

The complaint

Mr K has complained about the valuation Tradex Insurance Company Limited paid for his stolen car when he made a claim under his motor trade insurance policy. He complained that Tradex didn't reimburse him for repair costs he paid for just before his car was stolen.

What happened

Mr K reported his car had been stolen from a garage which was carrying out repairs. He made a claim to his insurer, Tradex.

Mr K complained that Tradex didn't pay a fair value for his car. Mr K wanted Tradex to reimburse him for the costs he paid for repairs to the car before it was stolen. He was unhappy with the service he received from Tradex.

Tradex accepted it had failed to respond to an email Mr K sent in July 2023. For this it paid him £50 compensation. But Tradex said it had paid the market value for Mr K's car. Any repair costs Mr K paid for would be classed as maintenance costs and not covered under the policy.

Mr K asked us to look at his complaint. Our Investigator checked the main motor trade guides in line with our approach. She thought Tradex should increase the market value it paid by £1,030 and pay interest on the difference from the date of the original settlement to the date Tradex pays.

The Investigator didn't agree that Mr K should be reimbursed by Tradex for any repair costs he paid for the car.

Tradex accepted the Investigator's view. Mr K says he believes the valuation is too low and he wants compensation for the time it took for Tradex to settle his claim. He hasn't been able to provide any evidence to show why he believes the valuation is too low. But he wants an ombudsman to decide.

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.

We don't decide a valuation. But we look at whether an insurer reached its valuation reasonably and in line with the policy.

Although Mr K's policy is a motor trade policy, it says it will pay the market value rather than trade value for a car used for personal use by a policyholder.

Tradex paid a market value of £5,100 for Mr K's car. On checking the main motor trade guides, we found the valuations for a car similar to Mr K's ranged from £5,511 to £6,125 and £6,130.

Given the vast difference in the range between the lower valuation and the two higher ones, in line with our approach, we think a fairer outcome is for Tradex to pay the higher of the valuations. I haven't seen any persuasive evidence from either party to depart from the Investigator's recommendation.

Any repair costs which Mr K may have paid for before his car was stolen are not insured losses. These are costs any vehicle owner would reasonably be expected to pay as part of the maintenance and running of their vehicle. So I'm not asking Tradex to reimburse Mr K for repair costs.

In response to the Investigator's view, Mr K says Tradex caused delays in settling his claim between September 2022 and June 2023. He wants compensation for this delay and reinstatement of a year's No Claims Discount (NCD).

I can see that the claim took longer to deal with because of Tradex's investigations as to the circumstances and location of the theft of Mr K's car. I think this was reasonable.

Because Mr K's car was stolen, there is no third party to recover the claim costs from. And so in line with industry practice, Mr K's NCD – unless protected - will be impacted by a claim that has been made against the policy.

So I think a fair outcome is for Tradex to pay interest on the difference in the market value settlement, to reflect the loss of funds for Mr K during this period. I think Tradex should pay this from the date it settled the claim in June 2023, to the date it pays at our preferred rate which is set out below.

My final decision

My final decision is that I uphold this complaint in part. I require Tradex Insurance Company Limited to do the following:

- Pay Mr K £1,030 as the difference in the market value settlement for his car.
- Pay interest on this amount from the date it paid the interim settlement in June 2023 to the date it pays.
- Interest is calculated at a rate of 8% simple interest a year.
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Tradex Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr K accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 July 2024.

Geraldine Newbold
Ombudsman

