

The complaint

Mr K & Mr K complain about the way Marshmallow Insurance Limited (“Marshmallow”) handled a claim under their car insurance policy.

What happened

Mr K & Mr K had a car insurance policy with Marshmallow.

In November 2022 Mr K was involved in a collision with a third party.

He reported the collision to Marshmallow and made a claim.

Mr K & Mr K raised a complaint with Marshmallow that reached this service. I issued an earlier decision upholding it.

That complaint covered the period until Marshmallow issued its final response on 24 February 2023. I won't be discussing that decision further, but I will mention that I said Marshmallow needed to pay Mr K & Mr K £100 compensation for their distress and inconvenience for its poor service to the date of its final response, and an additional amount of £10 per day for an extra 51 days loss of use for delays during the claim. This was in addition to Marshmallow's earlier offer of 18 days at £10 per day.

This complaint will consider Mr K & Mr K's claim from 24 February 2023.

Their car was determined to be beyond economical repair by Marshmallow on 27 February and Mr K & Mr K were told shortly after.

The claim was settled by payment to Mr K & Mr K on 7 March. As part of their settlement, they'd opted to retain the car, which is referred to as salvage. They've confirmed to this service that their original plan was to repair the car and keep it.

When the salvage was returned to them, Mr K & Mr K found that parts were missing, such as substantial parts from the front like the front bumper, radiator, headlamp and much of the front crash structure.

They told Marshmallow. Marshmallow's approved repairer then located the parts over the next month. Mr K had to collect some of the parts himself.

Mr K & Mr K complained. Marshmallow offered them £80 compensation.

As they remained unhappy, they brought their complaint to this service. Our investigator looked into it and thought it would be upheld. She thought that Marshmallow should pay a total of £300 for the inconvenience caused by its poor handling of the salvage and its parts.

Marshmallow didn't agree with the view. It thought the amount of compensation was too high because of the amount I awarded in my first decision.

Because it didn't agree, this complaint has been passed to me to make 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.

It seems to me that Marshmallow's key objection to the view is about the amount awarded in it. It's asked why it should pay an amount over the amount I awarded in my first decision.

But the amount awarded in the first decision was primarily about loss of use of the car set at £10 per day. It only took into account the distress and inconvenience for Mr K & Mr K up to 24 February.

Marshmallow returned their car in March 2023 with the front end removed, but not included in the delivery. From Mr K's evidence, it appears that Marshmallow didn't understand the problem. It asked him to check inside the car for the missing parts – including items like the radiator – despite the car being a mid-sized hatchback.

Mr K & Mr K's have told this service of their disappointment with Marshmallow's service before, but as I say above I can only take into account from 24 February onwards.

I can see from their evidence that they spent several hours on the phone trying to secure the salvage. They were told by Marshmallow that the approved repairer would deal with it, and by the approved repairer that negotiations would be handled by Marshmallow.

Despite Mr K's best efforts, Marshmallow then told him the car was to be sold at auction. This caused him considerable distress and he again had to find out where the car was and re-negotiate it to be returned to him.

Then when it eventually was recovered to him, major parts of the car were missing. When he asked about these, the front bumper was found and he was told to pick it up.

It took a further month for the rest of the parts to be found at an approved repairer.

It's clear from their evidence that Mr K & Mr K found the whole experience exhausting. They point out that they didn't receive updates from Marshmallow, even when they were promised. And they were on the phone daily for an extended period trying to find out what had gone on and progress their claim settlement.

Taking everything into account, I think the appropriate compensation in this case is £300, so an extra £220 over what Marshmallow has already offered.

My final decision

It's my final decision that I uphold this complaint. I direct Marshmallow Insurance Limited to pay Mr K & Mr K a total of £300 compensation for their distress and inconvenience caused by its poor claims handling. I'm aware an amount of £80 has already been offered and if this has already been paid then it can be deducted.

Marshmallow Insurance Limited must pay the amount within 28 days of the date on which we tell it Mr K & Mr K accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mr K to accept or reject my decision before 13 August 2024.

Richard Sowden
Ombudsman