

The complaint

Mrs S is unhappy that Marshmallow Insurance Limited paid only part of her repair costs following a claim made on her motor insurance policy. She wants it to pay the difference.

What happened

Mrs S's car was stolen and recovered damaged. Marshmallow wasn't able to locate an approved repairer to undertake the repairs. So it said the works could be completed at a garage of Mrs S's choice. But Marshmallow only paid part of the repair costs Mrs S incurred. She was unhappy with this and with its level of service. Marshmallow agreed its claim handling had been poor and it paid Mrs S £300 compensation for this.

Our Investigator recommended that the complaint should be upheld. He thought Marshmallow hadn't been able to provide evidence that its approved repairer could have completed the bodywork and electrical repairs for the amount it had paid Mrs S. So he thought Marshmallow should pay the full costs of the repairs, less the policy excess, adding interest to the further settlement. He thought its compensation offer for its poor service was fair and reasonable.

Mrs S agreed to this. But Marshmallow didn't provide a further response, so the complaint has come 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.

Mrs S said she was out of pocket by £1,751.99 following the repairs made by her garage and Marshmallow's partial settlement. I've looked at the timeline of her claim she has provided and as confirmed by Marshmallow. I can see that Mrs S experienced long delays and misinformation, and I can understand that this must have been frustrating for her.

From what I can see, Mrs S's car needed extensive bodywork and electrical repairs following its recovery, and Marshmallow confirmed it was economical to make repairs. But Marshmallow couldn't locate a bodyshop to undertake the body repairs and it thought a garage with electrical expertise would be needed to undertake the electrical repairs.

Marshmallow took Mrs S's car to its approved repairers, but it couldn't provide a date for when the repairs would be made. In the meantime, Mrs S was without her car or a replacement. Mrs S wanted to use her own choice of garage to make the repairs. And there was a substantial delay in Marshmallow's engineers reviewing the estimate she provided. By the time this was done, the repairs had been made.

Marshmallow said its approved repairer could have repaired the car for about two thirds of the amount Mrs S paid. We've asked it to provide evidence to justify this. But it hasn't done so despite being allowed reasonable time to do so. So I'm not satisfied that Marshmallow has justified its decision to pay Mrs S only this amount.

Marshmallow is required to deal with claims promptly and fairly. Marshmallow wasn't able to provide a repairer that could undertake the repairs in a timely fashion. I think it was

unreasonable for it to expect Mrs S to wait indefinitely for it to make the repairs. And I think Mrs S reasonably mitigated her losses by obtaining an estimate for the repairs from her own garage and then having them made.

I'm satisfied that Marshmallow should cover the full costs of the repairs and so pay Mrs S the difference between its initial settlement and her outlay, less the policy excess. Mrs S has been without her money for some time. So I think Marshmallow should reasonably add interest to this amount.

Marshmallow has paid Mrs S £300 compensation for its service failings. Mrs S has accepted this, and I think this amount is in keeping with our published guidance for where there have been repeated errors over some months. So I'm satisfied that this was fair and reasonable.

Putting things right

I require Marshmallow Insurance Limited to pay Mrs S £1,751.99 further in settlement of her claim. Interest should be added to this amount at the rate of 8% simple per annum from the date of the initial settlement to the date of payment.

If Marshmallow considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Marshmallow Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 October 2023.

Phillip Berechree
Ombudsman