

The complaint

Mr R complains about the service he received from RAC Insurance Limited (“RAC”) during two claims he made on his breakdown insurance policy.

What happened

Mr R held a European breakdown cover policy with RAC. He contacted them to raise a claim after breaking down in France in September 2024 but says he was informed that no tow trucks were available, and they were unable to offer any assistance. He says the police later arrived with a tow truck and transported him to a campsite. The vehicle was taken away the next day but there were delays and he was told repairs would take a week to complete. Mr R was also concerned about the lights on his caravan not working. There were then further issues with RAC confirming what policy documents needed to be considered as well as requiring a copy of Mr R’s registration documents.

The garage ultimately diagnosed a problem with the vehicle’s clutch, but Mr R said the cost had risen significantly and he felt he had no choice but to have the repairs completed. He also said the vehicle was returned with problems with the power steering and he was told the garage couldn’t fix his caravan’s lights. So, he opted to take the vehicle to a main dealer, which he said significantly delayed his trip and escalated his expenses. Unfortunately, Mr R’s vehicle broke down again in Spain. Mr R said he reported this at around 4:30 PM but a recovery didn’t arrive until later that evening, due to requiring specialist machinery. He said he and his partner waited by the roadside with four dogs for several hours and later asked RAC if he could book a caravan site to have the caravan delivered there.

Despite being told he could, Mr R said RAC later informed him that the recovery agent would only take him to their recovery site; something that Mr R said the recovery agent contradicted in person. There were then further delays where RAC took over a week to move his vehicle to a garage and he said they gave him conflicting information about warranty arrangements and authorization of the repairs. Mr R later told RAC that his partner needed to travel to Portugal for personal matters and asked whether they could have their vehicle and caravan transported to Portugal under the onward journey provision in the policy. He was ultimately told it would be prohibitively expensive, and he decided to put the trip on hold until a mechanic had checked the vehicle. Mr R said there then followed a further period of delays; first when RAC mistakenly told the garage the vehicle is still under warranty, and later when RAC said they were unable to locate a tow truck.

A recovery truck was later organised to take Mr R’s vehicle to a garage, and an estimate was issued. Mr R said the mechanic was not main dealer authorised and questioned both the cost of the repairs and why RAC hadn’t followed his instructions on which garage to use. Mr R requested the vehicle be transported to a main dealer, and a tow truck was organised. But Mr R said RAC then essentially lost his vehicle for a number of days which meant by the time it was delivered to the main dealer, repairs wouldn’t be completed in time to avoid a national holiday, causing further delays. The repairs were ultimately completed by early November 2024, and RAC settled the storage fees for the caravan which had remained with the recovery agents.

Mr R submitted a reimbursement claim totalling around £6,000, but RAC only reimbursed some of the expenses claimed. They said some of the accommodation costs in Portugal overlapped with the period when the car was still in Spain and weren't directly caused by the breakdown. Mr R raised a complaint, which RAC responded to and acknowledge that their service had fallen short at times, but highlighted that they did not ultimately have control over the repairing garage networks. They offered £100 compensation; but Mr R remained unhappy with RAC's handling of his claims and responses complaint – so, he brought it to this service.

While the complaint was being reviewed, RAC further reviewed Mr R's complaint and increased their offer of compensation to £250, which Mr R rejected. An Investigator then looked at what had happened and recommended that the complaint should be upheld. She said RAC should pay additional reimbursement for certain hire and accommodation costs as well as a percent interest. She also felt RAC should increase the overall compensation to £400. But Mr R didn't agree with the Investigator's outcome. He said the core issues of his complaint hadn't been addressed, and he felt the recommended compensation didn't reflect the anxiety and stress he says RAC caused him and his partner. Mr R asked for an Ombudsman to consider the complaint, and I issued a provisional decision in which I said the following:

"I've summarised Mr R's complaint more briefly than he has presented it, so not everything that happened has been set out above and I haven't commented on each and every point raised. Instead, instead I've focussed on what I consider to be the key points I need to think about to reach a fair and reasonable outcome overall. I don't mean any courtesy by this; it simply reflects the informal nature of this Service. I assure Mr R, however, that I have read and considered everything he's provided.

