

The complaint

Mr K has complained that RAC Financial Services Ltd (“RACF”) mis-sold him a roadside assistance policy.

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.

Our investigator thought RACF had acted fairly. I agree, and for the same reasons, so I don’t think there’s a benefit for me to go over everything again in detail. Instead, I’ll summarise the main points:

- Mr K took out a roadside assistance policy in 2022 through RACF. It acted as an intermediary and the cover for the policy was provided by another company. It renewed in 2023.
- When the 2024 renewal was approaching, Mr K got in touch with RACF. He’d taken out the policy in order to cover him and his wife for driving any vehicle – but he discovered at this time that the policy wouldn’t cover him for driving his business owned vehicle. He said he wouldn’t have taken the policy out had he known that and asked for the premiums he’d paid to be refunded.
- RACF didn’t agree to do so. It said it had made clear at the initial sale and the renewal that the policy didn’t cover vehicles used for business. And, as the policy had covered Mr K and his wife for any vehicle, he’d had the benefit of the policy.
- The policy was sold and renewed on a non-advised basis. That meant RACF was required to provide information that was clear, fair and not misleading so Mr K could make an informed choice about whether to buy the policy. But RACF wasn’t required to go further than that by checking the policy was suitable for Mr K’s needs.
- I’m satisfied at both the sale and the renewal that RACF highlighted sufficiently prominently that it wouldn’t cover “*vehicles used for business*”. As a result, I’m satisfied RACF was clear about this limitation throughout and it was open to Mr K to accept the policy on that basis or not. So I’m satisfied RACF met its requirements and the policy wasn’t mis-sold.
- Regardless, if I thought the limitation of the policy meant Mr K could *never* have been able to benefit from the policy, I may have found it fair for RACF to return his premiums, possibly with a deduction for its administration fees. But I think he could have benefitted from the policy as it provided cover for him and his wife to drive any vehicle. So I won’t require RACF to return the premiums.
- Mr K noted the policy said it wouldn’t cover “*vehicles used for business*”. He drove a vehicle provided by his business for both business and personal use. He thought that meant he was covered whilst driving the vehicle for personal use – but RACF had

told him otherwise. He questioned what the correct interpretation is and said the policy was unclear about whether his circumstances would be covered.

- The application of the policy term is a matter for the company who provides the policy cover – which isn't RACF. And there was no claim, so the policy term wasn't applied in any manner. As a result, this point isn't something I can consider or make a finding about in this case – and I'm not persuaded it would make a difference to the complaint against RACF anyway. I'm satisfied RACF met its requirement to be clear about the limitation and that meant Mr K was given enough information to at least indicate a vehicle used for business may not be covered. So if he was at all uncertain about how the limitation may apply to his particular circumstances, he had the opportunity to check with RAC if he wished.
- Overall, I'm satisfied RAC has acted fairly and need take no further action in relation to this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 September 2024.

James Neville
Ombudsman