

The complaint

Mr V complains that Marshmallow Insurance Limited (“Marshmallow”) responded unfairly to his claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a sports utility vehicle that had first been registered in 2019.

Mr V acquired the vehicle no later than late September 2023, the date of its most recent V5 registration document.

Mr V insured the vehicle on a comprehensive policy with Marshmallow for the period of about a year from 20 September 2024.

On 19 March 2025, Mr V reported to Marshmallow that he’d parked the vehicle and left it when a third party hit it. By an email dated 19 March 2025, Marshmallow asked Mr V to provide a DVLA code to share his driving licence summary.

On 30 June 2025, Marshmallow sent Mr V an email giving him seven days’ notice of cancellation of the policy on 7 July 2025. Marshmallow also said that it might not cover the claim. On 30 June 2025, Mr V complained to Marshmallow about the notice of cancellation.

With effect from 7 July 2025, Marshmallow cancelled the policy. Marshmallow charged Mr V a £130.00 cancellation fee.

By a final response dated 12 August 2025, Marshmallow accepted Mr V’s complaint in part and said it was sending Mr V a card payment for £50.00. The final response included the following:

“we should have logged your complaint when you first requested it on 30/06/2025, and I acknowledge that this delay fell short of the standard we aim to provide. I have therefore partially upheld your complaint and awarded £50 in recognition of this and the frustration caused”

Mr V asked us to investigate.

By mid-September 2025, Marshmallow had made an offer through us to Mr V to:

1. increase the compensation offer from £50.00 to £200.00; and
2. update the cancellation reason to “cancelled in error” and provide Mr V with a letter for future insurers; and
3. refund Mr V the £130.00 cancellation fee plus 8% interest from 8 July 2025 to the date of settlement; and
4. reassess the claim in line with the policy terms, if Mr V provides Marshmallow with a valid DVLA driving licence summary and it satisfies their claims validation checks.

Our investigator recommended that Marshmallow's offer was fair. He thought that it had been reasonable for Marshmallow to cancel the policy as Mr V had failed to provide the information it requested.

Mr V disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- We should view Marshmallow's request for information in the context of the incident he reported, which wasn't his fault.
- On many occasions, he asked Marshmallow to send him its complaints procedure, but it refused and failed to do so. If it had done so, it would've clarified the need for, and guided him through a step-by-step process of, getting the requested licence summary.
- He suffered distress including financial distress.

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.

Consumer Insurance (Disclosure and Representations) Act 2012 imposes a duty on a consumer to take reasonable care to avoid making a misrepresentation to an insurer when taking out a policy. If a consumer breaks that duty and makes a careless misrepresentation that makes a difference to the insurer's willingness or price for cover, then CIDRA gives the insurer certain remedies, that can include treating the policy as void and declining a claim.

Also, most motor insurance policies exclude claims for damage or liability caused while the insured vehicle is being driven outside the terms of the driver's licence.

CIDRA and unlicensed driving (whilst they may have no relevance in Mr V's case) are two reasons why it has long been standard practice - and not unfair - for an insurer to ask for driving licence details. That has been by way of sharing a DVLA code for a few years now.

Marshmallow's policy terms allowed it to decline a claim if the policyholder didn't respond to requests for further information or documentation.

Marshmallow's policy terms allowed it to cancel the policy for a valid reason including failure to respond to requests for further information or documentation.

Marshmallow's email dated 19 March 2025 not only asked Mr V to provide his driving licence summary but also included detailed instructions on how to obtain this information, along with the share code, on the gov.uk website.

I haven't seen any evidence that Mr V replied.

By an email dated 7 June 2025, Marshmallow again asked Mr V to provide his driving licence summary and also included detailed instructions on how to obtain this information, along with the share code, on the gov.uk website. Marshmallow said that it wouldn't be able to continue with his claim until it received this information. It also said that if it didn't hear from Mr V within four weeks, it would cancel the policy.

Marshmallow was entitled to expect Mr V to provide information and to cooperate. So I don't consider that Marshmallow's position was unfair or unreasonable.

However, Mr V's email in reply dated 9 June 2025 included the following:

'I would have obliged your request but the use of threat or arm twisting measures being adopted by you gives me cause to decline that request.'