I also want to make it clear what this Service is able to consider as part of the complaint. While I recognise that Mr R has had a difficult claim experience and I was sorry to hear about the issues he faced while travelling abroad; not all of these issues are things this Service can make a finding on. That means I can't hold RAC responsible for issues such as scheduling of independent garages, national holidays, or logistical delays. I therefore consider the key issues in this complaint to be the cover provided under the policy, how RAC dealt with the claims and delays experienced, as well as reimbursement of submitted expenses. I've addressed each of these in turn below, or ease of reference.

RAC's handling of assistance and communication

I appreciate one of Mr R's main concerns is that he feels RAC has failed to provide the service he paid for under the policy. So, I've carefully considered the policy terms as part of my assessment of this complaint to decide whether I'm satisfied RAC treated Mr R fairly in carrying out their obligations. The first point I want to address is Mr R's concerns that RAC did not provide a recovery vehicle in France during the first breakdown. I can see the policy terms outline the following explanation:

"Motorways in many European countries are privately managed. If your vehicle breaks down or is in a road traffic collision on a private motorway or motorway service area you must use the roadside emergency telephones before contacting us. They can tell you whether the RAC can attend, or if they need to send their own recovery vehicle."

So, while I appreciate this would have been distressing for Mr R, I do not find it unreasonable in principle that RAC were not able to provide a recovery vehicle, as

this would be something outside of their control. The policy terms clearly outline that in the event of a breakdown in Europe; a customer should use the roadside emergency telephones before contacting them.

I've also considered the policy terms in respect of Mr R's concerns over RAC not sending his vehicle to a main dealer in the first instance. While I can appreciate that with hindsight he would feel this was always the most suitable option, I can't see there are any policy terms that require RAC to do this. Instead, the terms say that in the event of a breakdown, they will recover the vehicle and passengers to a local garage, which is what happened.

However, when considering the communication and overall handling of both claims, I do think it's clear RAC's handling of both breakdowns fell below a reasonable standard. There were repeated delays in arranging recovery and providing accurate updates. In Spain, Mr R and his partner were left waiting for many hours in uncomfortable conditions and I find the explanations he received from different agents were inconsistent, and on several occasions, he had to chase progress himself. RAC also incorrectly advised the repairing garage the vehicle was under warranty when Mr R had previously outlined this wasn't the case, causing additional delays.

I can see that a replacement vehicle and alternative accommodation was discussed and provided, but I'm persuaded RAC could have done more here. And while some of the underlying causes - such as the garage repair times - were outside of RAC's direct control; the quality of their coordination and communication wasn't. It's reasonable for Mr R to have expected RAC to have managed the assistance they were providing more proactively, keep him informed, and make suitable alternative arrangements. And I find the additional level of inconvenience and frustration he experienced was avoidable. The extended delay in providing a recovery vehicle during the second claim would have been particularly distressing for Mr R, particularly given the personal issues he was experiencing at the time.

Reimbursement and claim handling

In respect of Mr R's concerns over RAC's approach to his onward travel claim, this was due to RAC deeming it too expensive. While I have no doubt this would have been frustrating, and they could have explained the situation much more clearly, I don't find this to be generally unfair. Mr R's policy does provide for onward travel, but there are cover limits in place which means that either alternative transport is capped at £1,500, or accommodation expenses to a maximum of £500. At the point in which RAC were aware the proposed onward travel would exceed these limits, it would be generally fair for them to decline this course of action.

Turning to Mr R's claimed expenses, I can see that RAC reimbursed most of the costs Mr R submitted but declined others due to perceived overlaps. The Investigator found part of that refusal unfair and recommended that RAC should pay for certain Portuguese and Spanish accommodation costs as well as interest on delayed hire car refunds. Having reviewed that evidence, I agree with that conclusion and find this to be a fair outcome.

