

## **The complaint**

Mr P complains that Automobile Association Insurance Services Limited (“AAISL”) didn’t make him fully aware of additional costs when taking out a roadside assistance policy.

## **What happened**

Following a breakdown, Mr P called AAISL and took out a roadside assistance policy. Mr P says he explained his car wasn’t repairable and would require a relay service to tow his car to his home address which was 260 miles from the point of breakdown. Mr P says, as part of the initial sales journey, he questioned whether there would be any additional charges involved in getting him and his car back to his home address. He says the call handler explained any charges could be discussed with the attending patrol but without confirming what additional charges might apply. Mr P says when the patrol arrived, they quoted over £1,000 to take Mr P and his car to his home address – so Mr P decided to instruct a separate local recovery agent. Mr P says, had he been made aware of these charges during the call, he wouldn’t have agreed to take out the policy, so he cancelled the policy and AAISL provided a full refund of the premium but not a £150 emergency joining fee. Mr P complained as he felt this should be refunded.

AAISL responded and explained they’d reviewed the call Mr P made when taking out the policy and they were satisfied their processes regarding breakdown were discussed. They said the call handler explained they would set the policy up, send a patrol to attempt a repair, and if this wasn’t possible, they would then discuss any relevant add-ons which would be at extra cost. AAISL said, after being informed about this, Mr P continued to take out the policy and agreed to the non-refundable £150 surcharge payment for immediate assistance. AAISL said it was then explained to Mr P again that their patrol would be issued after the policy is set-up and then the additional elements would be discussed. They said, as they sent the patrol and Mr P was provided the service, the £150 surcharge wouldn’t be refunded.

Our investigator looked into things for Mr P. She thought AAISL hadn’t provided clear information about the additional costs likely to be incurred by Mr P and felt he wouldn’t have taken out the policy had he been made aware of the high one-off payment to recover him to his home. So, she recommended AAISL refund the £150 fee to Mr P. Mr P agreed, but AAISL disagreed so the matter has come 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.

Having done so, I’ve decided to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters.

AAISL say Mr P bought roadside assistance cover – which offers a local recovery of his car and passengers to either a local garage or place of safety. They say, should a further recovery be required – as was the case here – the patrol contacts their deployment team and obtains the price of recovery. AAISL say, at several points during the sales call, their call

handler made it clear what they would do or attempt to do and what the cover offered. They say they don't upsell memberships, particularly in cases of breakdown situations where customers require immediate service. They say the cover was presented to Mr P which he accepted. AAISL say this was the correct cover required by Mr P at the time – and the call handler made it clear what Mr P was buying including the benefits and limitations.

I've listened to the call Mr P makes to AAISL to take out the policy. The call handler explains they understand Mr P's car has broken down and he doesn't have cover. They explain they'll look at getting a qualified mechanic out to Mr P to try and repair his car at the roadside. They say, if they're unable to carry out repairs, they'll then look at towing his car. The call handler explains if they're able to get a patrol out they'll look at membership options to cover Mr P in the future. Mr P explains he's quite far from home and the call handler explains if the patrol can't repair his car, they'll take Mr P and up to seven passengers to the nearest repairer. They say, *"If you do want to go further, that's available, but that's at an additional cost and a conversation that you can have with the patrol, is that ok?"* Mr P says, *"Yeah, that's absolutely fine, as long as I can sign up there and then."*

The call handler then confirms instructions have been sent for a patrol to attend. They then explain, *"To become a member today, which gives you access to unlimited call-outs for new faults, there is a joining fee of £150 for today's service because you are currently broken down. This is just a one-off fee since you're not a member with us, but once you are a member with us, you do not have to pay the £150 call-out fee in the future."* The call handler then discusses the membership fee and Mr P agrees to go ahead.

The call handler then says, *"So, the cover for your needs is roadside assistance. So this covers you a quarter of a mile away from home and if we can't fix the problem we will take the vehicle, you and seven passengers to the nearest repairer. If you need to go further, this is available, but there will be an additional cost."* The call handler explains there are two ways to pay and confirms both include the non-refundable fee of £150. Mr P then says, *"Just to confirm...I don't think this car is going to be repairable anytime soon, and I could do with getting home that day, that that is feasible and would take me from [location of breakdown] to [Mr P's home]"*. The call handler explains, *"That is available for you, it's just there would be an additional cost to take you to a destination of your choice, but it is at...[call cuts out]"*.

It appears the call handler calls Mr P back and they resume the conversation from the point the call cut off. The call handler says, *"So regarding your query about getting towed home, if that is an option you wanted to choose, that is absolutely available for you, it's just that there would be an additional cost and that is a conversation that you can have with the patrol car."*

Mr P then asks, *"So that's likely to be a high one-off cost or is that a cost for the membership sort of thing?"* The call handler then explains, *"So I would set you up with the membership roadside assistance like I said, and that will basically get the patrol car on the way...like...they'll be able to work on your car, and if you want to upgrade your membership for national recovery which means you can get taken to a destination of your choice, you can upgrade it with the patrol at the roadside, but just to also reiterate the point it would be an additional cost to do that."*

Mr P then agrees to take out the policy and the call handler explains Mr P is able to cancel the policy within 14 days and he'll get a full refund less the charges for today but the £150 fee is non-refundable. Mr P agrees to proceed, and the call handler explains, *"The price we have agreed is only for the breakdown cover you needed today. We have not talked about any of the other levels of cover, and we will include details of these in your welcome pack."*

Having listened to the calls, I'm satisfied the call handler clearly explained the policy being taken out by Mr P was the entry level cover of roadside assistance and what this covered.

