

## **The complaint**

Mrs H 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.

## **What happened**

Mrs H made a claim under her motor insurance policy and her car was deemed a total loss. When Tradex looked to settle her claim Mrs H wasn't happy with the valuation of her car.

Tradex had looked to value Mrs H'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 H £3,286 (less her policy excess) which was the average of the three guides it found. When Mrs H complained to Tradex about this, as she believed her car was worth about £4,000, it maintained its position that its offer was a fair market value.

Our Investigator looked into things for Mrs H and upheld her complaint. She looked at the various valuation guides available for Mrs H's car from around the time of claim and thought the fairest thing to do in this instance was to pay Mrs H the highest of the motor guide valuations she found (£3,620). This was because she didn't think Tradex had provided sufficient evidence to show that a lesser overall valuation was fair.

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'll explain why.

This Service has an approach to valuation cases like Mrs H's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company I consider the approach they have 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 H'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 think its valuation wasn't fair in this instance.

Ultimately, the policy requires Tradex to compensate Mrs H, 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. I have reviewed the three guides which Tradex considered, which gave values of £3,069, £3,169 and £3,620 and the Investigator found similar values when she ran the valuation guides. And looking at the valuations produced by the guides, I'm not persuaded that Tradex's starting valuation offer of £3,286 feels fair.

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

In responding to the Investigator's view Tradex has highlighted three adverts it found that it feels supports its position that a lower valuation is fair. But one of the adverts is for a different model and one clearly highlights in the advert that this is at a '*lower price*' compared to the average market price on the advertiser's website, so I don't find these persuasive. Furthermore, Tradex said it valued Mrs H's car by averaging the three valuation guides it found at the time of claim as opposed to relying on the additional adverts. But I note on one of the engineers valuation reports they said that the internet valuation found (an average of three examples which it hasn't provided) was more than the amount Tradex offered initially which undermines its argument. And I would expect to see a copy of these adverts alongside the ones it has produced to this Service in order to explore its argument further and be persuaded by its position.

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. I'd need to be satisfied that this evidence is relevant and persuasive before accepting a lower valuation should be used. And, as I've outlined above, I'm not persuaded Tradex has done this here and the valuation guides consider wide reaching data in forming a fair market value so naturally, I find these more persuasive.

I understand Mrs H would also like the cost of moving and retaining her number plate, but this is a cost that she would always have had to incur upon buying a new car. And this isn't a cost that would be covered under her insurance policy.

Given all of this, 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 H, 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 a more appropriate fair market valuation would be £3,620 less the policy excess. And Tradex should pay 8% simple interest for the time Mrs H 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 uphold this complaint. I require Tradex Insurance Company PLC to pay Mrs H £3,620 as the market value of her car and pay 8% simple interest on any shortfall from the date of the interim payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 21 March 2025.

Colin Keegan  
**Ombudsman**