

The complaint

Mr K complains that Marshmallow Insurance Limited have cancelled his insurance policy.

What happened

Mr K took out a car insurance policy with Marshmallow in June 2023. He provided them with proof of his no claims discount (NCD) from overseas, and it was accepted.

On renewal in June 2024 Mr K was asked for the NCD document again. He contacted Marshmallow by live chat and explained that he didn't have the document and asked them to use the one from the previous year. The agent agreed to upload this to his file.

On 18 July 2024 Marshmallow told Mr K that they were cancelling his policy as the NCD document provided was false.

Mr K complained but his complaint wasn't upheld, and so he brought his complaint to us.

One of our investigators has looked into Mr K's complaint but he thought Marshmallow had acted fairly and within the terms of the policy.

Mr K disagreed with our investigator's view, and so the case has come to me to 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.

What I have to decide is whether Marshmallow have fairly applied the terms and conditions of the policy.

Having carefully considered the information provided by Mr K and Marshmallow I'm not upholding this complaint and I will explain why.

At Section 14 of Mr KB's policy it says:

"Cancellation by us

We may cancel this policy where there is a valid reason for doing so....Valid reasons may include but are not limited to:

Misrepresentation or any attempt to gain an advantage under this insurance to which you are not entitled"

Under that same section, it says:

Fraud

If you or anyone acting on your behalf have intentionally, recklessly or fraudulently concealed or misrepresented any information or circumstance at policy inception, or engaged in any fraudulent conduct, or made any false statement relating to this insurance in support of a claim, or made any claim under the policy which is in any way false or exaggerated, we may:

- *Terminate the policy with effect from the date of any fraud which occurred during the application process and we may retain the premium; or*
- *Terminate the policy with effect from the date of any fraud which occurred during the period of insurance, charge a cancellation fee of up to £130 and refund the premium relating to the Marshmallow Financial Services Ltd. expenses we have incurred.*

Marshmallow have explained that they asked for proof of Mr K's NCD on renewal. As part of their verification process, they sent a copy of the document provided to them in 2023 to the overseas insurance company that had purportedly issued it and asked them to verify its authenticity. The document contained a policy number, and confirmation of Mr K's NCD from 21 September 2016 – 21 September 2023.

The overseas insurance company confirmed that they *"Regret to inform you we couldn't find any record pertaining to the attached document in our database."*

Marshmallow therefore cancelled the policy with immediate effect under the above terms as the document was deemed to be false. They also added Mr K's name to the National Fraud Database as part of their responsibilities as a regulated provider of financial products.

Mr K has provided some documents to show he held a policy under a different reference number overseas between March 2023 and September 2024, but this doesn't assist him, as the NCD letter which is in question was written in 2023 and relates to a different policy. Mr K has been unable to provide us with any other additional evidence of a policy being paid for or held with the overseas insurer during the period 2016 – 2023.

I appreciate that Mr K is upset about the impact this will have on his ability to obtain insurance and the cost of it, but I can't say that Marshmallow have acted unfairly here. They have cancelled the policy on the basis of the information provided to them by the overseas insurer, and there is no evidence to suggest that this information is inaccurate.

My final decision

My decision is that I'm not upholding Mr K's complaint about Marshmallow Insurance Limited and so I won't be asking them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 18 December 2024.

Joanne Ward
Ombudsman