

## The complaint

Mr L has complained about the way Marshmallow Insurance Limited handled his claim under his motor insurance policy.

## What happened

Mr L discovered damage to the door of his car in July 2024, and he claimed on his motor insurance policy. Marshmallow accepted the claim and had a garage repair the door and side panel. Repairs were completed in October 2024, but Mr L wasn't happy with the quality. And complained that Marshmallow should have replaced certain parts of the car instead of repairing them. He later said his courtesy car wasn't like-for-like and that his battery had run out of charge because the repairs had taken too long.

Marshmallow agreed to have a post repair inspection done which was completed in January 2025. They found that the repairs were completed to a satisfactory standard, and no further repairs were required. They apologised for delays and agreed to replace the battery. Mr L then had a diagnostics report done. He was concerned with what the report said and asked Marshmallow to have a local garage, which specialised in his make of car, repair the damage. He also pointed out to Marshmallow that the rubber seal around his door was sticking out.

In April 2025, Marshmallow said they can recode the car to recognise the new battery and that this may help resolve the issues highlighted in the diagnostics report. They said they understood why Mr L would want the car seen by a local garage who specialises in Mr L's make of car but would want to review the damage to see if that was necessary – and that they're happy to review the issue with the door seal.

They acknowledged multiple delays throughout the claims process and have paid Mr L a total of £475 in compensation.

Mr L still wasn't happy and referred the complaint to our Service. He said he wanted his car fixed by his local garage and £30,000 in compensation. Our Investigator looked into what happened and upheld the complaint. He felt the best way forward was to give Mr L the option to have his car returned to Marshmallow for them to repair the door seal, or provide a cash in lieu payment to allow him to get it repaired by a garage of his choice; reimburse Mr L for a comprehensive diagnostic review and arrange repairs if it's shown the faults are connected to the accident; and pay £600 in compensation for distress and inconvenience caused by claim delays and being without his car for an extended period of time.

Marshmallow said they accept the view but Mr L didn't. He said he can't afford to have the diagnostics looked at again and the engineer admitted the faults are a result of how the battery was installed. And that the diagnostic faults could severely damage his car if they aren't fixed. He also said his local garage confirmed they've worked on cars for other customers who made claims through Marshmallow, which means he thinks Marshmallow can and should agree to have his car looked at by his local garage too.

He insisted the compensation wasn't enough and gave several reasons for why – including

that it didn't reflect the damage his car sustained nor covered the difference in price between a like-for-like rental car and the courtesy car he was provided. The complaint couldn't be resolved so it came to me to decide.

I wrote a provisional decision upholding the complaint. This is what I said about what I'd decided and why:

*As ours is an informal service, I'm not going to respond to every point or piece of evidence Mr L and Marshmallow have provided. Instead, I've focused on what I consider to be key or central to the complaint points raised to us. But I'd like to reassure both that I have considered everything submitted.*

*Marshmallow have an obligation to handle claims promptly and fairly. They've admitted that they didn't do this as they've caused delays on multiple occasions. They agreed to pay £600 in line with the Investigator's suggestion and to look at the car again to resolve any outstanding issues. I've considered whether this is enough to put things right, or whether Marshmallow should be doing anything more.*

#### Outstanding repairs

*From what I understand, the potential outstanding repairs on Mr L's car are the faults with diagnostics, the battery installation, and issues with the door.*

*Marshmallow offered to have an independent engineer look at the damage. But Mr L wants his own local garage to carry out the diagnostic report and do the repairs.*

*His policy says that repairs are normally undertaken by Marshmallow's approved repairer.*

*Our Investigator sent screenshots of the diagnostic faults to Marshmallow, who sought an engineer's advice. The engineer recommended the car be taken to an authorised dealer in the make of Mr L's car for a comprehensive diagnostic review. He said their diagnostic system will provide timestamps showing when each fault code first occurred, which will be essential in determining whether these issues are pre-existing conditions, accident-related damage, or issues potentially caused during the repair process.*

*I think this shows it's unknown at present whether the damage was caused by the accident, during the repairs, or by something else. Since the claim was accepted by Marshmallow, the first two of these would be their responsibility to put right. I think the best way forward here is for Marshmallow to follow the engineer's advice and take Mr L's car to an authorised dealer for a comprehensive diagnostic review. If the dealer says the damage was caused during the repairs or around the time of the accident, I would expect Marshmallow to continue to handle the claim promptly and fairly moving forward. And if the issues stem from the battery being installed incorrectly, I would expect that to be rectified at the same time – as this would also have been Marshmallow's mistake that they need to put right.*

*If Mr L wanted his preferred garage to undertake the diagnostic check, he can do this, but I wouldn't expect Marshmallow to pay for it. It's reasonable for Marshmallow to think any authorised manufacturer dealership would give good service. I do think it would be fair, however, for Marshmallow to pay for the report that highlighted the errors – and I'll be directing them to do this.*

