

The complaint

Mr D complains that RAC Insurance Limited (“RAC”) mishandled his claim on a breakdown insurance policy.

What happened

Mr D had a sports utility vehicle. For the year from late April 2024, Mr D had that vehicle (and another) covered on RAC breakdown insurance. That included the optional extra of ‘Key Replace’ cover up to £1,500.00 for the year.

On 29 March 2025, Mr D called for help from RAC to replace a damaged key for his sports utility vehicle. RAC sent a locksmith.

After some correspondence, Mr D complained in June 2025, through us, to RAC that its locksmith damaged the keyless vehicle module (“KVM”) and body control module (“BCM”) so that a main dealer had to replace them at a cost to him of £1,644.56 including a new key and programming.

By a final response dated about 31 July 2025, RAC turned down the complaint. Mr D asked us to investigate.

RAC told us that it had agreed to pay the cost of the new key and programming, £246.00.

Our investigator didn’t recommend that the complaint should be upheld. He didn’t think that RAC acted unreasonably. He said that it applied the policy in line with its terms, and the evidence didn’t show fault with the locksmith.

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

- He had a car key case that was broken, although it worked to open and start his vehicle. He asked RAC to change it.
- The car was working OK at the time the engineer attended.
- The engineer spent 2-3 hours trying to program a new key.
- The engineer gave him back the damaged key and a new key that did not work to start the car as normal.
- The engineer was responsible for causing the issues during doing the programming.

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.

RAC’s policy terms included the following:

“Covered

We can also help if your own vehicle keys are lost, stolen, locked in the vehicle, or broken suddenly and unexpectedly. We'll arrange and pay for a locksmith to attend and provide you with a new key. They will try to reprogram the electronics, so your locks, alarm and immobiliser still work...

• Our locksmith may not be able to replace your key or reprogram the electrics. If so, we may need to arrange for your vehicle to go to a main dealer or other specialist garage...

Not covered

...

Costs relating to failures of the vehicle's electronics, including where after-sale work (such as fitting an alarm system or changes to the central locking system) has been carried out on the vehicle. This could prevent us programming a new key.”

From that, I don't consider that RAC was offering any guarantee that it would carry out or pay for reprogramming of the electronics.

RAC provided Mr D with a new key. RAC tried to reprogram the electronics so that the car recognised that key. That was unsuccessful. So Mr D couldn't open or start the car remotely.

Mr D took the vehicle to a dealer. The dealer's solution was to replace the modules. However, I don't consider that the old modules had failed or that RAC had damaged them. Rather the modules couldn't be re-programmed to recognise the new key.

So I don't consider that the policy covered the cost of the new modules. And I don't find it fair and reasonable to direct RAC to reimburse Mr D for the cost of the new modules.

I'm satisfied that RAC did enough to treat Mr D fairly by reimbursing the cost of the new key from the dealer and programming - £246.00. I don't find it fair and reasonable to direct RAC 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 Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 March 2026.

Christopher Gilbert
Ombudsman