

## **The complaint**

Miss L has complained that Marshmallow Insurance Limited carried out a change to her car insurance policy in error and hasn't done enough to put things right.

## **What happened**

Miss L's car was due for renewal with Marshmallow and it provided a renewal quote. Through its webchat service, Marshmallow offered Miss L a lower price. Miss L asked what the premium would be if she increased the excess. This resulted in a quote showing an increase in premium.

Miss L agreed a lower premium price with Marshmallow, but not the increase in excess. However, Marshmallow completed the change at renewal to increase the excess from £150 to £250.

Miss L complained to Marshmallow. It upheld her complaint and accepted it had caused an error in carrying out the change which Miss L hadn't requested. It offered Miss L £100 compensation for the distress and inconvenience caused. But it said it couldn't change the policy excess.

Miss L asked us to look at her complaint. In November 2024 Marshmallow told us it would increase the offer of compensation by £100, so £200 in total for its error.

One of our Investigators asked Marshmallow to show why it couldn't change Miss L's policy, and for its pricing information to understand if the premium change when the excess increased was correct. The Investigator wanted to understand if Miss L had been treated fairly in how the final premium was calculated.

Marshmallow's response didn't satisfy the Investigator as it didn't explain why it couldn't carry out the change to put Miss L back in the position before its error. And it wasn't clear enough from the generic pricing information provided as to why the premium had increased when the excess reduced.

So the Investigator recommended Marshmallow pay Miss L £322.86 as the difference between an initial premium quoted and the final premium Miss L paid. And she recommended Marshmallow pay Miss L compensation of £200 for the distress and inconvenience caused. She recommended Marshmallow pay interest on the difference in premium from the date Miss L paid to the date of reimbursement at our recommended rate.

Miss L hasn't replied to the Investigator's view. Marshmallow provided a screenshot to show an internal discussion which confirmed it can't change the excess back once it has been changed. As this doesn't show why, the case 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.

I've read the webchat transcript which shows the discussion between Miss L and Marshmallow at renewal stage. On offering a lower quote for £1,329.54, Miss L asked if she increased the excess, would this bring the renewal premium down. But the price Miss L was

quoted was actually higher, at £1,652.40. Usually – and as Miss L queried – increasing the excess results in a reduction in premium.

I cannot tell from the information provided by Marshmallow that the increase in premium quoted was correctly calculated. So I'm not satisfied that Marshmallow has shown the reasons for the error by its agent. However, I can see that the final discounted renewal premium Miss L paid was lower – at £1,066.78. With an increased excess of £250.

It's clear from the webchat transcript that before purchasing the policy, Miss L asked Marshmallow to set her excess at the original amount, given it increased the premium quote above. But Marshmallow said it couldn't do that. It hasn't provided a satisfactory explanation as to why this wasn't possible, which I think is unreasonable.

Marshmallow said its initial offer of compensation of £100 put Miss L back in the position she would have been in should she have to make a claim. It revised the offer to £200 compensation for the confusion and inconvenience it caused in failing to update Miss L's excess to the amount she requested when renewing her policy.

The Investigator recommended Marshmallow also provide a premium refund of £322.86, being the difference between £1,652.40 and £1,329.54.

Miss L didn't pay £1,652.40. She paid £1,066.78. However, as Marshmallow hasn't shown that the quotes provided or the premium Miss L paid was correctly calculated, along with failing to reduce her excess, it isn't possible for me to be satisfied that Miss L has been treated fairly. Within the back and forth between Miss L and Marshmallow, it removed older claims from her history and provided quotes for a 'lighter' policy, so one with a reduced level of cover. Marshmallow hasn't shown what the final premium would have been, had it not increased the excess in error.

So I agree with the Investigator's recommendations. In the absence of supporting evidence to show the quotes and premium Miss L paid with a higher excess were correctly calculated, It isn't possible to determine if Miss L has been treated fairly in the final premium she paid. So I think Marshmallow should pay £322.86. This sum reflects the fluctuation in premium prices quoted to Miss L at renewal.

### **My final decision**

My final decision is that I uphold this complaint. I require Marshmallow Insurance Limited to do the following:

- pay Miss L compensation of £200 for the distress and inconvenience caused in failing to update Miss L's excess when she renewed her policy.
- Pay Miss L £322.86 to reflect the difference in premium prices quoted at renewal.
- Pay interest on the £322.86 at a rate of 8% simple interest a year from the renewal date to the date of payment.

Marshmallow Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss L 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 a simple rate of 8% a year.

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

Geraldine Newbold  
**Ombudsman**