*Marshmallow have accepted they're responsible for the issues with the door. And*

*they've agreed to have it fixed by their own repairers or pay Mr L cash in lieu of repairs. I think this is fair. Mr L should note that if he opted to have his own garage repair the door, Marshmallow wouldn't be liable if anything went wrong with the repairs.*

### Courtesy Car

*Mr L's policy says if a valid claim is made, and his car is to be repaired by one of their approved repairers, Marshmallow will provide him with a courtesy car for the duration of the repairs.*

*It says Marshmallow's aim is to keep Mr L mobile rather than the courtesy vehicle being a replacement for his vehicle in terms of status or performance. And that the courtesy vehicle will normally be a small hatchback of less than 1200cc.*

*I appreciate that Mr L wanted a like-for-like car and, as I'll come to below, it will have been frustrating to be without his own car during an unnecessarily long claims period. Had no car been provided at all, it would have been unfair considering the unreasonable claim delays that Marshmallow have acknowledged. But having a like-for-like car isn't what he's entitled to under the policy – the courtesy car is to keep him mobile while the claim is ongoing.*

*There might be occasions where delays are such that I'd expect an insurer to allow a customer to have a courtesy car that's over-and-above what the terms specify. But I haven't been persuaded there was a reason to do so in the circumstances. Nor am I persuaded Mr L was unable to travel due to the car he was given. So, I don't think it's unfair he wasn't provided with a similar kind of car to his own – and I won't be directing Marshmallow to pay for the difference in a like-for-like car to his and the courtesy car.*

### Delays and handling

*Marshmallow have admitted they took too long throughout the claims process. Since it's not disputed, I won't go through these delays in detail. I do note there were multiple delays throughout the nine-month claim journey between when Mr L reported the claim in July 2024 and Marshmallow's complaint response in April 2025. I'm pleased to see Marshmallow have apologised for this and tried to put things right. I think not having his car for an extended period of time will have caused significant and escalating distress for Mr L – and I understand why he would be frustrated that Marshmallow are potentially responsible for yet more repairs which may further delay the claim.*

*Although there has been poor handling at times, Mr L has had access to a courtesy car for most of his claim journey. So, I think any distress will be limited mainly to the frustrations of not having his own car fixed to the standard he wanted while driving a car dissimilar to his own.*

*Marshmallow have agreed to pay the £600 the Investigator recommended. Having taken the delays into account, I won't be directing them to pay more than this as I think it's enough in the circumstances for the distress and inconvenience they've caused – even if we took into account the other issues Marshmallow awarded compensation for in the final response letters.*

Mr L responded to my provisional decision. He said he consulted with a Barrister who agreed with him that it would be unreasonable to expect compensation less than the daily

rate of a like-for-like vehicle. He said this would be £400 per day for each day after the first two weeks.

Marshmallow didn't respond.

I'm aware that Mr L has made multiple complaints during the claims process and they have been answered by Marshmallow in three final response letters. I've considered elements of all three. But Mr L hasn't brought all complaint points looked at by Marshmallow to our Service. And the ones we were asked to consider are about the repairs, claim delays and the courtesy car. I haven't considered the other complaints mentioned in the final response but not brought to our Service.

### **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 thought carefully about Mr L's response to my provisional decision. I appreciate he has spoken to a barrister about what he's entitled to. I haven't seen the barrister's opinion firsthand, but even if I took what Mr L says the barrister said at face value, our Service doesn't punish businesses – I would only ask an insurer to put a customer back in the position they would have been had any mistakes not happened. Mr L wasn't without a car – he was just without *his* car. So, I'm not directing Marshmallow to pay Mr L compensation for loss of use. What I am directing them to do includes paying compensation for Mr L's distress and inconvenience for having to drive a car dissimilar to his own. And I'm not persuaded this isn't a fair and reasonable outcome in the circumstances.

Neither Mr L nor Marshmallow responded to the other points in my provisional decision, so I have no reason to depart from it.

### **My final decision**

For the reasons above, I uphold this complaint and direct Marshmallow Insurance Limited to:

- Take Mr L's car to an authorised dealer for a comprehensive diagnostic review.
- If the diagnostic review shows the faults are connected to the accident or repairs, deal with them as part of the claim.
- Allow Mr L to choose whether Marshmallow repair his door or pay him cash in lieu of repairs. If he chooses to use his own repairer, Marshmallow should pay him for this upon reasonable evidence of repair costs.
- Pay Mr L £49.99 for the cost of the diagnostic report he had done.
- Pay a total of £600 compensation for distress and inconvenience caused by claim delays and poor handling – this includes any amount already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 January 2026.

Andrew Wakatsuki-Robinson  
**Ombudsman**