

## **The complaint**

Mr S complains about Marshmallow Insurance Limited's handling of his car insurance claim.

## **What happened**

Mr S had a car insurance policy with Marshmallow. In March 2024, his car was damaged in an accident, not involving a third-party, and he made a claim with Marshmallow.

Mr S opted to use his own repairer. In April 2024, when he went in for the repair, he found out the repair cost was £4,700.78. He felt this was overpriced so he tried to negotiate the cost, and he asked Marshmallow to negotiate the cost too. At this point, Marshmallow told Mr S it couldn't agree costs with the repairer, and Mr S may need to cover any difference.

Mr S complained about the information Marshmallow gave him. Because of this, he no longer wanted to proceed with the claim and asked for it to be closed.

Marshmallow issued a complaint response in June 2024. It accepted it had given Mr S misinformation. It said it had authorised the repairer's costs and repairs to Mr S's car could be started. It offered Mr S £100 compensation for its miscommunication.

Mr S referred his complaint to the Financial Ombudsman Service in July 2024. He said he'd fixed the car himself and paid £3,600. He said he'd decided not to go ahead with the claim because of the incorrect information from Marshmallow and this caused him stress and financial loss. He wanted Marshmallow to pay him what he spent.

In August 2024, Marshmallow said it would refund Mr S what he paid for his repairs, up to the amount it had authorised (£4,700.78), less his policy excess of £275. It said it would do this if Mr S provided evidence of what he paid for the repairs. The Investigator said this offer was fair, as was its offer of £100 compensation for the incorrect information it provided.

Mr S didn't agree. He felt the repairer's estimate was overpriced and he was unhappy Marshmallow gave him misinformation. He said despite Marshmallow agreeing to pay £4,700.78 to the repairer, he'd fixed it for less and it was still taking long to resolve.

Because the complaint couldn't be resolved, it's been passed to me to decide.

## **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.

Mr S opted to use his own repairer. Marshmallow isn't responsible for the actions of Mr S's repairer, so it's not responsible for the costs the repairer quoted. I appreciate Mr S felt the repairer's cost was high, but because the cost was based on a formal estimate using the system insurers typically use, I don't consider Marshmallow acted unfairly in agreeing this.

When Mr S contacted Marshmallow with a view to negotiating a lower repair cost, Marshmallow told him it had been unable to agree costs with the repairer and Mr S may

need to cover the difference. Marshmallow accepts this was incorrect information, and I think this misinformation would've caused Mr S some distress and inconvenience. But I think the £100 compensation Marshmallow offered to pay him is fair in the circumstances.

Mr S says because of the misinformation, he carried out repairs himself and paid £3,600. He wants Marshmallow to pay these costs, but I think this is exactly what Marshmallow has offered to do, in line with his policy terms. I'll explain why below.

Marshmallow has agreed to pay up to the amount it had authorised, which was more than the £3,600 Mr S said he paid. And it will deduct the policy excess of £275 from this payment. It said it would do this if Mr S can provide evidence of what he paid for the repairs.

Mr S's policy terms say he needs to pay up to his policy excess for any claim on his policy, for an accident. So, I think it's fair for Marshmallow to deduct this amount from any payment it makes to Mr S, as he'd always have had to pay £275 if he wanted Marshmallow to cover the cost of repairs caused by the accident.

The policy terms also say Mr S must provide Marshmallow with any information it requires in dealing with any claim under the policy. Because Mr S claims he arranged and paid for repairs himself, I think it's fair for Marshmallow to request evidence from Mr S, to show what he paid, before it pays him under the claim.

Finally, if Marshmallow does pay any amount to Mr S, it's fair for Marshmallow to record details of a claim, in line with standard industry practice.

### **My final decision**

Subject to my comments above, I require Marshmallow Insurance Limited to:

- Reimburse Mr S what he paid for the repairs he carried out, less the £275 policy excess, subject to Mr S providing evidence of the cost he paid and subject to this cost being below £4,700.78.
- Pay Mr S £100 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 February 2025.

Monjur Alam  
**Ombudsman**