The hotel and campsite invoices are linked to the period when Mr R couldn't use his vehicle. And I'm satisfied those were reasonable consequential expenses under the policy. But I don't think RAC is required to pay for the entire Portuguese hotel costs, as some nights overlapped with the period when he had already arranged other accommodation. Overall, RAC could have handled the claims process much more

clearly. Their explanations about what was and wasn't covered were confusing at times, and the goodwill payments were made piecemeal, and long after the event, which I'm satisfied would have added to Mr R's overall frustration.

Additional claimed losses

I've also considered the losses Mr R has said resulted because of RAC's handling of his claim. When thinking about whether an insurer is liable for any consequential losses because of something they did wrong, I need to ask the following questions:

- 1. Is the loss a direct result of what went wrong?*
- 2. Is the loss reasonably foreseeable?*
- 3. Were reasonable steps taken to mitigate the loss?*

While I don't doubt the stress and inconvenience this situation caused, I'm not satisfied I can fairly attribute the wider financial losses Mr R has outlined, such as delays to a property sale and associated mortgage arrangements, to anything RAC did or did not do. Ultimately, when thinking about whether these costs themselves were both directly a result of anything that went wrong, and whether they were reasonably foreseeable, I'm not persuaded this can be demonstrated on the available evidence I've considered.

What was the impact

Mr R has explained that he and his partner were left in difficult circumstances abroad for prolonged periods. I accept that the uncertainty and poor communications would have been stressful for them, especially when dealing with other personal issues and trying to manage part of their planned trip. I can see RAC has already recognised their service fell short with a £250 compensation offer, however, I don't think that fully reflects the avoidable inconvenience he experienced.

In terms of making a compensation award, it's important to note that this Service doesn't punish or fine a business; a compensation award is intended to reflect the impact a business's actions had on their customer. I've also considered that while some of the delays were avoidable, not all were solely attributable to RAC's handling of the claims. But I do accept there were periods of inactivity and mismanagement which caused unnecessary stress and inconvenience for Mr R.

Taking everything into account, including the early incident in France and the later breakdown into Spain, I'm satisfied a total compensation payment of £600, inclusive of any sums already paid, represents a fair reasonable amount to acknowledge the distress and disruption caused by RAC's handling of the claims. I appreciate this is not the level of compensation Mr R might have hoped for, and it may not ultimately change matters for him, given the larger concerns he has raised over the claim process itself and issues he wants to raise with the Financial Conduct Authority. But I consider my proposed award to be in line with the level of compensation appropriate to these issues, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint."

I concluded that I intended to uphold the complaint and that I would direct RAC to pay the following:

- 8% interest on the amount of £392.36 (for the hire car charges refunded to Mr R on 1 August 2025) from the time of the claim to date.

- Reimburse Mr R a proportion of the £1,120.29 claim for the dates of his stay in the hotel in Portugal up until 27 October 2024.
- Reimburse the £202.42 claim for the Spanish camping site from 27 October 2024 to 1 November 2024, plus 8% interest.
- Reimburse Mr R's accommodation costs from 1 to 8 November 2024, plus 8% interest.
- Pay £600 compensation for distress and inconvenience.

I invited both parties to provide a response to my provisional findings. RAC replied and said they accept my provisional findings and outlined that they had requested a breakdown of Mr R's costs for his Portuguese accommodation, and the accommodation between 1-8 November 2024 however these hadn't been received to date. Mr R also replied but didn't agree with my provisional findings, he set out that:

- It was unreasonable for RAC not to provide a recovery vehicle in France.
- RAC lied by promising to take his vehicle to the campsite.
- RAC ignored his repeated calls and messages and says the recovery company said RAC never called them.
- RAC misplaced his vehicle for several days and acted negligently.
- There was no date overlap in his accommodation stays and he should be reimbursed the full €1,350 cost as he was forced to stay longer than intended.
- RAC denied him cover he had paid for as he had a £2,000 onward travel allowance and £200 per day accommodation allowance.
- A compensation award of £3,000 would be fair as it would be equal to the costs RAC saved.