It's clear Mr P wanted to be recovered to his home the same day – this is one of the things Mr P wanted from the policy. And I think it was made clear to Mr P that recovering him and his car to his home address would attract an additional cost. But I believe, during the call, Mr P was led to believe the additional cost relates to the amount Mr P would need to pay to upgrade his policy to the 'National Recovery' level of cover rather than a one-off cost.

During the call, there's two occasions where Mr P and the call handler discuss this – and I don't believe on either occasion the call handler provided a sufficient degree of clarity around the additional cost potentially being a high one-off cost. I think it was important to clarify this in the circumstances here as it's clear Mr P wanted to be recovered to his home address – and that it wasn't a local destination. Firstly, after the call handler explains there's an additional cost to recover Mr P to his home, he says that's fine as long as he's able to sign up there and then. It's not clear whether Mr P's reference to 'sign up' was in relation to upgrading his membership and I can't see the call handler attempted to clarify this. But I think there's no ambiguity around this the second time this is discussed. At this point, Mr P asks a very specific question, which is whether the additional cost relates to a high one-off cost or whether it relates to the membership. The call handler then discusses an upgrade to the membership only. So, I'm persuaded that, at this point, Mr P was left with the impression that the additional cost he might have to pay would be to upgrade his membership from roadside assistance to national recovery. There's no mention that the additional cost might be a high one-off cost.

I've looked at the policy booklet and this sets out what the 'National Recovery' level of cover provides. It says this level of cover provides recovery of a vehicle to any single destination in the UK and *"...is only available 24 hours after purchase..."* Under a separate section which says, 'If you need National Recovery when you are broken down' this goes further to say, *"If you join and you need National Recovery within the first 24 hours of purchase, we may be prepared to provide National Recovery assistance for an additional cost. We'll agree how far we will take you during the Breakdown call. Any recovery beyond this will be chargeable. We'll confirm how much we will charge you at the time of purchase."* I've looked at the 'Breakdown Report' and this shows the patrol quoted £1,000 but Mr P chose to instruct his own recovery service.

Taking this into account, it doesn't appear the patrol offered Mr P the option of upgrading his membership to 'National Recovery'. But it appears the recovery assistance Mr P required wouldn't have been available to him in any event within 24 hours of purchase of the policy, unless he paid an additional one-off cost. The information in the policy booklet confirms there's an additional cost – and I accept the call handler confirmed there would be an additional cost. But, as mentioned above, I believe the call handler led Mr P to believe this additional cost would be to upgrade his policy and not the one-off payment he was quoted.

I acknowledge AAISL say their agents don't upsell memberships and I've also noted during the sales call the call handler confirmed they're only helping Mr P and not advising him. I think it's important to make clear, I'm not saying AAISL have made an error in this respect as I'm not concluding AAISL should've sold Mr P the 'National Recovery' level of cover or that they didn't provide an adequate recommendation for the policy Mr P would require based on his demands and needs.

I'm saying the error occurred in AAISL's response to Mr P's specific and direct question about whether the additional cost relates to a high one-off cost or an additional payment for an upgraded membership. In this case, AAISL spoke only about the option of Mr P upgrading his membership – and Mr P agreed to proceed on this basis.

Given that I think there has been an error here, I've thought about what I think would've happened had Mr P been given adequate information about the additional cost. I can't know for definite, so I've based this on the balance of probabilities, and what I think is more likely

than not. Given that Mr P asks a specific question, I think it's reasonable to say this was something Mr P felt was important. The response to this question doesn't suggest Mr P would be charged a one-off fee for recovery and he proceeds to take out the policy on the understanding he would need to pay an additional cost to upgrade his membership. When Mr P was then quoted the additional one-off cost by the patrol, he decided to instruct his own recovery service and cancel the policy. On this basis, I'm persuaded, it's more likely than not, if Mr P had been told the additional cost would be a high one-off cost, he would've chosen not to take out the policy. That being the case, it would've meant Mr P not paying the £150 emergency joining fee. Given my reasons above, it follows that I think AAISL should therefore refund the £150 to Mr P.

I acknowledge AAISL say the £150 call-out fee paid for the attendance of their patrol and they performed a comprehensive assessment of Mr P's car, so they met the terms of the contract Mr P subscribed to. I'm not disagreeing with this, and I accept a patrol attended and attempted a repair – and this is what the call handler said the patrol would do. But the issue here is that this fee wouldn't have been paid if, as I believe should've been the case, it had been made clear to Mr P that a one-off fee represented the additional cost, as Mr P would unlikely have taken out the policy.

I note AAISL say they made it clear that to obtain a recovery greater than what was offered under the roadside assistance cover would come at an additional cost which only the patrol would be best placed to discuss following their assessment. They say their call handler was therefore in no position to speculate what the specific cost may be beyond what she was offering. I'm not disagreeing the call handler made it clear that recovery to Mr P's home would attract an additional cost – in fact this is explained more than once during the call. I acknowledge AAISL say it's for their patrol to discuss this – and I'm not disagreeing or challenging AAISL's process here. The error here though arises out of the fact that Mr P asks a specific question and the call handler's response leads Mr P to reasonably believe the additional cost relates to a membership upgrade only. And it's on reliance of this that Mr P then agrees to take out the policy.

I wish to reassure AAISL I've read and considered everything they've sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **Putting things right**

I've taken the view that AAISL have made an error when providing information to Mr P about the additional cost to recover him and his car home. And, had adequate information been given, I think it's more likely than not Mr P wouldn't have taken out the policy and wouldn't have needed to pay the £150 joining fee. So, AAISL should refund the £150 fee to Mr P.

### **My final decision**

My final decision is that I uphold the complaint. Automobile Association Insurance Services Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 February 2024.

Paviter Dhaddy  
**Ombudsman**

