

## **The complaint**

Mr C complains about how Marshmallow Insurance Limited (Marshmallow) handled a claim he made on his motor insurance policy. He says they caused unacceptable delays which caused him a financial loss.

## **What happened**

In early August 2023 Mr C was involved in an incident with a third-party foreign hire vehicle. His car was damaged, so he made a claim on his motor insurance policy. Marshmallow accepted Mr C's claim and a repairer was appointed in late August 2023 - but there were delays which meant the repairs weren't ultimately completed until early November 2023.

Marshmallow said the claim was initially delayed due to requesting photos of the damage from Mr C which took some time to receive, as well as issues with parts availability affecting garages across their network.

Mr C complained to Marshmallow – he said the claim had taken too long to conclude and he had done most of the work in progressing things himself. He said he'd reached out to the third-party's hire car company who'd offered to settle things, but Marshmallow didn't contact them to conclude the claim, and this caused further delays.

Mr C was also unhappy he'd had to pay his policy excess, and due to the provision of an unsuitable courtesy car, as well as the delays in the claim's process, this meant he'd turned down work which caused him a financial loss. Marshmallow accepted there had been delays and inconvenience caused to Mr C. They offered £150 compensation for this. But they said the claim had been dealt with correctly and in line with the policy's terms. Unhappy with Marshmallow's response, Mr C brought the complaint to this Service.

Our Investigator looked at what happened and thought Marshmallow's offer of compensation was fair and said the courtesy car provided was in line with the policy's terms. He didn't recommend that Marshmallow needed to do anything other than pay the compensation.

Mr C disagreed with our Investigator - so the complaint has been 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.

I haven't repeated the entirety of the complaint history here or commented on every point raised, as the same is already well known to both sides. Instead, I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable conclusion. However, I assure both parties I've read and considered everything provided as part of this complaint.

Mr C has said Marshmallow chased the third-party's insurer instead of contacting the hire car company directly, who'd offered to settle the claim if the third-party driver didn't admit

fault. But it's standard industry practice for an insurer to seek a recovery from another insurer and not a hire car company directly – so I'm not persuaded Marshmallow have acted unfairly here. And while Mr C is unhappy he had to pay his policy's excess of £600, I don't think this was unreasonable in the circumstances, given Marshmallow weren't able to confirm liability at the time. This means Mr C would have needed to pay his excess in order to make a claim on his own policy. And Marshmallow explained the excess would be refundable once liability was established, which I find to be fair.

Mr C said his car wasn't roadworthy, and the courtesy car provided wasn't a suitable replacement. He said he wasn't able to travel and had to turn down high earning assignments for lower paying jobs locally instead. Mr C says he estimates he lost around £3,300 in earnings.

I haven't seen any evidence which demonstrates Mr C's car wasn't roadworthy prior to repairs starting, so I'm not persuaded Mr C couldn't use his vehicle for work purposes. In respect to the courtesy car provided, the policy terms say the aim is to keep Mr C moving in the event of an accident and not to provide a like-for-like car. So, I'm not persuaded Marshmallow have acted unfairly under the terms of the policy. If the car provided wasn't suitable for Mr C to use for work, then that's not a loss covered by the policy. So, I'm also not going to require Marshmallow to pay any compensation for loss of earnings as I can't fairly say Marshmallow are responsible for a loss of income.

### **Putting things right**

I've thought about the experience Mr C had when dealing with this claim. I haven't detailed everything here – but I've considered everything Mr C has said about the impact on him. I have sympathy for Mr M's complaint about poor communications from Marshmallow - he's particularly unhappy about their failure to provide updates on the claim. Having thought about everything that's happened. I'm satisfied £150 is a suitable sum to recognise the impact of Marshmallow's actions. So, I won't be asking Marshmallow to increase this.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Marshmallow Insurance Limited to pay Mr C a total of £150 compensation directly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2024.



**Stephen Howard**  
**Ombudsman**