

The complaint

Mr L complains about the sale of his motor legal assistance policy by Automobile Association Insurance Services Limited ('AAIS').

What happened

In January 2023, Mr L took out a motor insurance policy, and also took out the motor legal assistance cover as an add on. It renewed the following year.

In 2024, Mr L's car was damaged by a third-party. He made a claim under his motor legal assistance cover for his uninsured losses. However, the insurer decided not to pursue legal action against the third-party.

Mr L complained to AAIS about the sale of the policy, as he thought he could claim for loss of earnings and alternative transport.

AAIS issued a final response to the complaint on 13 February 2025. It said the policy did provide Mr L with the ability to claim for uninsured losses. AAIS said the policy terms were provided to Mr L before he took out the cover. So, it didn't agree the policy had been mis-sold. Unhappy with this response, Mr L asked this service to consider his complaint.

Our investigator looked into things but didn't recommend the complaint be upheld. He thought Mr L had been provided with sufficient information about the policy when taking it out.

Mr L didn't accept our investigator's findings and so the matter has been passed to me for a decision.

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.

Mr L took out the policy via a price comparison website. That means the sale was non-advised (in other words, he didn't receive any advice from AAIS about the suitability of the policy). Under relevant industry rules, AAIS needed to give Mr L information about his policy which was clear, fair and not misleading, to enable him to make an informed choice about whether or not to buy it. It was up to Mr L to ensure he bought the level of cover which suited his needs.

Mr L complains that he was misled into thinking the policy covered uninsured losses, specifically, loss of earnings and the cost of additional transport.

I've looked at what the price comparison site says about motor legal cover when arranging a quote. This says that cover varies between providers, and the insured can claim in cases of personal injury, excess recovery, loss of earnings, and more. When the user selects cover through the relevant insurer, there's a dropdown for more information about motor legal

cover. It says *'Provides cover to claim compensation for uninsured losses in a non-fault accident. This may include personal injury, excess recovery and loss of earnings.'*

The user then has the option to view the policy terms before purchasing the cover.

I've looked at the policy document that applied when Mr L took out the policy, and at renewal. This says:

'What's included in your Motor Legal Assistance policy

Uninsured Loss Recovery

In the event of damage to your car, legal experts will examine your claim and, if they feel that you have a valid claim against a third party and it is more likely than not your case will be successful, they will work hard to get the claim settled in full, fast. We can help with the legal costs for essential out of pocket expenses such as, your policy excess and essential alternative transport or loss of earnings. There's no solicitor's fee to pay, so you keep all of your damages.'

It seems there's been some crossover due to the various parties involved. Mr L's motor insurer corresponded with the third-party's insurer to try and recover his uninsured losses. The third-party's insurer made an offer, but after further consideration decided to withdraw this. They made a new offer of £80.21.

The motor legal assistance insurer decided Mr L didn't have reasonable prospects of success for the remainder of his losses, and so chose not to pursue these. Mr L has a complaint with this service against the insurer about this, and I'll issue a decision on that separately.

Whilst I appreciate Mr L was disappointed with the insurer's decision in respect of his claim, it is still the case that the policy provides cover for loss of earnings and alternative transport. I'm satisfied the information he was given by AAIS about the policy, both at the time of sale and at the renewal was clear, fair and not misleading.

I therefore don't find that the policy was mis-sold.

Mr L says he thinks there's a conflict of interest because the same staff member wrote the final response letter for AAIS as well as other financial businesses involved in his motor insurance claim and motor legal assistance claim. Though as our investigator has explained, it's up to a financial business how it operates, including who it arranges to respond to complaints on its behalf.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 March 2026.

Chantelle Hurn-Ryan
Ombudsman