

## The complaint

Mr S complains that Tradex Insurance Company PLC mishandled a claim on his motor insurance policy.

## What happened

The subject matter of the insurance, the claim and the complaint is a sports utility vehicle, first registered in late 2015.

Mr S acquired the vehicle in June 2023 subject to a finance agreement.

For the year from December 2023, Mr S had the vehicle insured on a Tradex policy.

By June 2024, the vehicle had a recorded mileage of just over 100,000. Unfortunately, Mr S reported that on about on 27 June 2024, an accident had damaged the vehicle.

In early July 2024, Tradex said the vehicle was a total loss and that its pre-accident value had been £8,328.00. Mr S complained to Tradex that it was under-valuing his vehicle.

By a letter dated 12 July 2024, Tradex said that it was making payments as follows:

Pre-accident value	£8,382.00	
Less excess	£ 425.00	
Paid to finance company		£6,519.62
Paid to Mr S		£1,437.38
Total	£7,957.00	£7,957.00

By a final response dated 2 September 2024, Tradex turned down the complaint. It said that its valuation of £8,382.00 was based on the average of the following trade guide valuations:

CAP Market Value Manager	£7,697.00
Glass's Market Value	£8,620.00
Percayso	£8,828.00

Mr S brought his complaint to us without delay.

Our investigator recommended that the complaint should be upheld. The investigator referred to another trade guide valuation as follows:

Auto Trader	£8,069.00
-------------	-----------

The investigator thought that a more appropriate fair market valuation would be £8,828.00, the highest of the valuations produced by the guides. The investigator recommended that Tradex should:

1. pay Mr H an additional £500.00; and
2. apply 8% simple interest on this amount from 11 July 2024 to the date of settlement.

Mr S accepted the investigator's opinion.

Tradex disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- The Autotrader valuation of £8,069.00 reduces the average of the four trade guide valuations to £8,303.50.
- Its engineer's report provided examples of adverts in the market for £7,295.00, £8,406.00, and £8,995.00.
- It has provided evidence to show that Mr S could replace his vehicle for one of the same make, model, mileage, specification etc, as per the policy terms, for the valuation offered.
- It offered Mr S a fair valuation for his vehicle.

### **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.

The policy requires Tradex to compensate the policyholder for the market value of their vehicle. Tradex's policy terms define market value as:

*"The cost of replacing the car with another of the same make, specification, model, age, mileage and condition as the car immediately before the loss or damage happened."*

In assessing what constitutes a fair value we generally expect insurers to review certain relevant guides to motor valuations - which is also our starting point for most valuation complaints.

For a vehicle like Mr S's, the trade guide valuations vary significantly from the lowest to the highest. Tradex's offer of £8,382.00 was based on the average of the CAP, Glass's and Percayso valuations. I accept that the Autotrader valuation reduces the average slightly.

Tradex has also referred to the additional evidence of the adverts copied in the engineer's report. One of those adverts was for £7,295.00, which is less than the offer of £8,382.00. Another of those adverts is for £8,406.00, which is slightly higher than the offer of £8,382.00. The other advert is for £8,995.00 which is higher than the highest trade guide.

So, like the trade guide valuations, the adverts vary significantly from the lowest to the highest. Taken together, the adverts aren't enough evidence to persuade me that Tradex's offer of £8,382.00 is fair, or that Mr S could replace his vehicle with a similar one for that amount. So I'm not persuaded that Tradex's offer of £8,382.00 is fair and reasonable.

## **Putting things right**

I'm not persuaded that a valuation in line with the highest trade guide valuation is inappropriate. To avoid any detriment to Mr S, I conclude that it is fair and reasonable to direct Tradex to apply a valuation of £8,828.00. That's an increase of £500.00 and will require Tradex to make a further payment of that amount.

I take the view that Tradex should've paid Mr S that further amount on about 11 July 2024. So I find it fair and reasonable to direct Tradex to add interest at our usual rate from that date.

## **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Tradex Insurance Company PLC to pay Mr S:

1. in addition to its payments totalling £7,957.00, a further £500.00 for his vehicle; and
2. simple interest on that further £500.00 at a yearly rate of 8% from 11 July 2024 to the date of the further payment. If Tradex considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 March 2025.

Christopher Gilbert

**Ombudsman**