

The complaint

Mr B complains about how his insurer, U K Insurance Limited trading as Green Flag (Green Flag) dealt with a claim under his breakdown policy.

References to Green Flag in this decision include their agents.

Mr B was supported by a representative when bringing his complaint to this Service. References to Mr B include his representative.

What happened

The following is a summary of the key events that happened in this case, it isn't a detailed account, as the events are familiar to Mr B and Green Flag.

In July 2023 Mr B took out Continental Europe breakdown cover with Green Flag, to cover a family holiday planned in a European country. He and his family travelled to the country the following day, but unfortunately his vehicle broke down the same day. Mr B contacted Green Flag and they instructed their overseas agent (O) to provide assistance.

O recovered Mr B's vehicle, but as the breakdown happened on a Friday evening an immediate diagnosis and repair wasn't possible. O tried to source a hire car large enough to accommodate Mr B and his family but weren't able to do so. Unable to provide onward travel to Mr B's destination, O booked accommodation in a local hotel. Mr B was also unable to source a suitable hire car locally. He discussed options with O, asking if they could book to travel by train, but O said there was a policy limit of £200 which meant the cost to transport Mr B and his family would exceed the limit. O said accommodation could be extended until a hire car was located, but Mr B said he would book the train himself.

Unhappy at what happened and the service from Green Flag, Mr B complained. He said he'd been left stranded by the road and the hotel didn't have food facilities. He decided to travel to his destination through a combination of taxis and trains, taking 11 hours and cost £1,300. A hire car was subsequently provided, and Mr B and his family travelled back to collect his repaired vehicle and then back to the UK, at the beginning of August. Mr B said the experience had been very stressful and he wanted the costs he'd incurred reimbursing.

In their first final response issued in August 2023, Green Flag upheld the complaint. They said their normal practice for a breakdown overseas was to instruct the overseas agent (O) to provide assistance. They accepted there was a delay securing a suitable hire car. They also accepted they'd been unclear about policy limits and the options available when a breakdown occurred and should have set expectations from the start. In recognition of this, they awarded £250 as a discretionary redress. On reimbursement of the costs of travel, Green Flag said the claim Mr B had made for the losses he'd incurred was being assessed.

Green Flag subsequently settled Mr B's claim, saying the cost of providing accommodation and a hire car had exceeded the policy limit of £1,000. They had also paid £300 towards the transport costs incurred by Mr B. But they wouldn't reimburse the full costs.

Unhappy at not having his full travel costs reimbursed, Mr B made a further complaint to Green Flag. In their second final response issued in October 2023, Green Flag noted O had paid hotel costs for Mr B and his family of €301.70 and €287 in addition to hire car costs of €646.74. Green Flag referred to the policy terms and conditions containing a limit of £1,000 for two of the three options of: transporting the insured persons to their destination and returning them to the insured vehicle after repair; or an alternative vehicle; or accommodation costs. As the policy limit had already been exceeded by the costs incurred by O, the further payment of £300 as a settlement was outside the policy terms.

But Green Flag acknowledged one of their agents had indicated to Mr B, in a call in July 2023, they would look to reimburse all Mr B's costs. However, this was incorrect as the agent hadn't known what costs had already been incurred (or what would be incurred in the future). But as Mr B had already decided to travel to his destination by train, those costs had already been incurred and so the agent's mistake hadn't led to financial detriment. However, in recognition for the agent's wrong information, Green Flag awarded £300 to include £100 compensation and £100 for meals for each night at the hotel accommodation booked by O.

Mr B then complained to this Service. He said the service from Green Flag had fallen short and they had been left stranded overseas. They had to make their own way to their destination at very high cost and time. Green Flag told him they would reimburse the cost, but they were given a different amount to that previously agreed (the £300 compared with £1,100). When he challenged the difference, Green Flag said they hadn't said they would reimburse the higher amount.

Mr B said he was out of pocket by over £1,000 and he'd had to use spending money to get to his destination. He'd spent a significant amount of time calling Green Flag. He wanted Green Flag to honour the promise they'd made to reimburse the costs he'd incurred. He and his family had suffered significant stress and worry from what happened.

