

The complaint

Ms B complains that Marshmallow Insurance Limited mishandled a motor insurance policy.

What happened

Ms B had years of experience of driving in a Commonwealth country.

On 10 December 2023, Ms B contacted Marshmallow online. She gave certain information including that she had 20 years' no claims discount ("NCD").

She took out a policy with Marshmallow for the year from 29 December 2023. The total cost was about £1,250.00.

Marshmallow asked for proof of Ms B's NCD.

On 11 December 2023, Ms B contacted Marshmallow by live chat. She couldn't provide such proof and she wanted to cancel the policy.

On 13 December 2023, Marshmallow cancelled the policy and refunded Ms B's payment, less a £30.00 cancellation fee.

By 25 December 2023, Ms B had complained to Marshmallow.

By a final response dated early February 2024, Marshmallow partly upheld the complaint and offered to send £50.00 compensation.

By an email dated 20 February 2024, Marshmallow made an increased offer of £80.00 to cover the £30.00 cancellation fee.

Ms B asked us to investigate.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. She thought that it was made clear that Ms B would need to provide proof of NCD and that she had the opportunity to review what types of evidence were acceptable before proceeding.

Ms B disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Ms B and to Marshmallow on 6 August 2024. I summarise my findings:

I hadn't found that Marshmallow treated Ms B unfairly in relation to its request for proof of NCD or in charging the cancellation fee.

I'd found some shortcomings in the live chat. However I was satisfied that any distress and inconvenience caused by that was quite short-lived, such that £50.00 was fair and reasonable.

I didn't think Ms B accepted that offer or the increased offer of £80.00 or that Marshmallow made any payment. So I was minded to hold Marshmallow to its increased offer.

Subject to any further information either from Ms B or from Marshmallow, my provisional decision was that I upheld this complaint in part. I intended to direct Marshmallow Insurance Limited to pay Ms B (insofar as it hasn't already paid her) £80.00 for distress and inconvenience.

Marshmallow accepted the provisional decision.

Ms B disagreed with the provisional decision. She says, in summary, that:

- Marshmallow's statement leads one to believe they accept the years you say, no questions asked.
- The Commonwealth country doesn't don't hold information about NCD. Marshmallow should've been aware of that.
- She could provide proof of 2 years NCD.
- She got two quotes because she felt this was not an honest system. She entered 0 years' NCD to see what the price was. A screenshot shows the total price of £933.87. Then she put in 20 years (which is accurate) and the price went up to £1,251.01. She should have gotten a much lower price.
- She felt compelled to take out insurance quickly because insurance was due.
- Then, because she could not prove her NCD, a further £600.00 was going to be added, making the premium £1,951.01 or thereabouts for 0 years NCD. The quote for of £933.87 had been more than a £1000.00 cheaper.

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 accept Ms B's point that Marshmallow has a target market that includes drivers with experience of driving outside the UK.

Miss B had many years' experience of driving in the Commonwealth country.

More recently, she had moved to the UK in 2021 and in about December 2021, she bought a car in the UK. I infer that she insured it for the years from December 2021 and December 2022. So she had two years' experience of driving in the UK. I have no reason to doubt her statement that she'd built up two years' NCD.

In December 2023, Marshmallow asked Ms B a question as follows:

“How many years of No Claims Discount do you have in the UK”

In her response to the provisional decision, Ms B says that she got two quotes as she felt it wasn't an honest system. From one of her screenshots, I accept that on about 7 December 2023, Ms B got a Marshmallow quote for £933.87.

However, Ms B didn't think that she had 0 years' NCD. And the screenshot doesn't show what NCD (or other information) it was based on. So I don't accept that Marshmallow's quote of £933.87 was based on 0 years' NCD.

I would expect a quote with 0 years' NCD to be higher than one with many years' NCD.

In her response to the provisional decision, Ms B says that she later put in that she had 20 years' NCD. From one of her screenshots, I accept that on about 10 December 2023, Ms B got a Marshmallow quote for £1,251.01. I accept that this was based on 20 years' NCD.

