

The complaint

Mr Q has complained about the total loss settlement Tradex Insurance Company PLC paid when he made a claim under his car insurance policy.

What happened

Mr Q made a claim to his insurer, Tradex following an incident. Tradex settled Mr Q's claim by paying a total loss settlement based on the market value of his car. It took the average of two of three trade guides it looked at to decide the valuation. Tradex made a deduction of £90 from the valuation for pre-existing damage to the rear bumper.

Mr Q complained that the valuation was too low. Tradex upheld Mr Q's complaint and increased the valuation. But Mr Q remained unhappy and asked us to look at his complaint.

One of our Investigators asked Tradex to provide evidence of pre-existing damage to show its deduction was reasonable. Tradex said it had provided everything to us.

The Investigator checked the four main trade guides available in line with our approach and recommended Tradex increase the valuation further, to the highest of the guides. He recommended Tradex pay interest on the difference and pay Mr Q £100 compensation for the distress and inconvenience caused. The Investigator didn't find the adverts Mr Q had provided for similar cars persuasive to increase the valuation beyond the highest of the trade guides.

Both parties disagreed with the Investigator's view. Tradex said it wasn't a regulatory requirement to follow our approach in using four available trade guides to reach a valuation. It is satisfied it acted reasonably in using three guides in reaching its valuation.

Mr Q says his car is a luxury model as it has a long wheel base, so it is a superior model to the examples he provided, and referred to in the Investigator's view. So he says the valuation should be higher than the recommended valuation by the Investigator.

As both parties disagree, the case has been passed 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.

Mr Q's policy with Tradex says the most it will pay in the event of a claim is the market value of his car at the time of loss.

Our general approach when looking at market value complaints is to follow the main motor trade guides. This is because they provide valuations based on likely selling prices for a car of the same make, model, age, specification, condition and mileage. We will also take into account other evidence such as advertisements for similar cars, where this is persuasive enough to depart from the valuations provided by the trade guides, or where the guides

aren't able to produce a valuation.

Where an insurer makes a deduction for pre-existing damage, we think this is reasonable provided it has evidence to support the deduction. Having looked at the information provided by the engineer and photos of Mr Q's car, none show the pre-existing damage to the rear bumper. And the Investigator asked Tradex to provide evidence of this, but it said it had nothing more to provide.

So Tradex hasn't shown the deduction it took of £90 from the market value was reasonable.

I've looked at the valuation guides and in line with our approach, the highest of the available guides produced a valuation of £8,136 for Mr Q's car. The valuation takes into account the specification of Mr Q's car, so I'm satisfied it reflects a fair market value.

The examples provided by Mr Q vary widely in age, specification, mileage and price. He wants Tradex to pay a higher valuation, between £9,000 and £10,000.

But I don't find the adverts more persuasive as evidence than the highest of the guides in reaching a fair valuation.

This means I agree with the Investigator's recommendations which are in line with our approach. Based on the highest of the available valuation guides, I think Tradex should increase the settlement it paid Mr Q to £8,136 (minus the excess deduction already taken).

Tradex should pay interest on the difference from the date it made the original settlement to the date it pays the difference at 8% simple interest a year.

Tradex should pay Mr Q £100 compensation for the distress and inconvenience caused by paying a lower valuation for his car.

My final decision

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

- Increase the total loss settlement to £8,136.
- Pay interest on the difference at 8% simple interest a year from the date of original payment to the date Tradex pays the difference.
- Pay Mr Q £100 compensation for the distress and inconvenience caused.

Tradex Insurance Company PLC must pay the compensation within 28 days of the date on which we tell it Mr Q 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.

If Tradex Insurance Company PLC considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr Q how much it's taken off. It should also give Mr Q a tax deduction certificate 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 Q to accept or reject my decision before 6 August 2025.

Geraldine Newbold

Ombudsman