Our investigator didn't uphold the complaint, concluding Green Flag didn't need to take any action. The policy terms and conditions meant there was a limit on each of the alternatives where a breakdown occurred, and that cover was provided for one of the three options (not all three in total). As the costs incurred by Green Flag had exceeded the £1,000 limit, then the additional £300 towards transport costs wasn't unreasonable. Reviewing the call Mr B made to Green Flag, she thought the agent had said they would look to reimburse some of the costs of transport in line with the policy entitlement and agreed to send a 'claim and repay' form for Mr B to complete – which wasn't the same as agreeing to reimburse the full costs incurred. And Mr G had also been advised they wouldn't be covered.

There was some delay while a suitable hire car was located but was provided when one became available. Green Flag's compensation of £250 followed by a further £100 was in line with this Service's published guidelines, so was fair in the circumstances. Taken with the £300 towards transport costs and £200 towards meals, this was fair and reasonable.

Mr B disagreed with the investigator's view and requested an ombudsman review the complaint. He said Green Flag should have honoured the commitment they'd made to reimburse the costs of travel to their destination, given the alternative was remaining in the hotel accommodation while his vehicle was repaired (or until a hire car could be sourced). He'd been told the travel costs would be reimbursed more than one call with Green Flag and he would be sent 'pay and reclaim' forms to enable this to happen.

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'd first want to acknowledge the impact of what happened to Mr B and his family from the breakdown and subsequent events. A breakdown overseas will inherently be stressful and have a detrimental impact on a planned holiday. From what I've seen in Green Flag's case notes, his vehicle wasn't repaired until the first week of August, some two weeks after the breakdown. I've also noted what Mr B has said about the circumstances of the holiday and its importance for him and his family. I've borne this in mind when deciding, as is my role here, whether Green Flag have acted fairly towards Mr B.

There are several issues in Mr B's complaint about the service he received from Green Flag following the breakdown of his vehicle. While the most immediate issue is Green Flag's decision not to reimburse the full costs of travel to his destination – which Mr B said they agreed - other issues include delays in providing a hire car, issues with the hotel accommodation; the service provided by O as the overseas agent; and a general lack of support to Mr B during the incident.

While I may not comment specifically on each and every issue and event, I'd want to assure Mr B I've considered everything that happened, together with the evidence, information, and representations he's made, as well as those from Green Flag.

On the issue of reimbursement of the travel costs of taking Mr B and his family to their destination, as an alternative to staying in the hotel accommodation while a suitable hire car was sourced, I've considered two aspects, covered in Green Flag's second final response. These are, firstly, what the policy terms and conditions provide for, in particular the limit on costs and, secondly, what Mr B was told by Green Flag about having the costs reimbursed.

On the policy terms and conditions, Green Flag refer to the following in their final response. First, under a section headed *Summary of Cover* and a sub heading *Loss of use of vehicle* use it includes the statement:

"Passengers taken to destination or up to £1,000 for an alternative vehicle or accommodation costs."

There's a further reference, under *Section 3: Loss of use of the insured vehicle*:

"If at any time during your trip, you cannot use the insured vehicle because of a breakdown within the geographical limits and we reasonably believe that the insured vehicle will be out of use for more than eight hours; or

If the insured vehicle is stolen within the geographical limits and not recovered within eight hours, we will organise and pay for the reasonable costs of one of the following subject to availability:

- *Taking all insured persons and your luggage to your intended destination, within the geographical limits, and then returning you to the insured vehicle after it has been repaired.*

or

- *Accommodation, including one daily meal (but not alcoholic drinks), for all insured persons while the insured vehicle is repaired, up to a maximum of £45 per person per day, or £1,000 altogether.*

or

- *Up to a total of £1,000 towards the cost of hiring another vehicle while the insured vehicle remains unserviceable.”*

The wording indicates these are alternatives, the second and third each with a £1,000 limit, they aren't cumulative. Green Flag provided information on the costs of the second and third options, the amounts shown above, which in total (converting to £'s) exceed £1,000. In the circumstances, I think it reasonable a combination of accommodation and hire car was provided. That being the case, the policy terms mean a limit of £1,000 to the total cost (as the cost of each element is less than £1,000 – 'up to' in the second and third options). From what I've seen, Green Flag also made a payment of £300 towards travel costs, which was broadly the balance available within the £1,000 limit after consideration of the hire car costs (but not the hotel accommodation costs).

