

## **The complaint**

Ms S complains about how Marshmallow Insurance Limited handled a claim made on her motor insurance policy.

## **What happened**

Ms S's car was damaged in an incident, and she made a claim on her policy. Marshmallow recovered Ms S's car, but she was unhappy that it first told her the car was a total loss when it was repairable and that it wouldn't allow her to use her chosen repairer.

She was then unhappy that she wasn't provided with a courtesy car when she expected one, that she had to chase Marshmallow to progress the claim and repairs, that her car was sent to dismantlers and that she couldn't raise a complaint. Marshmallow agreed that its service had been poor, and it offered Ms S £30 compensation. But Ms S rejected this.

Our Investigator recommended that the complaint should be upheld. He thought Marshmallow had declared the car repairable after assessing it and this change had little impact on Ms S. He didn't see evidence that Ms S wasn't allowed to use her own repairer and he thought it was reasonable for Marshmallow to send the car to storage for assessment.

But Ms S's policy didn't provide a courtesy car and he thought Marshmallow should have told her this at the outset to avoid confusion and delays. He thought Ms S had to chase for updates and Marshmallow didn't reply to messages or return her calls. And he thought it could have better explained where Ms S's car was being stored. So he thought Marshmallow should increase its offer of compensation to £250.

Ms S accepted this. But Marshmallow replied that it thought £150 was fair and reasonable compensation for poor communication and slight delays. Marshmallow asked for an Ombudsman's review, 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.

Ms S has explained the effect the accident and the subsequent claim have had on her health, and I was sorry to hear about this. I can see that Ms S has now made a further complaint about events following Marshmallow's response to her first complaint. But as the Investigator has already explained, I can only consider the concerns that Ms S raised with Marshmallow in her first complaint and that it has already responded to.

I can see that Marshmallow initially thought, based on her description of the damage, that Ms S's car would be a total loss. But after the car was assessed it was deemed repairable. I can understand that Ms S may have felt misled by this, but I can't see that she was told the car was a definite write-off and I would expect Marshmallow to confirm this after assessment. So I can't say that it made a mistake here that caused Ms S any loss.

Ms S told Marshmallow that a local dealer's garage could make the repairs. Marshmallow warned Ms S that she would be liable for any difference in costs. But I can't see that Marshmallow refused to allow her to use the garage.

However, Marshmallow accepts that it made errors in handling Ms S's claim:

- There was a delay of two days in passing the location of Ms S's car to its assessor. I think this was avoidable.
- Marshmallow didn't tell the repairer that Ms S's policy didn't provide for a courtesy car whilst repairs were made. This caused a week's delay in allocating the repairs as the repairer was looking for a garage that could provide a replacement car. I think this week's delay was avoidable.
- Marshmallow didn't respond to Ms S's emails and calls, and she had to chase it for updates on the claim and repairs over many weeks. I think this caused Ms S avoidable stress at a difficult time.

But I also think it made other errors:

- Ms S was clear from the start of the claim that she needed a replacement car, but she wasn't told her policy didn't provide this. So Marshmallow caused Ms S a loss of expectation as she had been led to believe that a courtesy car would be provided.
- Marshmallow wasn't proactive in progressing the repairs such that Ms S offered to pay for the car to be recovered from storage to the repairer. I think this was Marshmallow's responsibility and it shouldn't have been a concern for Ms S.
- Marshmallow didn't explain to Ms S that the storage and assessment facility wasn't just a scrapyard. I think this caused Ms S avoidable confusion and upset.

Marshmallow offered Ms S £30 compensation for the trouble and upset caused by its handling of her claim. It later offered to increase this to £100 to £150. But I don't think this goes far enough in the circumstances.

Our Investigator recommended that Marshmallow should increase its offer to £250. I think that's fair and reasonable as it's in keeping with our published guidance where repeated errors over many weeks have had an impact on the consumer.

### **Putting things right**

I require Marshmallow Insurance Limited to pay Ms S £250 in total for the distress and inconvenience caused by its handling of her claim.

### **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 Ms S to accept or reject my decision before 21 October 2024.

Phillip Berechree  
**Ombudsman**