On 10 June 2025 Marshmallow replied, again asking Mr V to provide his driving licence summary, and again including detailed instructions on how to obtain this information, along with the share code, on the gov.uk website.

I haven't seen any evidence that Mr V replied.

On 16 June 2025, Marshmallow sent Mr V a text message saying that it had been trying to contact him to confirm some information, and if he didn't respond, it could affect his future insurance.

I haven't seen any evidence that Mr V replied.

On 23 June 2025 Marshmallow sent Mr V an email again asking for his licence summary and including detailed instructions on how to obtain this information. The email said that if Marshmallow didn't hear from him within the next two weeks, it would cancel the policy.

I haven't seen any evidence that Mr V replied.

On 30 June 2025, Marshmallow sent Mr V an email giving him seven days' notice of cancellation of the policy on 7 July 2025. Marshmallow also said that it might not cover the claim.

This time, Mr V responded by an email the same day, 30 June 2025. Mr V's email dated 30 June 2025 contained a complaint.

On 2 July 2025, Marshmallow responded that it needed the licence information, regardless of whether Mr V intended to proceed with the claim.

Mr V still didn't provide that information. From the exchanges of email, I don't accept that he asked Marshmallow for (further) support in dealing with its request. Rather he was refusing to provide information and to cooperate.

Marshmallow sent confirmation that the policy had been cancelled on 7 July 2025. Marshmallow sent an email dated 7 July including the following:

"In respect of your own damage claim associated with this policy dated 19/03/2025, we will not be proceeding with completion meaning you will be liable for any costs already incurred by Marshmallow in dealing with the claim. We will proceed to settle any third-party claim and will seek to recover those costs from you directly."

However, I don't consider that the phrase "any third-party claim" meant that the third party had made a claim or was likely to make a claim.

Moreover, Mr V hadn't provided any evidence of his driving record. So I don't consider it unfair that Marshmallow cancelled the policy and declined his claim.

By 13 July 2025, Marshmallow had acknowledged the complaint and explained that the Financial Conduct Authority's dispute resolution rules gave up to eight weeks (from the complaint dated 30 June 2025) to provide a final response.

By 14 July 2025, Mr V had sent us Marshmallow's complaint- handling procedure.

I've thought about what I would've found it fair to direct Marshmallow to do if it hadn't made its offer.

I would've said that Marshmallow's request for information was fair and that the cancellation was fair. So I wouldn't have found it fair and reasonable to direct Marshmallow to try to put Mr V back into the position he would've been in if Marshmallow hadn't cancelled the policy.

So I wouldn't have found it fair and reasonable to direct Marshmallow to pay Mr V compensation for the distress caused by the cancellation.

And I wouldn't have found it fair and reasonable to direct Marshmallow to record - or to tell other insurers - that it cancelled the policy in error.

Also I wouldn't have found it fair and reasonable to direct Marshmallow to refund the cancellation fee or to pay interest.

Also, I wouldn't have found it fair and reasonable to direct Marshmallow to give Mr V another opportunity to provide his driving licence details and to pursue the claim.

Furthermore, Mr V still hasn't provided his driving licence information in response to Marshmallow's offer or the investigator's opinion. So I infer that Mr V had reasons of his own for not sharing information about his driving licence.

Putting things right

Nevertheless, as Marshmallow made its offer through us, I find it fair and reasonable to hold it to that offer.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Marshmallow Insurance Limited to:

1. pay Mr V in addition to its payment of £50.00, a further £150.00 compensation for distress and inconvenience; and
2. send Mr V a letter (which he may show to current and future insurers) saying that it has updated the reason for cancellation to "cancelled in error"; and
3. pay Mr V:
 - 3.1 £130.00 in refund of the cancellation fee; and
 - 3.2 simple interest on £130.00 at a yearly rate of 8% from 8 July 2025 to the date of the refund. If Marshmallow considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr V how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
4. reassess Mr V's claim in line with the policy terms, if he provides Marshmallow with a valid DVLA driving licence summary and it satisfies their claims validation checks.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 17 February 2026.

Christopher Gilbert

Ombudsman