

The complaint

Mr A complains about the service he received from Marshmallow Financial Services Ltd.

What happened

Mr A had a new motor insurance policy, arranged through Marshmallow. In April 2024, a few days before his policy was due to start, he contacted Marshmallow via its online chat function because he hadn't received documents he needed to send his insurer. He tried to do this twice: on 5 April at 16.30; and on 8 April at 10.45. On both days the automated chat function transferred him to the queue for an advisor. And on both days, the chat function closed for the day before anyone had got back to him.

Mr A was incredibly frustrated by this. He complained about the difficulty he had trying to get help and the hours he'd wasted waiting for a reply. He was also unhappy about the technical problems he had trying to upload his documents.

Marshmallow apologised for its poor service and offered Mr A £50. Mr A accepted this but when hadn't received payment four weeks later he complained to this service.

Our investigator didn't recommend that the complaint should be upheld. He agreed that Marshmallow's service had been poor but explained that Marshmallow had increased its offer to £75. In the circumstances, our investigator thought this offer was fair.

Mr A accepted the offer. Our investigator asked Marshmallow to pay this within 14 days of 3 October 2024. It didn't contact Mr A until 29 October, at which point Mr A refused the compensation. He doesn't think Marshmallow's behaviour is acceptable. As Mr A no longer accepts Marshmallow's offer, the case was passed to me.

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 understand why Mr A is frustrated:

- He paid Marshmallow £253.23 to act as his insurance broker.
- He needed advice because he couldn't get important documents that he had to send his insurer urgently.
- Later, he had difficulty uploading these documents.
- Mr A was worried what might happen if his insurer didn't receive these documents.
- He waited for a Marshmallow advisor to help him for over three hours and nine hours on 5 and 8 April respectively.
- Both times, Marshmallow's chat function closed before an advisor contacted him.
- Marshmallow's copy of the chats show that in both cases an advisor replied the following day. However, Mr A wasn't online and didn't respond to these messages.
- On 4 June, Marshmallow apologised to Mr A, offered him £50, and told him it would

pay him *"in the next 10 days"*.

- Mr A accepted this on 9 June. Marshmallow hadn't transferred the redress when he contacted this service on 3 July.
- When this service got involved, our investigator asked Marshmallow to pay Mr A within 14 days. Marshmallow didn't reply.
- Our investigator contacted Marshmallow again. It contacted Mr A one week later, 26 days after our investigator asked it to pay Mr A.

I've looked at Marshmallow's website. It appears the only way to contact it is through its online chat function. As Mr A experienced, this can be incredibly frustrating when a customer needs help and an advisor isn't immediately available to help. I think it's unreasonable to expect a customer to wait over nine hours for an advisor.

I think Marshmallow's service has been poor throughout this matter, both before and after it came to this service. The relevant industry rules have always required businesses to treat their policyholders fairly. This is set out further by the new Consumer Duty, which sets out higher and clearer standards of consumer protection. This means, among other things, that businesses should ensure their customers are adequately supported after the point of sale – for example, when they need help sorting out a problem.

I'm satisfied that Marshmallow caused Mr A anxiety and distress. He was understandably worried about what might happen if his insurer didn't receive important documents. He'd paid Marshmallow a fee to help him and it didn't do this. He's now concerned that he'll not be able to contact Marshmallow if he needs to do so quickly.

I think Marshmallow should pay Mr A £150 for its service failings. Marshmallow should note that if it doesn't pay this within 28 days, it will have to pay interest on this amount.

My final decision

My final decision is that I uphold the complaint and order Marshmallow Financial Services Ltd to pay Mr A £150.

Marshmallow must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 December 2024.

Simon Begley

Ombudsman