

The complaint

Mr T has complained that the offer made to him by his motor insurer, Tradex Insurance Company PLC (Tradex), for the market value of his car was too low.

What happened

In May 2025, Mr T's car was stolen and unfortunately it was never recovered. He made a claim on his motor insurance policy with Tradex who declared the car a total loss.

Tradex offered Mr T £5,561 for the market value of his car but he thought the offer was too low. Mr T provided adverts for cars he considered to be similar to his, which were being sold for £7,500 and over.

Tradex considered Mr T's evidence but it said it wasn't prepared to increase its offer which was based on valuations provided by recognised motor guides.

Mr T complained but Tradex didn't uphold his complaint. So he brought his complaint to our service where it was reviewed by one of our investigators. After considering all the evidence, our investigator thought that Tradex should increase its offer to £5,820.

Mr T said he still didn't think he could replace his vehicle for a similar one, with the amount our investigator suggested. Tradex also disagreed with our investigator and said it believed its offer was in line with our established approach.

As the matter wasn't resolved it was 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.

Like most motor insurance policies, Mr T's includes cover in the event that the car is stolen. The policy states that Tradex will pay an amount equal to the loss or damage sustained and that Tradex will not pay more than the market value of the car at the time of the loss.

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".

Our service has an approach to valuation cases like Mr T's that 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.

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Tradex used three motor guides which produced values of £5,445, £5,820 and £5,417 respectively. I've also reviewed the four valuations our investigator obtained, and the guides returned values of £5,820, £5,226, £5,492 and £5,375. The valuations obtained by both parties are broadly in line with one another and I don't consider any to be outliers. Tradex valued Mr T's car at £5,561 using the guides.

Mr T has provided three adverts for cars on sale for £7,500, £8,491 and £10,800 respectively. I have considered these but didn't find them as persuasive as the motor guides as all the cars had significantly lower mileage than Mr T's.

Tradex also provided its own adverts. One was for £4,295 but the car in the advert had more mileage than Mr T's so I didn't find it persuasive. Two were for £6,995 and had mileage similar to Mr T's car but I didn't find these as persuasive as the guides and I will explain why below.

As I said above, under the policy Tradex will pay the market value of the car immediately before the incident based on a car of similar specification, age etc. And though we may sometimes consult adverts we don't often find them as persuasive as the guides. And this is because the price a car is listed for is more often than not, not the price it sells for which is often negotiated down. Also, advertised prices can vary substantially between cars with similar mileage no doubt depending on their condition which isn't always evident from the advert.

Looking at the valuations produced by the guides I am not persuaded that Tradex's offer of £5,561 is fair and reasonable and this is because it hasn't provided other persuasive evidence to show that Mr T is able to replace his car for a similar car for that amount. The only advert it provided which was below this amount was for a car with higher mileage than Mr T's.

Given there isn't any other relevant and persuasive evidence to persuade me that a valuation in line with the highest valuation produced is inappropriate and to avoid any detriment to Mr T the highest valuation produced by the guides is my starting point. And considering the overall variation of the values produced I consider that a fair market valuation would be £5,820.

My final decision

For the reasons above, I have decided to uphold this complaint. Tradex Insurance Company PLC must pay Mr T the difference between its previous valuation of £5,561 and £5,820. It must also pay 8% simple interest per year on the amount it pays him from the date of its initial payment to the date it pays him.

If Tradex Insurance Company PLC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T 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 T to accept or reject my decision before 1 January 2026.

Anastasia Serdari
Ombudsman