By the time she made payment on 10 December 2023, Ms B must've known that the total cost including any fee was £1,251.01. The policy schedule gave a breakdown as follows:

premium including insurance premium tax	£1,046.08
fee	£ 204.93
total	£1,251.01

I've noted that Marshmallow has made the following statement:

*“Save money
No more being priced like a new driver. Save up to 45% with prices based on your driving experience – in any country”*

In her response to the provisional decision, Ms B says that this is false.

However, the statement suggested that – compared to a new driver – Marshmallow would quote drivers with experience in any country up to 45% less. That implies that the discount might not be as much as 45%. I don't accept that Ms B has shown that, compared with a quote based on 0 years' NCD, Marshmallow's quote based on 20 years' NCD was actually higher. I don't accept that its statement was false.

In her response to the provisional decision, Ms B says that Marshmallow should've been aware that the Commonwealth country doesn't hold information about NCD. She also says that its statement suggests that it would accept her years of experience with “no questions asked”.

I've noted that Marshmallow has also made the following statement:

“In July 2023, our average quote for UK newcomers was more than 45% cheaper than the equivalent quote with zero years of driving and claim-free experience. At Marshmallow, we accept driving and claim-free history from all countries”

However, Marshmallow offers online insurance for drivers in the UK. And in the UK, it's common practice for an insurer to ask a consumer for information and to quote a premium based on that information. It's common practice for an insurer to issue a policy and later to go through a process of verification of the information.

Moreover, in the UK, the relevant law includes Consumer Insurance (Disclosure and Representations) Act 2012. That imposes a duty on a consumer to take care not to make a misrepresentation when taking out a policy.

Marshmallow's question about NCD was accompanied by a note as follows:

"We'll ask for proof of this after you pay. How does No Claims Discount work?"

That note had a clickable link that provided a list of acceptable evidence of NCD.

So I'm satisfied that Marshmallow had told Ms B at the appropriate time that it would later ask for certain types of evidence or proof of NCD.

I can see why she found it inconvenient that Marshmallow asked for proof of NCD. However, that was normal and, in my view, Marshmallow had done enough to forewarn Ms B when she was setting up the policy. So I don't consider that Marshmallow treated Ms B unfairly in relation to its request for proof of NCD.

When she contacted Marshmallow via the live chat, Ms B encountered delays and duplication of effort.

In her response to the provisional decision, Ms B says that a further £600.00 was going to be added, making the premium £1,951.01 or thereabouts for 0 years NCD.

However, from one of her screenshots, I see that the additional amount would've been about £650.00, making the total about £1,900.00. In the event, Ms B cancelled the policy and Marshmallow refunded her payment (apart from the cancellation fee).

I'm satisfied that – notwithstanding that cover hadn't started – the cancellation fee was in line with Marshmallow's terms, and it was fair and reasonable.

Putting things right

By its final response, Marshmallow acknowledged the complaint about the live chat and offered £50.00 compensation.

Later, Marshmallow agreed to increase that by the amount of the cancellation fee.

I haven't found that Marshmallow treated Ms B unfairly in relation to its request for proof of NCD or in charging the cancellation fee. So I don't find it fair and reasonable to direct Marshmallow to pay any compensation for distress and inconvenience caused by those issues.

I've found some shortcomings in the live chat. However I'm satisfied that any distress and inconvenience caused by that was quite short-lived, such that £50.00 was fair and reasonable.

Nevertheless, I don't think Ms B accepted that offer or the increased offer of £80.00 or that Marshmallow made any payment.

So I will hold Marshmallow to its increased offer by upholding this complaint in part and directing Marshmallow to pay Ms B (insofar as it hasn't already paid her) £80.00 for distress and inconvenience.

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 pay Ms B (insofar as it hasn't already paid her) £80.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 September 2024.

Christopher Gilbert

Ombudsman