

The complaint

Mr I complains that Marshmallow Insurance Limited has unfairly handled a claim made on his insurance policy.

What happened

Mr I's car was involved in an accident on 21 March 2025. Marshmallow arranged to repair the car with an initial repair being completed in early April and the car returned on 11 April. Mr I said he noticed issues with the repair immediately and Marshmallow agreed for the car to go back to its repairer to complete the works Mr I said was needed.

The car was returned to Mr I in early May but he discovered more damage and that work had been completed to areas which he didn't think was needed. He felt the car had been returned in an unsafe condition and a complaint was raised with Marshmallow about the actions of the garage. Mr I also complained about the service provided by Marshmallow when dealing with his claim and he explained the impact its claim handling and service had on him.

Mr I asked Marshmallow to do the following to put things right:

- Deem the car unsafe and unsuitable for further repair.
- Reconsider the claim as a total loss, due to the reported repair failures and serious safety concerns.
- Refund the excess paid of £575.
- Reimburse the costs Mr I said he incurred because of the poor repairs and service.
- Pay compensation for the distress and inconvenience.

No final response to the complaint was made until 6 July 2025 and Mr I also complained about the time it took for Marshmallow to issue its response.

Marshmallow offered £400 to recognise the impact of its claim handling and a further £25 for the complaint handling. It said the excess was something which was payable under the policy terms when a claim was made and this is regardless of whether there was a dispute about how the claim was settled. But it provided details of the legal expense cover Mr I had in place, for him to use this to assist with the recovery of the excess.

It said after Mr I raised his concerns in May, the authorised repairer had offered to repaint the scratched door that Mr I said had been damaged when the repair was completed. It also said it would arrange to investigate the issues with the cars sensors via a main dealer and arrange a full health check for peace of mind. The final response said Mr I had refused this as he was unwilling to accept a third attempt at repairing the car and a financial settlement was requested instead. Mr I had been consistent with this view since June but Marshmallow said it was unable to declare the vehicle a total loss without an inspection to confirm it was beyond economical repair and it maintained this position.

Overall, it accepted there had been serious failings with the repair process, its communications and the overall handling of the complaint and this is why it made the offer it

did to recognise this.

The complaint was already with this Service when the final response was issued. When Marshmallow provided its file on this complaint, it also proposed the next step would be to carry out an independent Inspection of the car. This would allow it to:

- Objectively determine what faults remain unresolved with the car.
- Understand whether any damage was caused or worsened during previous repairs.
- Assess the roadworthiness and safety of the car.
- Clarify whether the standard of workmanship was acceptable.
- Establish whether any outstanding faults fall within their liability.

It said it remained willing to arrange and fund the independent inspection and should the outcome confirm faults remain it would generate a formal quote for the required rectification work. It would also give Mr I the choice to proceed with the further repairs at an alternative repairer and if Mr I declined this option, it would make a cash in lieu payment for the equivalent cost of the repairs. At this point it would also reassess the compensation in line with the outcome. Finally, if the inspection determined the car was beyond economical repair, it would proceed based on the policy terms.

On 11 July 2025, our investigator said they felt the offer made was fair. Although Mr I had said his mechanic had already provided an opinion to say the car was unsafe, no credentials of the mechanic were provided. And the car was inspected 14 days after Mr I's car had been returned to him in May and passed an MOT at the same garage with no issues or advisories. This combined with the fact that no diagnostic test was completed by the garage, meant they were not persuaded that the warning light on the dashboard could be shown to be there because of the previous repairs carried out by Marshmallow.

They felt the offer made to carry out an independent inspection and move forward based on its recommendation was a fair and reasonable solution to the ongoing concerns Mr I had about the car and its roadworthiness.

The investigator didn't think Marshmallow was acting unfairly when it said the excess was payable. And it had provided the details of the legal expenses cover to assist Mr I with recovering this.

They explained why they cannot comment on the complaint handling and compensation offered by Marshmallow for the delays in this – as this isn't a regulated activity. And they felt the award made for the distress and inconvenience added with the handling of the claim was fair and reasonable.

Mr I didn't accept the recommendation and proposal to move the claim forward. He felt the work should be completed by an authorised repairer of the mains dealer with it carrying out a full inspection and diagnostics report. All faulty sensors on the car needed to be replaced with genuine parts, all paintwork issues needed to be repaired and any part removed without authorisation previously, needed to be put back with confirmation there is no further tampering. He also said he felt the award should be increased to £750.

Marshmallow agreed to Mr I am getting a quote for the inspection from a mains dealer and confirmed it had previously agreed to cover the cost of the paint repairs.

A back and forth continued with Mr I seeking clarity on things with Marshmallow via this Service and on 8 August, Mr I asked that the complaint be referred for 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've decided to uphold this complaint, in line with the offer made by Marshmallow to put things right. I know Mr I will be disappointed by this, but I'll explain why I've reached this outcome.

It is important to set out that I am considering the actions of Marshmallow and its claim handling and proposed resolution, up until the point of the final response issued on 6 July 2025.

