

The complaint

Mr M complains Marshmallow Insurance Limited handled his motor insurance claim poorly.

Marshmallow's been represented by agents during the claim. For simplicity I've referred to the agents' actions as being those of Marshmallow.

What happened

In October 2022 Mr M's car was damaged in a collision. He claimed for its repair against his Marshmallow motor insurance policy. The insurer accepted the claim and arranged repairs. Mr M was unhappy with various aspects of its claim handling – including poor communication, not fully repairing the vehicle, avoidable delays and failure to provide a courtesy car. Mr M says this had a significant impact on him and his family – including inconvenience, additional costs, loss of earnings and distress.

In February 2022 Marshmallow responded to Mr M's complaint. It apologised for not providing a courtesy car during the initial round of repairs – it offered £340 to make up for that. It accepted it had initially failed to complete the repairs properly. Marshmallow accepted some of its communication hadn't been good enough. It also accepted responsibility for some delay, but said other periods were unavoidable. It offered £120 compensation to make up for the various service problems it accepted responsibility for.

Mr M wasn't satisfied so came to this service. To resolve his complaint he would like significant compensation for the inconvenience, loss of earnings and poor service.

Our Investigator felt Marshmallow's loss of use compensation payment was reasonable, so she didn't recommend it pay any extra. She did recommend it pay an additional £130 compensation to make up for delays. She also said it should cover Mr M's quoted cost of repairing a damaged wing mirror. Marshmallow accepted that outcome. Mr M accepted the loss of use payment for the 34 days the car was with the repairer. But he felt £250 compensation wasn't enough to recognise the impact of the delays and other poor service. As Mr M didn't agree the complaint was 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr M and Marshmallow provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything provided.

As Mr M's accepted the £340 loss of use payment, to make up for not receiving a courtesy car during the initial repair period, I haven't considered that issue. Marshmallow also agreed to cover the repair to the wing mirror. So I haven't considered that further either.

That leaves me to decide if the total compensation, £250, agreed by Marshmallow for the remaining poor service issues is fair and reasonable. It was responsible for some unnecessary delay in the claim – the most significant being its failure to conduct adequate repairs at the first attempt. This left Mr M without the use of the car for an additional period. I appreciate this will have been an inconvenience for him and his family.

He's mentioned additional fuel costs and an enforced reliance on his parents. He's referred to a particular issue with the school run. However, the period following the inadequate repair was largely during the school holidays and the family had, during the full claim, use of a second car to minimise any impact.

I have sympathy for Mr M's complaint about poor communications from Marshmallow. He's particularly unhappy about its failure to respond to his emails and provide updates on the claim.

I haven't detailed everything here – but I've considered everything Mr M's said about the impact on him and his family. Overall I'm satisfied £250 is enough to recognise the impact of Marshmallow's poor communications and the avoidable delay.

I'm not going to require Marshmallow to pay any compensation for loss of earnings. This relates to Mr M's intention to use the car for delivery work in the run up to Christmas. Firstly that loss isn't directly covered by the policy. And I can't fairly say Marshmallow's mistakes are responsible for a loss of income. Even without the avoidable delay the car would likely have been out of use for a significant portion of the relevant period. In addition I haven't seen anything to show Mr M had a history of income from the role.

My final decision

For the reasons given above, I require Marshmallow Insurances Limited to (if it hasn't already):

- pay Mr M £340 to cover the period without a courtesy car,
- pay him a total of £250 compensation (including the £120 offered previously) and
- pay him £120 to cover the cost of the wing mirror repair – or alternatively, if he prefers, arrange for it to be repaired by one of its approved repairers.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2023.

Daniel Martin
Ombudsman