was an emergency.
- On a mobile phone, he bought cover through RAC. The page froze multiple times, and he had to zoom in and out to read the small print. There was no transparent and prominent information asking him to ring if his vehicle was already broken down.
- He didn't know that there were limitations on asking for help straight away. That would've changed his decision to buy the cover.
- Minutes after buying the cover, he called for help. RAC told him he had to wait 24 hours after purchase before service would become available. Alternatively, he could have service under an entirely separate arrangement if he paid a large additional sum (as if he had no cover).
- During that call, RAC stated that he should not have been allowed to purchase the cover in his circumstances.
- RAC later denied any such call.
- He cancelled before the service was available to him. He received no benefit.
- The £25.00 fee is unfair and disproportionately high compared to likely administration costs.

### **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 taken into account the relevant law, regulation and good practice. Above all I have to decide what's fair and reasonable.

From screenshots of the online sales journey, I'm satisfied that RAC asked customers already experiencing a breakdown not to proceed with online purchase but rather to call a telephone number. That information was in a large box in bold text in the centre of the page before the "*buy now*" button.

I'm satisfied that RAC provided the following information with enough clarity and prominence before the sale:

*"What you'll pay if you cancel  
...If you cancel between the date you purchase and up to 14 days after your cover start date, we'll charge you £25. If you've made a claim, or if you cancel more than 14 days after your start date, further fees apply."*

So I'm satisfied that RAC made it clear enough to Mr K before he bought the cover that if he cancelled it within 14 days then he would get a refund but he would still have to pay £25.00.

From the screenshots, I'm satisfied that, in order to buy the cover, Mr K had to confirm that he had read and understood the terms and the Insurance Product Information Document ("IPID"). The IPID included the following:

*"What is not insured?"*

- *Faults that existed before purchasing cover"*

Mr K's vehicle had already broken down, yet he didn't telephone RAC. Rather he went ahead and bought the policy online. I don't consider it fair to characterise that as a mis-sale by RAC.

RAC set up new cover and issued documents. The cover available to Mr K was subject to the terms he had agreed. That included restrictions on asking for help straight away. Moreover, the terms excluded faults that existed before purchasing cover.

From the call recording, I find that RAC told Mr K that it would help if he paid £199.00. Mr K declined to pay that and said he would cancel the cover.

RAC had to deal with the cancellation. I consider that its fee of £25.00 was in line with its terms and fair and reasonable for the administrative work in setting up and cancelling the cover. So I don't find it fair and reasonable to direct RAC to make any further refund or 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 Financial Services Limited 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 22 October 2025.

Christopher Gilbert

**Ombudsman**