

## The complaint

Mr D complains about Marshmallow Insurance Limited's (Marshmallow) handling of a claim he made under his motor insurance policy.

Any references to Marshmallow include its agents.

## What happened

In January 2023, Mr D was involved in a car accident. He made a claim to Marshmallow, and he understood arrangements would be made for repairs to be carried out and for a courtesy car to be provided. Over the next couple of weeks, Mr D says repairs would be promised and then cancelled at short notice, and the same thing happened with arranging the courtesy car. As he didn't have a car to drive, he had to use his mothers, and arranged insurance for this.

Almost three weeks after the accident Mr D received a hire car, but the repairs hadn't been arranged. When the car was taken into the approved repairer, some two months after the accident, Mr D was told the car was to be written off. Marshmallow offered Mr D a settlement figure for the car, but he declined this and said it was too low. Mr D made a complaint.

To put things right Mr D said he wanted Marshmallow to increase the settlement figure offered for the car, to fully compensate him for the additional costs he said he'd incurred as a result of their poor handling of the claim and compensate him for the misleading information given. Marshmallow responded to Mr D's complaint. It acknowledged the service provided could have been better and offered £75 compensation in respect of this. But it said the valuation for Mr D's car was fair and in line with the policy terms, so wouldn't increase it.

Mr D referred his concerns to us. We reviewed what happened and said Marshmallow should increase the amount offered in line with a higher valuation we'd received from a motor trade guide. Our investigator said it was fair and in line with the policy terms to deduct the excess and remaining premium from the settlement. But she recommended Marshmallow increase the compensation offered to £250.

Marshmallow agreed to the investigators conclusions, but Mr D didn't. He reiterated his main concerns were the valuation figure, out of pocket expenses as he'd not been able to remove items from his car and the compensation offered. So, this case has been passed to me.

## 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.

### *Valuation & settlement figure*

As a starting point, I think it's helpful if I set out what the policy terms say about the market value of the car:

**"Market value:** Market value: The cost to replace a **vehicle** with one of similar age, same make and model, mileage and condition at the time of the accident or loss. **We**

*decide this amount and will take into consideration factors such as a valid MOT, how the **vehicle** was purchased and whether it has been previously declared a total loss.”*

The policy specifically says it'll consider the same make, model, mileage, and condition. I've looked at the online adverts Mr D supplied as part of his suggestion Marshmallow needed to increase the settlement figure it offered him. However, I don't think these adverts represented a like for like comparison. As a starting point, the adverts were for five-door cars whereas Mr D's car was a three-door car. There were also some differences in the mileage quoted as well. On the basis of the differences in terms of the model of the car and mileage, I'm satisfied it was reasonable for Marshmallow to disregard these.

I've reviewed the valuations provided by Marshmallow. It offered Mr D a figure of £9,556 for his car and said it based the valuation on an average of the following three motor trade guides:

- Percayso (formerly Cazoo): £9,393
- Glass's: £9,600
- CAP: £9,675

This Service would typically consider four motor trade guides when deciding complaints about motor valuations. Marshmallow provided the three guides it used, and we obtained a fourth valuation from Autotrader, which came back at £10,491. Mr D also provided some valuations for his car from other motor trade guides. All of these guides broadly contained valuations within a similar range. However, in in with our published approach on motor valuations, we asked Marshmallow to pay the amount of the highest valuation obtained as they'd not been able to provide separate evidence to support the figure paid was fair. They agreed. We also reached out to Mr D to let him know about the intention to increase the offer but didn't receive a response from him.

To put things right, I require Marshmallow to pay the difference between the average valuation figure offered to Mr D and the Autotrader one – this amount is £935. I also require Marshmallow to pay 8% simple interest on this amount from the date the original valuation figure was paid until the date of settlement.

I'll turn now to the deductions made from the settlement figure. It's not unusual for an insurer to deduct a policy excess from a settlement figure, so I don't think the fact Marshmallow made this deduction was unreasonable.

Mr D was unhappy there was also a further deduction made for an outstanding premium. But the policy terms allow for this. They say if the insured vehicle is a total loss and there isn't a replacement vehicle to insure (as was the case here) all outstanding premiums need to be paid. So, I'm satisfied it was reasonable for these to be deducted from the settlement figure.

#### *Courtesy car and personal possessions*

In response to the investigators conclusions, Mr D acknowledged his policy didn't guarantee him a courtesy car. So, while I can see Mr D was inconvenienced by having to make alternative arrangements as a result of being without his car or a courtesy car, I don't find Marshmallow acted unfairly by not providing one as soon as Mr D indicated he'd need one.

In addition to this, I note Mr D had some items in the car he wasn't able to retrieve. He says Marshmallow didn't cover these as part of the claim but should have. However, I've looked at the level of cover Mr D took out, and this didn't provide cover for personal possessions. While I can understand Mr D's frustration, this wasn't something his policy provided cover

for, so I don't think Marshmallow acted unfairly in declining to reimburse Mr D for the contents he says he lost.

### *Overall claim handling*

It's clear that at time during the claim, Mr D found the matter frustrating. I've looked back at the correspondence exchanged with Marshmallow and I think it could have done more to communicate more effectively with Mr D. For example, it could have told him much sooner that his policy didn't provide cover for personal possessions in the car. This, along with the time it took to tell Mr D that Marshmallow's representative was struggling to find a repairer that had capacity to carry out the repair.

I'm satisfied £250 represents a fair and reasonable payment caused by the frustration of having to contact Marshmallow for answers and updates it could have been more forthcoming in providing. Though I think it's important to note it wouldn't have changed the overall situation for Mr D. I'm not going to require Marshmallow to increase this payment beyond the total of £250 recommended by our investigator.

### **My final decision**

I uphold this complaint. To put things right, I require Marshmallow Insurance Limited to pay Mr D:

- £935 – this being the difference between the average valuation figure and the highest valuation obtained.
- Pay 8% simple interest on the above amount from the date average valuation figure paid until date of settlement.
- A total compensation payment of £250, less anything already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 January 2024.

Emma Hawkins

**Ombudsman**