After Mr I took receipt of his car in May, following the second repair, he explained the sensors were still not working correctly. He could see more paint damage than before and contradictory information was provided about the issues. The repair centre offered to take the car back again for a third repair, but Mr I later discovered the engine cover and air filter from the engine stored in the boot of the car.

Mr I has explained how much worry this caused him with fears about the car overheating. He said these parts should not have been touched as the fault was with the sensors so he didn't understand why these parts had been tampered with. I think it is understandable why, on discovery of these parts in the boot of the car, that Mr I said he'd lost confidence in allowing the garage to attempt a third repair.

While I understand the concerns Mr I raised after discovering the items in the boot of his car and why he felt this made the car unsafe, an MOT test was completed on the car on 17 May 2025. This showed the car to have passed this test with no issues highlighted. So, at this point, the car was shown to be fit to drive on the road. But I accept this doesn't take away from the concerns Mr I had about driving the car without the air filter in place.

On 21 May, Marshmallow wrote to Mr I and said it was prioritising a full inspection of his car to help resolve the issues. On 28 May, it confirmed the repair partner would repaint the OSR door on the car and carry out a full health check to ensure it was safe and fully roadworthy.

Mr I rejected this offer and said he was now requesting a full financial settlement for the value of the car. He said Marshmallow should refund a months premium and the excess paid on the claim, a list of other expenses were claimed and a request for compensation was made. And on 31 May, Mr I said the car was turned on to demonstrate its condition to a trusted mechanic and a new amber warning light was now showing. He said this meant the car could not be accepted back under any circumstances as it was unsafe, unreliable and compromised beyond acceptable standards.

While I accept Mr I was right to be concerned about the items found in the boot of the car, Marshmallow acknowledged this quickly and offered to have the car inspected with a full safety inspection to confirm whether the car was safe to drive.

The warning light identified on the dashboard of the car two weeks after the car had been returned and passed its MOT, may relate to the previous works completed by Marshmallow. But without the opportunity for it to be assessed, this cannot be confirmed. And while Mr I has provided the comments of his engineer, there is no list of the mechanics credentials, nor has it been shown a diagnostic test was undertaken to assess the car. This was the same garage that completed the MOT test on the car two weeks earlier and I am not persuaded that its conclusion on the roadworthiness of the car is something Marshmallow should rely on.

With Marshmallow offering to assess the car on 28 May and Mr I having rejected this at the time, I don't think Marshmallow delayed the claim from this point. It answered Mr I's questions about the excess and why it felt this was still payable and correctly provided the details of its legal expenses provider to assist him in recovering this cost.

Overall, with Marshmallow offering to take steps to assess and repair Mr I's car, I think it acted fairly. It demonstrated it was taking the concerns raised by Mr I seriously and its offer to inspect the car was a reasonable solution to move the claim forward and had this been accepted, the issues may have been resolved.

I don't think it is reasonable to ask Marshmallow to refund the excess paid by Mr I. This is something payable upon making a claim and is an uninsured loss. The legal expenses cover can assist in seeking recovery of this and Marshmallow acted fairly when directing Mr I to this cover and the support available.

It is not disputed by Marshmallow that after two attempts at repairing Mr I's car, there were issues outstanding and highlighted by Mr I, with the quality of its repair and additional damage caused. And by the very nature of needing to return the car for a second repair in the first instance, when the first was unsuccessful and caused additional damage, Mr I has been inconvenienced beyond what is reasonable to expect when dealing with a claim.

I've thought about the offer made by Marshmallow to recognise the impact of its claim handling. There has been a delay added to the claim being settled correctly and Mr I needed to return to drop off and collect his car more than he needed to, had the repair been completed correctly in the first instance. And on top of this additional time spent, he had the worry about the cars reliability and safety after discovering the items in its boot.

Overall, I feel £400 in recognition of the added distress and inconvenience is fair and reasonable. As I've said, I think from 28 May, Marshmallow proposed a reasonable solution to put things right and move the claim forward so I don't think it added a delay after this point. It follows that I think its subsequent offer to carry out an independent inspection of the car to identify any issues that are outstanding and agree the repair of these is fair and reasonable.

Putting things right

In line with the offer made by Marshmallow when the complaint was brought to this Service, it should do the following to put things right.

If it has not already done so, pay Mr I the £400 offered for the poor handling of this claim and the added distress and inconvenience.

Arrange an independent inspection of Mr I's car, allowing it to:

- Objectively determine what faults remain unresolved with the car.
- Understand whether any damage was caused or worsened during previous repairs.
- Assess the roadworthiness and safety of the car.
- Clarify whether the standard of workmanship was acceptable.
- Establish whether any outstanding faults fall within their liability.

If the inspection identifies faults which Marshmallow is liable for, it should do the following:

- Generate a formal quote for the required work to rectify any issues.
- Offer Mr I the choice to process with the repair at an alternative repairer.
- If Mr I declines this offer, it can make a cash-in-lieu payment equivalent to the

- estimated repair cost.
- Consider additional compensation for the faulty repairs if identified within the inspection report.
- If the report determines the car is beyond economical repair, deal with the claim on this basis, in line with the policy terms.

My final decision

For the reasons I've explained above, I don't uphold Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 13 October 2025.

Thomas Brissenden
Ombudsman