

The complaint

Mr M complained that Tradex Insurance Company PLC had wrongly valued his car under his motor insurance policy.

What happened

Mr M's car was damaged in an accident on about 28 December 2023. Tradex didn't inspect it and decide that it was uneconomical to repair until about 2025. They then assessed his car's market value using four motor trade valuation guides backdated to the 2023 date of loss. They offered him the average of those guides' amounts. Mr M said that wasn't enough as he'd bought his car for much more only a few months before the accident.

The investigator recommended that his complaint should be upheld and that Tradex should increase their market value offer to the highest of the guides' valuations, in line with this Service's guidance at the relevant time. Tradex didn't agree. So I've been asked 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.

As the investigator explained, market value does not necessarily mean the price paid for the car or the value a consumer thinks it has. Mr M's policy says that market value is:

"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."

Our approach regarding complaints about car valuations is not to decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount in all the circumstances. This involves having regard to the valuations in the motor trade guides. If the insurer's valuation isn't close to the highest guide value, we'll look to see if it's supported by other evidence, such as engineer's reports, expert opinions, and adverts for similar cars.

However we expect an insurer to show their valuation is enough to allow their policyholder to buy a like for like replacement vehicle. If it doesn't, we're likely to direct them to pay the value produced by the highest guide. We had published guidance to insurers to that effect at the relevant time.

In arriving at Mr M's car's market value, Tradex showed that they considered valuations from four motor trade guides which gave a range of valuations for Mr M's car at the date of its loss in December 2023. They then took the average of all four guides, which was £27,657, and offered him that. But Tradex haven't shown us why they think it was reasonable to choose an average, or why they didn't follow our above guidance at the relevant time.

Our investigator did her own check of four guides, looking at whether Tradex had valued Mr M's car in accordance with our guidance, considering the car's model, additional features, and the actual mileage at the time of the car's loss. Those showed a range of valuations with

the highest being £31,534. Tradex referred us to adverts for similar cars to his that were for sale for lower than their offer. But these were from 2025, just before their market value settlement offer, not 2023.

Tradex said they could use the backdated guides, but they couldn't find backdated adverts, but they considered that the 2025 adverts were relevant, as they related to the current time when it was likely that Mr M would be buying a replacement car. They said the adverts showed that Mr M could replace his car with a similar one for the amount they'd offered. But that doesn't comply with their policy above, which requires them to pay the car's market value immediately before the loss or damage happened. Their adverts are not from the date of loss, but from about April 2025, which was about a year and half after the date of loss. So I don't think it's fair for Tradex to rely on them.

Tradex said they didn't value Mr M's car in 2023 after the date of loss, because after the accident Mr M hadn't at first wanted to make a claim via Tradex, but dealt with an accident management company instead. He only claimed under his policy after the third-party driver was found liable by a court in 2025. I've considered whether Mr M's actions in waiting until 2025 to make his claim may have affected Tradex's opportunity to obtain adverts from the 2023 date of loss to help justify their valuation. However I think the crucial point is that Tradex hadn't taken the correct guide valuation starting point to begin with. They also hadn't provided other evidence such as expert reports, which could have helped justify their valuation. And so I don't think that their market value offer was a fair and reasonable valuation and so they should increase it to the highest of the guides' valuations.

Mr M has also shown us adverts, also not from the date of the loss, and although one is higher than Tradex's valuation offer it seems to be an upgraded model and not like for like with Mr M's car. I realise that Mr M would like more money for his car, but I haven't been shown enough to suggest that a value outside the guides is fair, and so I think the guides' approach should apply. The highest of the guides at the date of loss was £31,534 and so I think that Tradex should pay Mr M that as his car's market value, less what they have already paid him, plus interest on that difference.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require Tradex Insurance Company PLC to do the following:

- Pay Mr M the difference between £31,534 and what they paid as his car's market value.
- Pay Mr M interest on that difference at 8% simple interest from the date they paid their market value until the date they pay him the difference

If Tradex consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr M how much they've taken off. They should also give Mr M a tax deduction certificate if Mr M 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 M to accept or reject my decision before 8 December 2025.



Rosslyn Scott

Ombudsman