

The complaint

Mr D complains about how Tradex Insurance Company PLC settled a claim he made on his commercial vehicle policy.

Reference to Tradex includes its agents.

What happened

Mr D held a commercial vehicle insurance policy with Tradex. When his van was stolen he made a claim for the loss.

Tradex accepted Mr D's claim. But Mr D complains about how it was settled and how it was handled. He's not happy with the amount Tradex paid to settle his claim. Nor is he happy with how long it took Tradex to pay him. He says that led to him driving a van that was unroadworthy and being stopped by the police and he says he had to hire a van to keep his business afloat. He's said the additional cost of the hire and the constant worry about the effect this was having on his business and his finances affected his health.

Tradex initially didn't think it had acted unfairly. It said it would consider the cost of Mr D's hire on receipt of invoices, but it didn't think it was responsible for all the time Mr D was claiming for.

Ultimately our Investigator upheld Mr D's complaint. She thought Tradex should increase the settlement of Mr D's claim based on what she considered a fairer market value. She recommended it also cover his hire costs from a month after the claim to the point the interim settlement was paid. And she thought it should pay Mr D a total of £1,000 compensation.

Mr D didn't think this was enough. Tradex never responded. So, the case has come to me 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.

Having done so, I'm upholding it, I'll explain why.

Settlement amount

Tradex valued Mr D's van using the average of the two guide valuations it obtained. It provided no further evidence to support why that was fair.

I'm not satisfied that leads to a fair resolution. Without further evidence, I'm persuaded the highest guide valuation offers a fairer representation of the van's market value. By valuing the van at the highest available guide, it allows Mr D to replace his van with one of a same make, model, mileage and condition to his, in line with what the policy requires.

If the insurer thinks an amount lower than the highest guide is a fairer representation of the

vehicle's market value, it should show us evidence as to why that valuation is fair. Tradex hasn't done that here.

I've also considered, as did Tradex, example of vans for sale provided by Mr D. Tradex didn't find them persuasive because they differed too much from Mr D's van. I'm satisfied that's reasonable looking at the examples provided. But that doesn't change what I've said Tradex should have done ie provide evidence other than valuation guides to show why it's valuation was fair.

I've also considered that in assessing the claim, Tradex thought about limiting the settlement to the amount listed on the schedule as set out in the policy terms. It didn't do this and chose to pay the market value, something I consider fair. But as set out above, I'm not satisfied it's approach to reaching that value was fair in this instance.

So, to put things right, Tradex should settle Mr D's claim on the basis that the market value of his van was £5,399, the highest figure returned by the available guides.

It's already paid Mr D an interim settlement, so it only needs to pay him the difference between the market value used in that settlement and this new market value. This payment however should include interest, to be calculated from the date of the interim settlement to the point payment is made.

Hire costs

In its final response letter, Tradex indicated it would consider hire costs Mr D had incurred while it delayed paying his claim. It thought it delayed the claim for a month and 17 days.

Our Investigator disagreed. She noted the claim was made in April but didn't ask for details on his insurable interest in the van until May. She noted that there was no obvious reason for that delay, or for why it then took until September to pay the interim payment.

Tradex hasn't responded to that view, and I've been provided no further explanation either. So I'm minded to agree with our Investigator.

As such, I'm persuaded that had things gone as they should have, Mr D should have been offered settlement of his claim, at least on an interim basis by the time he started hiring a vehicle himself. So, like our Investigator I require Tradex to cover Mr D's hire up the point it paid its interim offer.

No interest is due on this payment, because Mr D at the point of making the complaint, and our Investigator giving her answer, hadn't paid the hire fees – so he's not been without that money.

I'm aware Tradex has already paid an amount to Mr D for the hire it feels it was responsible for, so it goes without saying it only needs to pay for the additional fees covered by the above.

Distress and inconvenience

Tradex offered Mr D £300 in acknowledgement of the service it provided. Our Investigator didn't think that was enough and recommended it pay him a further £700.

Mr D doesn't think that's enough. He said Tradex's actions led to him getting points on his license and a court fine. He said the worry of owing money has caused him distress and affected his health. And he's said Tradex's undervaluation of his vehicle and refusal to pay

all his hire has caused him to worry about whether he can continue with his business.

I'm not persuaded Tradex's actions caused Mr D to incur a fine and get points on his licence. I appreciate Tradex put him in a difficult position, but the events that led to that fine and those points were as a result of Mr D's choice. I can't fairly hold Tradex accountable for that.

It's difficult to put a figure on someone's distress and inconvenience. It's a very personal feeling, and there's no exact science to it. But I think it's clear that this claim has affected Mr D, and that it's affected him for a number of months where it needn't have. He's tried to mitigate his losses and keep his business trading, and in doing so has ran into further issues with the fine and the points (which I don't hold Tradex responsible for) and further costs in the way of a hire vehicle (which I do hold Tradex responsible for). Those extra costs have put extra pressures and worries on him -even though he's not paid those costs, they're still a financial burden - and I can imagine thinking you're going to lose your business an extremely stressful time. I'm satisfied this all could have been avoided had Tradex paid Mr d a fair market value for his van, promptly after the claim was made.

Again, Tradex hasn't responded to us letting us know what it thinks of our Investigator's recommendation of an additional £700 compensation.

Considering everything, I'm satisfied that £700 additional compensation is fair and reasonable in the circumstances.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. To put things right Tradex Insurance Company PLC needs to:

- Increase the settlement of Mr D's claim to reflect his van's market value being £5,399. Interest of 8% simple per annum should be added to this payment from the date of the interim settlement, to the date it pays him.
- Pay Mr D's hire costs between May 2024 when he hired the vehicle, to the point the interim settlement was paid. Any costs it's already paid for this period need not be paid again.
- Pay Mr D a total of £1,000 compensation for the distress and inconvenience caused. Any compensation it's paid already can be deducted from this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 June 2025.

Joe Thornley
Ombudsman