

## **The complaint**

Mr B complains that RAC Insurance Limited (RAC) unfairly declined a claim under his European breakdown cover policy.

Any reference to RAC includes the actions of its agents.

## **What happened**

The circumstances of this complaint are well known to both parties, so I've summarised what's happened.

- Mr B had a European breakdown policy which covered the period from 19 August to 2 September 2023. The policy was underwritten by RAC.
- The policy provided cover up to seven days before the planned departure date if the vehicle breaks down in the UK, and that if the vehicle can't be fixed by the departure date, RAC will arrange a hire car for the journey, or for use while the car is fixed – whichever is sooner.
- On 16 August 2023, Mr B called RAC to say there was an issue with his car and he'd driven it to a garage for a diagnostic check. The garage had confirmed there was a fault, but it couldn't source the necessary part for a week. So, Mr B said he wanted to utilise the hire car cover under his policy.
- RAC said that as the vehicle had not been attended to by RAC and was already at a place of repair, it was unable to provide him with a hire car, in line with the policy terms.
- Two days later, Mr B insured a different vehicle on his policy so he could travel as planned. And he raised a complaint with RAC about its decision because he thought it was unreasonable given repairs hadn't been carried out by the garage.
- RAC maintained its position. Unhappy, Mr B brought a complaint to this Service. An investigator considered it but didn't uphold it.
- Because Mr B disagreed, the complaint has been passed to me for a final 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.

In doing so, I've considered the relevant law and regulations, the regulators' rules, guidance and standards, and codes of practice. Having done so, I agree with the outcome our Investigator reached, and I'll explain why.

The starting point is the policy booklet which sets out the terms and conditions of the policy.

A condition, which applies to the entire policy (including the provision of a hire car) states:

*“Direct request for services. You must request services directly from us. We’ll only provide cover if we’ve arranged or authorised your services. If your vehicle is already at a garage or another place of repair, you won’t be covered.”*

And goes on to say:

*“To make a claim, you must call us and allow us to assess the claim and arrange repairs, replacement or other services. If you don’t speak to us before requesting services, you will not be covered.”*

So, I’m satisfied the policy makes it clear that if the vehicle is already with another repairer – who hasn’t been arranged or authorised by RAC, then cover won’t be provided. And that if the policy holder doesn’t contact RAC before requesting services, cover won’t be provided.

It’s not in dispute that Mr B contacted a garage and drove his car to it for a diagnostic check before speaking to RAC, as he’s told this Service he hoped the fault with his car could be fixed without needing to involve RAC. So, on the face of it, Mr B hasn’t complied with the policy conditions.

Mr B has said his car wasn’t *repaired* by the garage and was parked outside the garage so was easily accessible to RAC had it wanted to inspect it. I accept Mr B’s car wasn’t repaired by the garage – I don’t think this is disputed - but what’s relevant is whether his car was *“already at a garage or another place of repair”* when he sought cover. And even if his car wasn’t parked on the garage’s property, it had already been looked at by the repairer, and so, I don’t consider it being parked outside the garage to make a material difference here. Nor do I consider it reasonable to say Mr B hadn’t used the garages “services” for the purpose of the policy term, as having the car checked to diagnose a fault, is a ‘service’ by its very nature.

Although Mr B said he acted with the best intentions – by having his car inspected by a garage in the hope of it being fixed without requiring RAC’s involvement – the policy requires him to contact RAC in the first instance. So, whilst it might have been well intended, I’m not satisfied this absolves him of his responsibilities under the policy, nor that it would be reasonable to direct RAC to provide cover outside of its terms in this situation.

Mr B has said the policy terms are unfair as the blanket application of them has prevented his ability to access the onward travel benefit of the policy. As our Investigator explained, insurance policies aren’t designed to cover every eventuality, and it’s common for insurers to limit their liability and the costs it might have to pay by requiring the policy holder to take certain steps. RAC terms aren’t out of line with other policies on the market, and I don’t consider them to be inherently unfair. So, I’m not persuaded RAC has treated Mr B unfairly by applying these terms and conditions.

I don’t doubt this situation was stressful for Mr B, but in light of the above, I’m satisfied RAC’s decision to decline cover and not provide a hire car was fair and reasonable in the circumstances.

### **My final decision**

My final decision is I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 December 2023.

Nicola Beakhust  
**Ombudsman**