

The complaint

Miss C complains about Marshmallow Financial Services Ltd's handling of the sale of a car insurance policy.

What happened

In April 2024, Miss C accepted a quote for a car insurance policy, through a comparison site. Miss C said after she paid for the policy, she completed an ID check with Marshmallow, and provided photos of her driving licence. Miss C said she was then made to start a new quote with Marshmallow and was asked to pay a further amount for the policy to remain active. She then decided to cancel the policy and was charged a £30 cancellation fee.

Miss C complained to Marshmallow. She was unhappy she was made to obtain another quote and asked to pay more, despite having accepted and paid for a quote already. She was unhappy with the £30 cancellation fee she was charged.

Marshmallow issued a final response in May 2024. It said there was no system failing during Miss C's purchase of the policy, and the higher price was due to a change in the information she provided. It said the cancellation fee was charged in line with the policy terms.

Miss C referred her complaint to the Financial Ombudsman Service. She said she'd accepted one quote and made payment, but was then asked to pay more. She didn't feel the cancellation fee was fair as the policy was not yet active.

The Investigator didn't uphold the complaint. They said Marshmallow was unable to find any system failings during the policy purchase, and it said the £30 cancellation fee was applied in line with the terms. The Investigator didn't ask Marshmallow to do anything further.

Miss C remained unhappy she accepted a quote and was then asked for more money.

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.

Marshmallow provided evidence (quote data) to show the quotes Miss C obtained in April 2024. This includes the quote Miss C originally accepted (the first quote). Miss C also provided evidence to show she accepted this quote, and received confirmation of payment from Marshmallow. The quote data shows Miss C completed a further quote (the second quote) with Marshmallow later on the same day, and this returned a higher premium.

With the above in mind, I think it's more likely than not that Miss C was made to carry out a new quote, after she'd accepted and paid for a quote – and she was asked to pay an additional amount. So, I've considered whether this was fair in the circumstances.

The quote data shows Miss C didn't include details of any accidents when she obtained the first quote. But she did include details of an accident, from 2023 (the accident), in the second quote. The quote data also shows she obtained various other quotes earlier in April 2024,

where she included details of the accident for some of the quotes, but not for others. We asked Miss C for information and her comments on the above, but she didn't reply.

Miss C says she was asked to carry out a new quote after she completed an ID check, which involved providing a copy of her driving licence. Keeping in mind what I've seen in the quote data, and about the accident, I think it's more likely than not that Miss C was made to carry out a new quote, because Marshmallow had reason to believe the first quote was based on incorrect or incomplete information. And in the circumstances, I don't think Marshmallow acted unfairly in requiring Miss C to carry out a new quote.

The second quote returned a higher premium than the first quote. But many insurers price their policies in what is normally referred to as real-time. What this means is that the price at a point in time is not fixed and can change very quickly, sometimes the same day. And because the second quote included different information, including details of the accident, I don't think Marshmallow did anything wrong that caused Miss C to receive a higher quote.

Miss C is unhappy she was charged a £30 cancellation fee when she decided to cancel the policy, instead of paying the additional premium. The terms of the policy say cancellation within the cooling off period will result in a £30 administration fee. I've considered whether it was fair for Marshmallow to apply this in the circumstances.

The terms don't require the policy to be active for the fee to apply. I haven't seen sufficient evidence to show Miss C was told about this fee when she bought the policy. But I don't think she'd have acted differently if it had been drawn to her attention. I say this because most brokers charge a cancellation fee, and the fee was not particularly high. Also, when Miss C accepted the first quote, I don't think she had reason to think she'd need to cancel it.

For the reasons outlined above, and because I consider the £30 fee proportionate to the costs involved in selling and setting up the policy, I don't think Marshmallow acted unfairly in applying it when Miss C cancelled her policy. So I won't direct Marshmallow to refund this.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 3 March 2025.

Monjur Alam
Ombudsman