

The complaint

Mr O has complained about Marshmallow Insurance Limited. He isn't happy about the way it set up his motor insurance policy and the miscommunication around the cost of the policy.

What happened

When Mr O looked to take out his insurance with Marshmallow he was misinformed about the amount he was due to pay for his policy. He contacted Marshmallow about this and was left with the impression he was due to pay a few hundred pounds less for his policy. But when it transpired that he wasn't, and Marshmallow's agent had misinformed him he complained to Marshmallow about this as he wouldn't have taken out the policy at the higher rate.

Marshmallow looked into Mr O's complaint and agreed the customer journey was poor and that he was misadvised about the overall amount he would have to pay. It explained that although there was a confusion about the cost of the yearly premium it was satisfied he was told the correct monthly figure, so it offered £30 by way of compensation. But Mr O remained unhappy and complained to this Service.

Our Investigator looked into things for Mr O and upheld his complaint. She thought the customer journey was poor, that Mr O was forced to use a 'chat' which wasn't convenient for him, had to wait for a prolonged period and was cut off. And she thought that had Mr O been given clear advice about the overall cost (not the monthly figure) he may have cancelled the policy and proceeded with another cheaper policy. So, she thought that Mr O should be paid an additional £200 compensation in acknowledgement of the poor service, the higher overall premium than he was expecting to pay and his inability to cancel the policy given the way Marshmallow handled his questioning of the premium.

As Marshmallow didn't agree the matter has been passed to me for review.

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.

While the matter has been with me for consideration I've asked our Investigator to let both sides know that although I agreed Mr O faced poor service and poor communication I thought an additional £100 compensation (£130 in total) as opposed to £200 (£230 total) seemed fair in the circumstances.

I think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

As it is clear there is an acceptance that things went wrong and that Marshmallow's communication about the cost of the premium Mr O was due to pay wasn't clear I'll just focus on the compensation level. Marshmallow feels its offer of £30 is fair while our Investigator felt a further £200 was appropriate. However, although I agree the service and communication was poor I feel an additional £100 feels fair in the circumstances.

Marshmallow accepts that Mr O faced a poor customer journey here and has offered a small amount of compensation (£30). But I don't think that goes far enough as it doesn't fully deal with the difficulties this particular consumer faced.

I say this as Mr O was clearly confused about what he was paying which Marshmallow accepts. It just feels that as the monthly figure he was given was about right that he was suitably informed, but I don't agree. Mr O was clearly focussed on the yearly figure and had gained quotations for slightly less than he was told was the yearly figure. So, I can understand why Mr O was confused and thought he would get the policy for a few hundred pound less than he did (as that was what Marshmallow told him for the yearly cost). As such I'm sure he was very disappointed when he realised this wasn't the case as he would have taken his business elsewhere, without penalty, if he was clearly informed.

Furthermore, Mr O has made it clear that using the 'chat' wasn't easy for him as he struggles typing but he had no choice as he wasn't given the opportunity to call. But he was kept on hold and the chat cut off before things were finalised when he was looking to get to the bottom of all this. Given Mr O's position he would have found this more difficult, challenging and frustrating than most. So, obviously the service, which was poor, was even worse for Mr O.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Mr O to be paid an additional £100 (£130 total) for the clear poor service he faced at a difficult time. And for the inability to take out the cheaper policies he had found without facing charges as the matter was delayed.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Marshmallow Insurance Limited to pay an additional £100 (£130 total) compensation. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 31 December 2024.

Colin Keegan
Ombudsman