

The complaint

Miss B complains that she received poor service from Marshmallow Insurance Limited after she made a claim on her motor insurance policy following a non-fault accident.

What happened

Miss B told us she was worried her car would be destroyed by the police after the accident as Marshmallow took too long to arrange its collection from the police compound. She said Marshmallow had instructed two agents ('firm S' and 'firm M') to deal with her claim, which had caused confusion, and that she'd been forced to take the lower total loss sum proposed by firm S. She said that sum didn't cover the car's finance. Miss B also complained about the upset and delay caused when an advisor failed to close a 'live chat' link with her. And she said she'd had no updates from Marshmallow, so she'd had to chase it frequently.

When Miss B came to us, Marshmallow had upheld her complaint. It had offered her £250 compensation for its delay in collecting her car, for paying the lower valuation sum, and for the issue with its live chat. It said it had omitted to ask one of its agents to collect her car earlier, and that it had initially instructed firm S (but later instructed firm M as well, in error) so it cancelled the latter instruction. Marshmallow said its engineer had noted that Miss B paid less for her car than the total loss sum proposed by firm S - but had agreed for that sum to be paid to her. And as part of its complaint resolution, Marshmallow offered to pay Miss B the £580 difference between the valuation sums proposed by firm S and firm M.

One of our Investigators reviewed Miss B's complaint. He noted that she hadn't complained to Marshmallow about its lack of contact with her and the fact that she'd had to chase it for progress reports. Marshmallow agreed to allow us to consider these issues. The Investigator thought it should pay Miss B an extra £100 for distress and inconvenience. He said although Miss B's upset had continued after Marshmallow issued its final response letter, we could only look into what had happened up to that point - but Miss B could make a new complaint.

Miss B said she'd had to wait 11 weeks for the £580 payment, so interest should be paid on it. And she said the £100 extra compensation didn't even cover the cost of her calls to Marshmallow. The investigator pointed out that the wait for the £580 was after the final response letter was issued, so it would have to be part of a new complaint, and that if Miss B submitted itemised bills, he'd consider them. Miss B said she wasn't going to look for the bills, but she asked for a review of her complaint by an Ombudsman.

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 think Marshmallow made a reasonable attempt to deal with Miss B's complaint fairly. I think it gave her a full explanation for what had happened, and that it demonstrated regret for the distress and inconvenience caused to her by its poor service and errors. Later, it accepted

the Investigator's view that £350 compensation in total would better reflect the upset caused to Miss B, taking into account its poor contact and her having to chase it for information. I think that's a reasonable amount of compensation overall, especially as Marshmallow took other steps in recognition of one of the issues for which it had compensated Miss B initially.

Marshmallow paid Miss B the extra £580 for her car quoted by firm M. I don't think there was any obligation on it to do that, as in my opinion it was entitled to rely on the sum quoted by firm S. Miss B said firm S's sum didn't cover the finance on the car. The finance agreement is between Miss B and the finance firm; it isn't an issue for Marshmallow. But I think it recognised that her expectations had been raised by firm M (due to its error). And Marshmallow says it also gave feedback to all its advisors about the live chat issue, as a direct result of Miss B's complaint, to try to ensure that the problem won't arise again.

I can't address the issue of the delay in Miss B getting the extra payment, as that will have to be dealt with as part of a new complaint, initially by Marshmallow. And without evidence of the excessive cost of the calls made by Miss B, I can't address that issue either.

I think it's clear that Miss B was traumatised by the accident and by the fear of losing her car, and that further upset, as well as inconvenience, was caused to her by delays, errors and poor contact by Marshmallow. Miss B shouldn't have had to chase it in the way she did, and I sympathise with her given the stress and anxiety that caused. But in my opinion, Marshmallow acted reasonably in trying to put matters right. Some issues remain unresolved, but any further concerns put to it by Miss B will be dealt with in due course.

My final decision

My final decision is that I uphold this complaint. I require Marshmallow Insurance Limited to pay Miss B an extra £100 compensation (£350 in total) for distress and inconvenience, in addition to the extra £580 paid for her car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 30 December 2024.

Susan Ewins
Ombudsman