

The complaint

Mr S has complained about Marshmallow Insurance Limited. He isn't happy that he had to pay the remaining premium on his motor insurance policy after he made a claim.

What happened

Mr S made a claim under his motor insurance policy and his car was deemed a total loss. As Mr S had made a claim under the policy his full premium was due. But as he chose not to place his new car on cover with Marshmallow he didn't want to pay his remaining premium.

When Mr S complained to Marshmallow about this it explained that the remaining premium would always be due once a claim was made under the policy as outlined in the terms and conditions. As Mr S remained unhappy he complained to this Service.

Our Investigator looked into things for Mr S, but he didn't uphold his complaint. He didn't think Marshmallow had acted unreasonably as the policy was clear that the full premium would be due once a claim was made.

As Mr S didn't agree the matter has been passed to me for review.

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.

Having done so I can understand Mr S's frustration here as he doesn't want to pay all of his premium as he has chosen to insure his new vehicle elsewhere. However, I don't think Marshmallow has done anything wrong here, I'll explain why.

As our Investigator explained, the policy outlines *'If as a result of a claim the insured vehicle is determined to be a total loss, this policy will cease without refund of premium unless you change your vehicle within 30 days to another that would normally be acceptable to us. In the event of the policy ceasing due to the insured vehicle being a total loss, and there being no replacement vehicle to insure or if there is a replacement vehicle to insure which is unacceptable to us, all outstanding or overdue premiums must be paid immediately.'*

I can understand why Mr S chose to take his business elsewhere as he managed to get his insurance cheaper. But the policy is clear that the full premium is due once a claim is made under the policy.

I know Mr S doesn't feel this is fair, but this is generally how all motor insurance works and I'm not aware of any other insurer that would refund any of the annual premium once a vehicle has been written off as in this instance. In effect, once a claim is made the full premium is always due, but insurers do allow a replacement vehicle to be placed on cover. And as Mr S chose not to do this I can't say Marshmallow acted unreasonably in asking him to pay the full premium.

Given this, and I know this will come as a disappointment to Mr S, I'm not upholding this complaint as Marshmallow hasn't done anything wrong. It has allowed Mr S to place another

vehicle on cover and when he chose not to do this the full premium was due as he had made a total loss claim under the policy.

My final decision

It follows, for the reasons given above, that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 May 2024.

Colin Keegan
Ombudsman