

The complaint

Mrs G has complained about Tradex Insurance Company PLC. She isn't happy about the valuation of her car after it was deemed a total loss following a claim under her motor insurance policy and about the delay in settling the claim.

What happened

Mrs G initially looked to advance her claim through a claims management company after she was involved in an accident before making a claim under her motor insurance policy. As her car was deemed a total loss Tradex looked to pay Mrs G around £2,768 as the market value of her car. But as Mrs G had been offered more by the claims management company, she thought her car was worth more and complained to Tradex.

Tradex looked to value Mrs G's car after it was written off by looking at a number of the various motor valuation guides in order to gauge the market value of her car. It offered Mrs G £2,768 having made a deduction of £86 for a small amount of pre-existing damage (PED). And as Tradex maintained its position and Mrs G was offered more when the claims management company valued her car she complained to this Service.

Our Investigator looked into things for Mrs G and upheld her complaint. Although he thought Tradex had advanced Mrs G's claim within a reasonable period of time he didn't think its valuation was fair. This was because it had looked to offer an average of the motor valuation guides it found and hadn't provided persuasive evidence that a lower valuation than the highest guide price he found (£3,090) was fair or that the deduction for PED was fair either.

As Tradex 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 agree that this complaint should be upheld. I know this will come as a disappointment to Tradex, but I'll explain why.

This Service has an approach to valuation cases like Mrs G's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various motor valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mrs G's car. I'm just looking to see if Tradex has acted reasonably in providing a fair market value of her car and, overall, I don't think it has.

Ultimately, the policy requires Tradex to compensate Mrs G, the policyholder, for the market value of her car. The policy defines 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 relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether Tradex's offer is fair and reasonable. And having reviewed the available valuation guides, which have produced values of £2,772, £3,090, £2,699 and £2,732 respectively, I think Tradex's offer doesn't feel fair as it sits towards the lower end of the guides, and it has clearly said it took an average of the guides it found as its starting point as opposed to the highest guide. And so, looking at the valuations produced by the guides, I'm not persuaded that Tradex's starting valuation offer of £2,768 feels fair.

This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. As I've outlined Tradex's offer sits towards the lower end of the values produced, but it hasn't shown why its offer is fair, or that Mrs G can replace her car with a similar one for the amount offered.

In response Tradex has said it had found three adverts that supported its position that a lower valuation is fair. But it has produced a very small sample in support of its position and I'd expect to see more given the wide market place for a mass produced car like Mrs G's. And Tradex has clearly said it simply averaged the guides it found when forming its valuation offer to Mrs G in any event.

Furthermore, while this matter has been with me for consideration, I've highlighted to Tradex that another engineer considered Mrs G's car and offered an amount in line with the highest guide price and asked it to consider this. It has simply said they must have gone with the highest guide, but I think this is a further piece of evidence that suggests a fairer starting position for Mrs G's car is the highest motor valuation guide found (£3,090).

In these circumstances, to be satisfied Tradex's offer represents a fair valuation, I'd expect to have been provided with more evidence than this. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. And I don't find the small sample of adverts provided persuasive when the valuation guides consider wide reaching data in forming a fair market value, so naturally, I find these more persuasive.

In relation to the small deduction for pre-existing damage I don't think this feels fair. I've seen the photographs and engineers report which Tradex has recently provided suggesting the actual repair would be more, but the damage is very minor. Generally, older cars have low levels of wear and tear, but the value isn't affected to this degree and such damage is factored into valuations given the age of the car. So, I think the small deduction should be refunded to Mrs G as well.

Finally, I agree with our Investigator that Tradex advanced Mrs G's claim in a reasonable timeframe. Unfortunately, there is always a fair degree of time, stress and inconvenience caused in advancing a motor insurance claim like Mrs G's, but I can't hold Tradex responsible for that.

Given all of this and as Tradex haven't provided sufficient evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Mrs G, the highest valuation produced by the guides is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £3,090 less any policy excess owed. And Tradex should pay 8% simple interest for the time Mrs G has been without the shortfall as she has been without the money owed.

My final decision

It follows, for the reasons given above, that I'm upholding this complaint. I require Tradex Insurance Company PLC to pay Mrs G a market value for her car of £3,090 adding 8% simple interest from the date of initial payment to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 April 2025.

Colin Keegan
Ombudsman