

The complaint

Mr S complains about the settlement Tradex Insurance Company PLC made to him, for a claim he made on his motor insurance policy after his car was declared a total loss.

What happened

Mr S holds a motor insurance policy with Tradex. When his car was damaged in an accident he made a claim.

Tradex accepted the claim and agreed to settle it by paying Mr S the market value of his car at the time of the loss. Tradex thought the market value of Mr S's car was £15,380. It said it used the available valuation guides to reach that figure.

Mr S didn't think this was enough to buy a like for like car and complained to Tradex. He said his car had low mileage and was in very good condition.

Tradex didn't agree, it said it used three valuation guides which produced valuations of £14,010, £15,988 and £16,141. It calculated the average of the three guides to achieve its valuation of £15,380.

Because Mr S remained unhappy with Tradex's valuation, he brought his complaint to our Service.

Our investigator recommended the complaint be upheld. They didn't think Tradex had sufficiently evidenced why its offer, which was lower than the highest valuation guide figure was a fair value. They considered the adverts Tradex provided but weren't persuaded Mr S could replace his car with a similar make and model with the valuation it had offered. They recommended it pay Mr S the difference between the highest guide Tradex obtained which was £16,141 and what it had valued his car at. They also recommended Tradex pay interest at 8% simple.

Mr S agreed to this assessment. Tradex didn't agree. It asked for an ombudsman's decision. It said the advert examples it provided support its valuation that £15,380 is fair and took into account an adjustment to reflect the mileage on Mr S's car.

So the complaint 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.

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

Mr S's policy with Tradex says the most it will pay for any claim is the market value of the vehicle. It defines that as *"The cost of replacing the insured vehicle at the time of loss or damage compared with one of the same make, model, specification and condition"*.

We've an established approach on what we look at when determining whether an insurer has offered a fair market value.

Our approach, to avoid potential detriment, is that where an insurer considers the car's market value to be less than the highest value returned from the guides we use, it needs to evidence that valuation is fair by providing supporting evidence.

I've considered Tradex's comments and thought carefully about the adverts it has provided. Tradex says the examples support its decision to pay the average of the valuation guides. There are four adverts with three cars selling privately and one independently.

The mileage for Mr S's car was recorded by the engineer at 29,165 miles. Although the engineer applied an adjustment to the adverts to reflect the mileage of Mr S's car. I don't agree this is sufficiently strong evidence that its valuation is fair – because all the examples Tradex provided have considerably higher mileage than Mr S's car, so aren't comparable.

Looking at the valuations produced by the guides, I am not persuaded that Tradex's offer of £15,380 is fair and reasonable. Given there isn't any other relevant evidence to persuade me that a valuation in line with the highest guide is inappropriate and to avoid any potential detriment to Mr S, I consider a fair market value would be £16,141 – the highest guide amount.

Because an interim offer was paid, as we'd expect it to have been. Our approach is that where there is a difference between the interim settlement and final settlement, then the insurer should add interest to this amount. And so I think Tradex should add interest at a rate of 8% simple on the difference from the date it paid the interim settlement amount to the date of payment to Mr S.

My final decision

For the reasons set out above, I uphold this complaint. Tradex Insurance Company PLC needs to:

- Pay Mr S £761. This represents the difference between the previous market value of £15,380 and the highest guide being £16,141. Interest* should be added to this payment at a rate of 8% per annum. Interest should be calculated from the date it paid the interim payment to the date it pays the difference.

*If Tradex Insurance considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S 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 S to accept or reject my decision before 19 March 2026.

Lorraine Ball
Ombudsman