

The complaint

Mr D complains that Marshmallow Insurance Limited (“Marshmallow”) offered too little to settle his claim following the theft of his car, withdrew a hire vehicle too early, and didn’t cover items within his car, under his motor insurance policy.

What happened

Mr D’s car was stolen in September 2024. He made a claim to Marshmallow, which it accepted. At the end of September, it offered him £20,196 to settle his claim. Mr D thought it had taken too long to get to this point, the service was poor, and the amount offered was inadequate. He supplied adverts showing similar cars for sale at a higher price. Marshmallow then agreed to increase its offer on 4 October. Mr D didn’t think the increase was sufficient. The business then offered its final settlement for £21,363.75 on 9 October.

Mr D says the final offer is still less than it will cost to purchase a replacement car. He says his hire car was taken away early. He was able to extend the hire for two days at a cost of £93.06. But he was left without a car for 12 days. In addition, Mr D says he had three electronic items permanently fixed to his car. But these items weren’t covered by Marshmallow.

Marshmallow provided two final complaint responses. Both are within the scope of my decision here. The business says it met its service obligations when dealing with Mr D’s claim. But apologised that he hadn’t been told about a 28-day limit for his hire car. It offered £100 by way of compensation. The business says the aftermarket electronics attached to Mr D’s car are classed as ‘personal belongings’. It says he doesn’t have cover in place for these items. But offered £96.06 to reimburse the cost of the hire car Mr D had paid.

Mr D didn’t think he’d been treated fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. He thought the settlement offer Marshmallow made was fair, he didn’t think there was cover for the items Mr D had claimed, and he thought the compensation it had offered was fair in the circumstances.

Mr D didn’t accept our investigator’s findings and asked for an ombudsman to consider his complaint.

It has 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.

Having done so I’m not upholding Mr D’s complaint. I’m sorry to disappoint him but I’ll explain why I think my decision is fair.

I’ve divided my decision by the relevant headings.

valuation

Mr D's policy provides the market value in the event of a total loss due to accident damage. This is defined as:

"The cost to replace a vehicle with one of similar age, same make and model, mileage and condition at the time of the accident or loss. We decide this amount and will take into consideration factors such as a valid MOT, how the vehicle was purchased and whether it has been previously declared a total loss."

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Marshmallow has shown that it obtained valuations from the trade guides. It based its settlement on an average of these values. It subsequently increased its offer when the figure was disputed by Mr D. Its final settlement offer was for £21,363.75.

Our investigator obtained valuations from four of the main trade guides. I've checked to see that he used the correct age, model, mileage, etc for Mr D's car and the date of the loss, which he did. The valuations were for £19,595, £20,710, £21,022, and £21,143.

The approach our service takes here is to use the highest of the trade guide valuations. We think this gives the policyholder the best chance of being able to buy a comparable replacement vehicle. This is unless either party can provide evidence to support a higher or lower figure. This could be adverts of similar cars for sale, or an engineer's report.

I've considered the adverts Mr D provided. This shows one car offered for sale at £21,599. However, this car has covered over 6,000 fewer miles. Another was offered for sale at £21,999 but with over 12,000 fewer miles. The last example is advertised for £22,295, but again with fewer miles. So, although these adverts show similar cars are for sale at a higher price, I'm not persuaded that these are reasonably comparable.

Marshmallow offered more than the highest trade guide valuation for Mr D's car. So, I can't reasonably say that its offer was unfair or ask it to pay more.

hire car

I've checked the terms and conditions for the cover Mr D had in place relating to the hire car he was provided with. I note Marshmallow's comment that the provider for this cover should've informed Mr D that hire was limited to 28 days. But I can't see where this is mentioned in the policy terms or in the Insurance Product Information Document (IPID) that was sent to him. The IPID refers to car hire being limited to a set number of days, which is specified on the policyholder's certificate. But again, I can't see that the number of days limit was communicated to Mr D.

Marshmallow acknowledges that the terms of Mr D's hire car cover weren't communicated clearly. To acknowledge this, it offered to pay for the two days hire he'd paid himself. I've thought about Mr D's view that it should pay for a further 12 days' worth of hire at the same rate.

I acknowledge Mr D's comments that the lack of a car impacted on him and his family. More specifically he says it prevented his children attending some afterschool and weekend activities. This is because they only had one car. From what I've seen Mr D's policy terms don't limit the provision of a hire car to 28 days in these circumstances. If this was the case it hasn't been communicated clearly. So, I don't think it was fair for the hire car to be removed when it was. Because of this it's reasonable to expect Marshmallow to cover Mr D's travel expenses. But it's already done so by refunding the additional two days hire Mr D paid for. He didn't hire a car for the 12 days period mentioned above. So, I can't reasonably ask Marshmallow to pay for this.

That said this matter has clearly caused Mr D and his family some inconvenience and distress. It should pay compensation to acknowledge this. But in these circumstances I think what it has already offered is fair, so I won't ask it to pay more.

fitted items

Mr D explains that he had a wireless charger, a wireless car play system, and a dashcam fitted to his car. He says the charger and dashcam were permanently fixed and connected to the car's battery. Mr D has provided receipts for each of these items. I've used the information provided to look at these products online.

From what I've read these devices are connected via a 12V charging port or via a USB connector.

Mr D's policy provides cover for in-vehicle entertainment, communication, and navigation equipment. I think these devices reasonably fall within these categories. The terms says cover is provided for the loss of these items if they are permanently fitted. Although Mr D says they were fitted in a permanent way – he hasn't provided evidence to show this. So, although I don't dispute what he says, I don't think it's clearly been shown that these items were permanently fixed to his car. So, I can't say that Marshmallow treated Mr D unfairly when it declined to cover this part of his loss.

As Marshmallow points out Mr D didn't have cover for personal belongings in his car. So, I don't think it behaved unfairly when not covering his loss under this cover either.

service

Mr D first contacted Marshmallow on 9 September 2024. He was offered a settlement payment on 30 September. I can understand that he wanted this resolved more quickly. But on balance I don't think this was an unreasonable time period for his claim to be processed. Mr D had access to a hire car during this period, which I think largely mitigated the impact of not having his car.

Mr D disagreed with the initial offer. A further offer was made four days later. He disputed this amount, and the final offer was made after a further five days. I've considered the evidence and testimony carefully, but I don't think Marshmallow has been shown to have behaved unreasonably in its responses to Mr D or with respect to the timeframes described.

In summary I don't think Marshmallow treated Mr D unfairly in the settlement payment it offered. It should've ensured the hire period was communicated clearly. In not doing so it's fair that it pays Mr D's additional hire costs along with £100 compensation. But as it has already offered this I can't reasonably ask it to do anymore. Marshmallow should pay this amount to Mr D if it hasn't already done so.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 May 2025.

Mike Waldron
Ombudsman