As both parties have now had an opportunity to provide a response to my provisional findings, I will set out my final decision below.

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.

Having done so, I have reached the same outcome I did in my provisional findings. I appreciate Mr R will be disappointed by this – so, I'll explain why.

I appreciate that Mr R strongly disputes RAC's explanations about why a recovery vehicle could not be arranged more quickly in France or Spain. He feels the delays were unacceptable and I understand why he found the conflicting information frustrating. I also appreciate that he disagrees with RAC's account of events and considers their agents abroad acted negligently.

But my role is to assess RAC's obligations under the regulated breakdown cover, rather than to judge the conduct of independent operators or garages. I can't treat delays caused by those third parties as matters RAC is directly responsible for. What I can look at is how RAC coordinated assistance and communicated with Mr R. And as I set out in my provisional decision, I've found shortcomings in those areas which I intend to address through compensation.

I also note Mr R has outlined that his breakdown didn't occur on a motorway. My point in my provisional decision was to explain that the policy gives examples of local recovery

arrangements outside of RAC's control. The policy doesn't guarantee a recovery within a set timeframe or require RAC to source a vehicle from a particular area. Instead, it provides assistance on a reasonable-endeavours basis, and the availability of recovery operators in France is something that would be outside of RAC's direct control. So, while I understand that delay was frustrating, I'm not persuaded RAC acted unreasonably in the circumstances.

In relation to Mr R's screenshots from the RAC app which he believes show higher allowances for accommodation and onward treble, I acknowledge this may have caused understandable confusion. But app summaries don't override the policy's terms, and from considering the limits in Mr R's policy documents; I'm satisfied RAC calculated reimbursement and eligibility using the correct terms.

Additionally, Mr R feels strongly that some of the conflicting information he received implied dishonesty by RAC and their contractors. I sincerely appreciate that he would have found the inconsistent updates upsetting, but I've seen no persuasive evidence that RAC acted dishonestly and I remain satisfied that the issues stemmed from poor communication, which I've addressed through compensation.

Mr R also maintains that the entire Portuguese hotel invoice should be reimbursed. I've reviewed the dates as well as a receipt Mr R has provided but I remain satisfied that only part of this cost was a direct consequence of RAC's delays. The receipt confirms the total amount paid of €1,350, but it does not provide an itemised date list or confirm the specific period of stay. So, on the available evidence, I don't find RAC responsible for the full amount, and I'm satisfied it remains appropriate to reimburse the dates of 27 to 30 October 2024.

Finally, Mr R has set out why he feels a compensation award of £3,000 would be fair in the circumstances as it reflects the amount RAC saved by declining his onward travel claim. But breakdown policies do not provide compensation based on unused benefits or theoretical savings, only actual losses directly caused by failure under the policy. And for the reasons I've already outlined, I'm not persuaded RSC were required to provide onward travel beyond the policy limits. As such I remain satisfied that the compensation award I intend to make is fair and proportionate in circumstances of this particular complaint.

Putting things right

In addition to paying a total sum of £600 compensation, I RAC should pay the following:

- Pay 8% interest on the amount of £392.36 (for the hire car charges refunded to Mr R on 1 August 2025) from the time of the claim to date.
- Reimburse Mr R a proportion of the £1,120.29 claim for the dates of his stay in the hotel in Portugal up until 27 October 2024.
- Reimburse the £202.42 claim for the Spanish camping site from 27 October 2024 to 1 November 2024, plus 8% interest.
- Reimburse Mr R's accommodation costs from 1 to 8 November 2024, plus 8% interest.

My final decision

For the reasons I've given, my final decision is that I uphold this complaint in part. I direct RAC Insurance Limited to conclude the complaint in the way I have set out in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 December 2025.

Stephen Howard
Ombudsman