

## **The complaint**

Mr P complains that Marshmallow Insurance Limited hasn't paid him a settlement and a compensation payment following a claim made on his motor insurance policy. He wants compensation for the delayed payments.

## **What happened**

Mr P was involved in an accident, and he made claim on his policy for the total loss of his car. Marshmallow said it paid Mr P £655.94 in settlement of his claim and £100 compensation for the delay in recovering his car. But Mr P said he hadn't received these and his bank had no record of the payments. Marshmallow agreed that it hadn't raised the £100 and it offered Mr P £25 further compensation for this delay, which he rejected. But it said it had paid the claim settlement to his bank. Marshmallow later said it wanted Mr P to repay these amounts.

Our Investigator didn't recommend that the complaint should be upheld. He saw evidence that Marshmallow had made the claim payment to Mr P's bank. And so he thought it was for Mr P to pursue this with his bank. Mr P hadn't complained about Marshmallow's decision to recover this payment from him. But he thought that because of this, even if Marshmallow had made an error with the payment this wouldn't have had an impact on Mr P.

Mr P replied that his bank had confirmed that it hadn't received the payments. He said Marshmallow's request for the repayment was a separate matter and not relevant to this complaint. Mr P said his bank account had been suspended and then closed, and he thought the payment had been returned to Marshmallow. Mr P asked for an Ombudsman's review, so his complaint has come to me for a final decision.

## **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 can understand that Mr P felt frustrated that he hadn't received the expected payments from Marshmallow in settlement of his claim. Marshmallow has now told Mr P that it is seeking a refund of the claim payments. Mr P hasn't complained to it about this, and so I can't consider this here. So I've looked to see what happened to the promised payments.

As our Investigator has explained, when a payment has been made to a bank, the bank provides a unique transaction reference number showing that it has processed the payment. I can see that Mr P's bank provided Marshmallow with a transaction reference for the payment made to settle his claim. Marshmallow later provided this reference to Mr P after the payment was successfully processed. And so I think this shows that Marshmallow made the payment to Mr P's bank, and it processed it.

I don't know why this amount didn't arrive in Mr P's account. But from the evidence provided I'm satisfied that Marshmallow did what was expected of it and made the payment. And I think it's not responsible for what happened to the payment after this. I think this is for Mr P to take up with his bank. And I can see that he's made a further complaint to his bank about this point.

Mr P said he thought the payment may have been returned to Marshmallow by the bank because his account was suspended and closed. He gave an example of another payment where this had happened.

I can see that the bank statement Mr P provided doesn't show the payment from Marshmallow. But this statement is dated just two days after Marshmallow said the bank had successfully approved the payment and provided a unique transaction reference number. So this payment have not have then showed on this bank statement. And the account was then closed so it wouldn't show on a later statement.

I've looked at Marshmallow's file and I can see that when it first raised the claim payment, this was declined by Mr P's bank. It then raised this again and this is noted on the timeline as approved. I've seen no evidence that this was declined by the bank or returned to Marshmallow. And so I can't see that Marshmallow has done anything wrong in this or needs to pay Mr P any compensation.

With regards to the £100 compensation, Marshmallow agreed that Mr P hadn't received this amount. And from what I can see, it was waiting for Mr P to confirm his new account details so that payment could be made. But this may not now be relevant given Marshmallow's later correspondence with Mr P. And I think it's for him to clarify this with Marshmallow.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Phillip Berechree  
**Ombudsman**