

The complaint

Ms W's representative complains on her behalf that RAC Motoring Services (RAC) renewed her roadside assistance insurance policy without her permission and then was incorrectly charged a £25 administration fee when she cancelled it.

References to Ms W, or her representative, will include the other.

What happened

Ms W took out a roadside assistance insurance policy with RAC in 2020. The policy was set to automatically renew each year.

In 2021 RAC contacted Ms W about her renewal as the payment card used the previous year had expired. Ms W contacted RAC and provided her payment details and the policy was renewed for another year.

In October 2022 RAC automatically renewed Ms W's policy as per the details it held on file for her.

Ms W contacted RAC on 20 October 2022 and cancelled her policy. She was provided with a refund less a £25 administration fee.

RAC said it had acted within the terms of her policy for the automatic renewal and had correctly retained the £25 administration fee when the policy was cancelled.

As Ms W's representative was not happy with RAC, she brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and did not think RAC had acted unfairly. They said the terms of Ms W's policy regarding the cancellation and renewal process were fair and had been clearly highlighted in policy documentation.

As Ms W's representative is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Ms W initially bought her roadside assistance insurance policy with RAC in July 2020 using the RAC website. I looked at the documentation sent to Ms W in July 2020 and on the policy schedule it shows the policy was due to start on 18 July 2020 and the annual renewal date was 18 October 2021. Within the same document it says;

"You have selected to pay for your cover by automatic yearly renewal by card."

I saw in September 2021 RAC sent an annual renewal invitation to Ms W and this letter said it would renew automatically on 18 October 2021.

RAC said it was unable to automatically renew Ms W's policy as the card used when she took the policy out in July 2020 had expired. It said Ms W contacted RAC and gave new payment details and her policy continued for another year.

In September 2022 I saw RAC sent an annual renewal invitation to Ms W. As per the previous year it informed her it would renew automatically on 18 October 2022. RAC collected the payment and the policy renewed.

I saw on 20 October 2022 Ms W contacted RAC and cancelled her policy. RAC confirmed her cancellation in writing. It made a full refund minus a £25 arrangement and administration fee.

Within the renewal invitation letter for both 2021 and 2022 it says the policy will renew automatically. And in the policy schedule for each year it says;
"You have selected to pay for your cover by automatic yearly renewal by card."

It also says in the policy schedule for the renewal in both 2021 and 2022
"If you have not made a claim and you cancel within 14 days of your renewal date, we will retain £25 of your arrangement and administration fee and refund any remainder. If you cancel your policy after this time further charges will apply - full details are in your policy booklet."

I think RAC were clear within its correspondence to Ms W that the renewal of her policy was automatic. And also clear about the £25 arrangement and administration fee being chargeable if the policy was cancelled within 14 days.

Although I understand Ms W's representative will be disappointed, RAC were within its rights to automatically renew Ms W's policy and to retain £25 as the arrangement and administration fee. Therefore, I do not uphold Ms W's complaint and do not require RAC to do anything further.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 6 September 2023.

Sally-Ann Harding
Ombudsman