

## The complaint

Mr J has complained that Automobile Association Insurance Services Limited unreasonably refused to let him transfer his specific roadside assistance policy attached to a specific make of vehicles to his new car of the same make.

## What happened

When Mr J bought his car, he also bought this specific roadside assistance policy. This required renewing each year. He duly renewed his cover on 22 November 2022. At that time Mr J said he knew he was changing his car the following March to another car of the same make.

So, then he asked AA to transfer his policy to his new car. AA refused saying the cover only applied to his original car and wasn't transferable. Mr J complained but AA wouldn't change its stance.

So, he brought his complaint to us. The investigator felt the terms and conditions weren't specifically clear that it wasn't transferable so he thought AA should refund Mr J his premium less his time on cover plus pay him £50 compensation. Mr J agreed but AA didn't so Mr J's complaint has been passed to me to decide.

## 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'm upholding this complaint along the same lines as the investigator. I'll now explain why.

When Mr J first bought his policy, the terms and conditions stated the following:

*'2. Where a paid [Specific make of car] Roadside Assistance Member changes their vehicle for another eligible vehicle for which free membership is given, they must inform [main manufacturers] who will issue a new [Specific make of car] Roadside Assistance card for the new eligible vehicle with the member ship period plus any residual period remaining.*

*3. where a paid [Specific make of car] Roadside Assistance Member changes their vehicle for a non-eligible vehicle [Specific make of car] Roadside Assistance membership will be rendered null and void. [Main manufacturer] will refund a proportion of the subscription paid by the Member, on a pro-rata basis for the unexpired period of membership subject to ... retaining an amount of £15 for administrative purposes.*

*4. Complimentary [Specific make of car] Roadside assistance remains with the original vehicle to which it is first applied and cannot be transferred to another*

*vehicle. Membership will automatically pass to the new owner should the vehicle be sold or transferred during the period of complimentary ownership.'*

Mr J wasn't a complimentary owner as he was paying for his cover. It appears from these terms to be a given that new eligible cars would have a period of 'free' cover which previously paid members would get credit for. Consequently, Mr J is right, he was entitled to transfer his membership to any new eligible car which had to be the specific make in order to qualify. Thereafter it appears it would revert to paid membership once that free element for the new car expired.

AA told us that it has recently taken over this product from another provider in April 2022. It said it was under the impression that previously this ad-hoc goodwill option of transferring the cover was withdrawn as it was 'pay for use' policy. First, in the above terms, I consider that there was nothing ad-hoc about the specific rules about transferring the cover to a new car, given the terms are exceptionally detailed in order to distinguish between complimentary and non-complimentary cover.

And secondly and most importantly renewing customers ought to have been told of any significant changes in what AA were now providing. And I've seen no evidence of that. AA said this cover is only for the '[specific make of car] which is registered on the policy.' It showed us the IPID which clearly states this under what is covered. However, in the excerpt of the IPID it showed us (since it doesn't have any policy documents as they are sent by a third party who deletes them after 90 days) under 'what is not covered' it doesn't mention it isn't transferable to a new model of the specific make of car. Furthermore, in the terms and conditions now provided by AA it doesn't say this either.

In response to the investigator's view AA said the following:

*'Further, your argument seems centred around what is presumed to be and does not consider the fact we do not explicitly state the vehicle specific cover is non-transferable. I would remind you that nor does it confirm the policy is transferable and it does not state anywhere on the terms or the IPID, where to change/amend the policy. Surely, if the intention of the consumer was to replace the car he was insuring and had he read the policy documents etc, if there were any areas of doubt, the responsibility is on the consumer alone to clarify this either prior to or immediately after the renewal to ensure there was no confusion.'*

*On that basis, we feel the decision to place the blame on the business rather than acknowledging the responsibility of the consumer to ensure he is fully understanding of the terms of his policy, is an unfair outcome so again, I would ask you pass this to your Ombudsman please.'*

AA has forgotten the fact that it took over this cover from a previous provider who did permit such transfer. As can be seen from Mr J's previous terms and conditions, there was nothing 'ad-hoc' about such transfer capabilities either. It was very clearly permitted. And AA never explained it wasn't going to do that anymore. I consider this a significant change in cover which was required to be fully detailed by AA under the auspices of 'treating customers fairly', given paid members would be renewing their cover and had previously thought if they bought a new car of the same make, it was transferable.

Further the duty is on AA to make its terms clear, more especially since AA took over providing this from another provider. It is not the duty of the consumer to clarify terms in these instances when the previous cover permitted the transfer. And more significantly in situations where there is any confusion of terms, the law requires it always to be construed in the consumer's favour not the business' favour. After all it's the business' job to write clear unequivocal terms which any consumer can understand.

Therefore, I consider AA should now refund Mr J the nine months or so cover he couldn't use with interest. This also caused Mr J some trouble and upset which necessitates compensation. I agree with the investigator's thoughts that this should be £50 compensation. As that's in line with our approach and would have been the amount I would have required had the investigator not suggested it.

### **My final decision**

So, for these reasons, it's my final decision that I'm upholding this complaint.

I now require Automobile Association Insurance Services Limited to do the following:

- Refund Mr J, the nine months or so of cover that he couldn't use. Adding interest of 8% simple per year from the date his cover was of no use to him to the date it refunds him. If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr J for HMRC purposes.
- Pay Mr J the sum of £50 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 November 2023.

Rona Doyle  
**Ombudsman**