

The complaint

Mr M has complained that Marshmallow Insurance Limited unfairly cancelled his car insurance policy.

What happened

Mr M bought a car insurance policy online with Marshmallow. Marshmallow asked Mr M to provide a copy of the V5 logbook within seven days to prevent his policy from being cancelled.

Marshmallow didn't hear from Mr M and so a week later it emailed and texted Mr M to say it had cancelled his policy. Marshmallow charged its cancellation fee.

Mr M complained to Marshmallow but it didn't uphold his complaint.

Mr M asked us to look at his complaint. He said he didn't receive emails from Marshmallow about its request or warning him it would cancel his policy. He says the mobile number it sent a text to was incorrect.

One of our Investigators didn't recommend the complaint should be upheld. He found Marshmallow had fairly cancelled Mr M's policy.

Mr M disagrees and wants an ombudsman 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.

When Mr M bought a policy with Marshmallow, he provided his email address and mobile number as methods of contact.

Mr M received some emails from Marshmallow. But he says he didn't receive an email on 13 December 2024 asking him to provide a copy of the V5 logbook, or a warning email on 20 December 2024 advising that Marshmallow would cancel the policy later that day if it didn't receive the document from Mr M.

Mr M received an email confirming the policy had been cancelled and this prompted Mr M to contact Marshmallow. When he did, it was discovered that the mobile number Marshmallow had used to text him was incorrect. However, this was not an error caused by Marshmallow. This was the number Mr M provided when he applied for the policy.

Mr M says he logged in before 20 December 2024 to update his mobile number as he had to verify his ID. He has provided a copy of two emails he received from Marshmallow which provided him with a link to log into his account. But these do not show me that Mr M updated his mobile number before his policy was cancelled.

We expect an insurer to use two methods of communication to let a customer know if their

policy is to be cancelled, given the consequences of a cancelled car insurance policy. In this case, Marshmallow has provided evidence to show it gave Mr M notice by email, and further notice on the day of cancellation by email and text. I understand Mr M says he did not receive these emails. But I'm satisfied from the evidence provided by Marshmallow that it sent the emails. And I don't have evidence to show it used the wrong mobile number to text Mr M, as it used the number provided by him.

Mr M is unhappy with the cancellation charged by Marshmallow. We think it is reasonable for an insurer to charge a cancellation fee provided it is clearly explained when a customer buys a policy, and the insurer has given notice of cancellation so that a customer has the opportunity to prevent it.

Marshmallow provided its policy wording to Mr M when he bought the policy. It set out its cancellation process. Marshmallow said;

"Cancellation by us

We can cancel this policy where there is a valid reason for doing so.

If cover has already commenced we will give you up to 7 days' notice in writing to your last email address notified to us. If cover has not yet started we will notify in writing that cover will not start. Valid reasons may include but are not limited to:

- *Where you fail to respond to requests from us for further information or documentation."*

It went on to set out the cancellation fee it would charge depending on the type of policy Mr M had bought with it. So I'm satisfied Marshmallow acted reasonably here.

I understand Mr M had to buy alternative temporary insurance – and he says alternative insurance is more expensive now. But I cannot say that Marshmallow did anything wrong. It has provided evidence to show it contacted Mr M and gave notice of cancellation if it didn't receive the document it asked for in seven days. On 20 December 2024 Marshmallow notified Mr M again using two methods of communication, giving Mr M a further opportunity to prevent his policy from being cancelled. I find it correctly followed its cancellation process.

This means I'm not asking Marshmallow to do any more.

My final decision

I'm sorry to disappoint Mr M. But for the reasons I've 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 M to accept or reject my decision before 9 October 2025.

Geraldine Newbold
Ombudsman