Looking at what happened, I can see Green Flag sought to arrange suitable hire car provision through O, but this wasn't immediately available, until some five days later. Sourcing a hire car would be subject to availability – particularly a larger capacity car to accommodate Mr B and his family. And Mr B wasn't able to source a suitable vehicle when he tried to do so himself. That being the case, hotel accommodation was provided, although Mr B was concerned about its suitability and lack of food/meal options. In the circumstances he opted to look at the option of train travel to the destination, which is what happened, with him making the bookings.

However, it appears he was given differing information about whether Green Flag would cover the cost. There's an indication in Green Flag's summary of events O said there was a policy limit of £200 – even though I can't see that figure in the policy terms and conditions - so they wouldn't cover the cost for Mr B and his family. However, Mr B says he was told by Green Flag in more than one call they would cover the cost.

So, I've listened to the call recordings provided by Green Flag, although they don't include all of the calls that appear to have been made, some of which may have been between Mr B and O. Of the two recordings I have listened to, the first includes Mr B raising a complaint about the situation and he mentions being told (perhaps by O) they wouldn't have train costs covered, which Mr B says have cost £1,300 in total. A second call, with the same Green Flag agent, includes mention of Green Flag looking to reimburse some of the travel costs, under the policy entitlement, through completion of a 'pay and claim' form. There's a later reference to having travel costs reimbursed after filing in the form.

I recognise what Mr B has said about being told in calls that their travel costs would be reimbursed. This may have been in calls for which the recordings haven't been provided, earlier than the two calls I've mentioned. But taking this alongside the case notes from Green Flag (which do refer to earlier calls) then I think it's likely Mr B formed an impression the costs would be reimbursed, despite his reference to being told at other times they wouldn't be reimbursed. And the call above only refers to 'some' reimbursement of costs within the policy entitlement. So, there's an element of uncertainty.

However, given what I've said about the policy terms and limits, particularly the three options set out above being alternatives – not in combination – then I can't conclude Green Flag acted unreasonably in saying the policy limit had been exceeded and so they wouldn't reimburse all the travel costs. But they did reimburse £300 of the costs, even though the combined accommodation and hire car costs exceeded £1,000. So, I won't be asking them to reimburse the difference between the costs incurred and the £300 they did reimburse.

Having reached this conclusion, I've considered the other issues in the complaint, including delays in providing a hire car, issues with the hotel accommodation; the service provided by O as the overseas agent; and a general lack of support to Mr B during the incident.

As Set out above, it did take time to source a hire car of the size necessary to accommodate Mr B and his family, but the policy acknowledges this will be subject to availability. Mr B tried to source a car but was unsuccessful and given the date of the holiday, it's perhaps not surprising hire cars would have been in high demand. So, while the delay was unfortunate, I can't hold Green Flag responsible, given the situation. On the hotel accommodation, I appreciate this was basic and without facilities for food/meals. But Green Flag have acknowledged this and provided £200 towards the cost for the time Mr B was in the hotel, between the breakdown and his onward travel to the destination. I think this is fair and reasonable.

On the other issues, I appreciate the difficult position Mr B and his family were put in because of the breakdown, its timing on a Friday evening and the time it took for the problem with his vehicle to be diagnosed and repairs completed. And he felt let down and unsupported, particularly from O.. Taking the two responses from Green Flag, they've awarded a total of £350 compensation. I've considered this against the stress and upset experienced by Mr B as well as the published guidelines on awards for distress and inconvenience from this Service. Considering these factors, I think £350 awarded by Green Flag is fair and reasonable. So, I won't be asking them to make a further award.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 June 2024.

Paul King
Ombudsman