

The complaint

Mr R complains that Marshmallow Insurance Limited provided poor customer service and poor-quality repairs to his car which has affected the re sale value, and caused him distress and inconvenience.

What happened

In December 2023 Mr R had an accident. His car was scheduled for repairs on 1 February 2024 with an approved repairer.

When Mr C's car was first returned in February 2024, he complained to Marshmallow that that not all of the repairs had been completed and there was additional damage.

After several attempts at rectification an independent report was commissioned, and Mr R provided a quote on the basis of that report for the further repairs required to bring the car back to pre-loss condition. Marshmallow refused to accept this quote as they said it contains costs which are not accident or repair related.

Mr R brought his complaint to us as he was unhappy with the repair issues, and he said that his car had suffered from loss of value.

One of our investigators has looked into Mr R's complaint and he thought that Marshmallow haven't specified which costs it considers to be unrelated, or what they are willing to cover, and so he thought it was reasonable for Marshmallow to cover the cost quoted for the rectifications. He didn't think there was sufficient evidence of a loss of value, but he did award £600 compensation for the poor service experience.

Mr R accepted this, but Marshmallow wanted evidence of any costs before they made a decision whether to accept. Our investigator disagreed that this was necessary, and so the case has come 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.

I'm upholding this complaint, and I'll explain why.

Marshmallow has used one of its approved repairers for the repair work to Mr R's car, and we would consider Marshmallow as responsible for the actions of its approved repairer.

Repairs

The car was first returned to Mr R in February 2024, and he noted damage that hadn't been repaired.

The approved repairer took the car back for further rectification on at least 2 occasions, but some issues still remained unresolved, and in April 2024 a defects report was prepared showing 64 issues identified.

As the issues remained unresolved, in October 2024 it was agreed that an independent inspection was required which both the approved repairer and Mr R could attend. The inspection took place on 15 October (which the approved repairer attend), and an inspection report was prepared identifying nine outstanding defects and recommending that it was passed back for rectification. Most of the issues identified were paint related.

On 12 November, Mr R was asked by the approved repairers complaints team to get an estimate from his chosen garage for the repairs identified in the report and to send it to them for authorisation.

Mr R obtained an estimate for the specified work from the dealership which was £7004.52. The complaints department considered this but rejected it saying, "This is because it contains costs relating to repairs that are not incident or repair related". However, they didn't specify which costs were not incident or repair related.

Mr R has expressed dissatisfaction from the date the car was first returned to him, and despite repeated attempts by the approved repairers, the car is still not back to pre-loss condition. Mr R has given the repairers plenty of opportunity to rectify the issues, but eventually refused to take it back.

The approved repairers didn't attend the independent inspection, so had no part in the process that was intended to bring about a resolution, and then simply refused to pay the quote they had asked for without specifying which parts of the quote they disagreed with. I've seen the report and the quote, and the issues are mainly paint related, so it seems to me more likely than not that they are repair or incident related, and so without any evidence to the contrary, I'm satisfied that Marshmallow should be responsible for the rectification of these issues, and payment of the estimate obtained by Mr R.

Loss of value

Mr R says that the poor-quality repairs that have been undertaken to his car have devalued it. He has provided valuations of £14,000 and £15,300 from different garages based on its current condition.

While I understand Mr R's point, we would generally only compensate for actual financial loss rather than potential loss.

Mr R hasn't sold the vehicle, so there is no actual loss, and once the rest of the rectification work has taken place, I would expect the car to be back in pre loss condition.

The car hasn't been written off or had a write off category assigned to it (which would affect the value) and so there would be no reason why it would have less value than any other car of the same make, model, age and condition that has been involved in a minor accident and been repaired, and so I'm not satisfied that there is any evidence of a loss here that I need to consider.

Distress and inconvenience

Marshmallow have recognised service failings and offered Mr R £150 for the issues he has encountered during this claim.

However, Mr R has explained to us more about the impact the poor service has had on him, and I've considered whether this is a sufficient award.

It's reasonable for a consumer to expect that when they have an accident, their insurer will cover the repairs and return the car back to them in pre loss condition within a reasonable time.

I can see that in this case, there was a delay of 2 months before repairs were started, which Marshmallow have not provided any explanation for. Having been delayed, I can then understand how disappointing it was for Mr R to then have the car returned with outstanding issues.

The car had to be returned more than once, which meant that he had a longer period without his normal family sized car which impacted his normal activities. Mr R spent considerable amounts of time chasing Marshmallow and trying to get updates and the inconvenience of having to get quotes to ultimately sort it out himself.

I'm also conscious that although we can't compensate Mr R for possible loss of value, this was an added worry for him on top of the long period of dissatisfaction and trying to get it resolved.

Given the above, and the length of time it has taken to resolve I agree with the investigator that an award of £600 more accurately reflects the distress and inconvenience here.

Putting things right

In order to put things right, Marshmallow should:

- Cover the £7,004.32 estimate Mr R has provided. Mr R should provide reasonable evidence to show the exact amount paid, such as a receipt or payment invoice confirming the exact payment and the date this was paid.
- If Mr R has already paid this, I think Marshmallow should add interest to the payment, at the simple yearly rate of 8%, from the date this was paid, to the date of settlement.
- Pay £600 compensation in total. Any compensation payments that have been paid already can be deducted from this amount.

My final decision

My final decision is I am upholding Mr R's complaint against Marshmallow Insurance Limited and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 April 2025.

Joanne Ward
Ombudsman