

The complaint

Mr O says Tradex Insurance Company Plc didn't pay him enough for his written-off car after he made a claim on his motor insurance policy.

What happened

Mr O thought the market value of his 20-year-old car was around £1,400 to £1,500. Tradex offered him £1,116 for it. It told Mr O it had looked at the valuations given in three national trade guides (at £1,856, £817, and £675) and had offered the average of those sums, before making a small deduction for pre-accident damage. Tradex didn't accept the examples of cars for sale provided by Mr O at higher prices, as they were from different years, or were different models, and / or had petrol not diesel engines of different sizes.

One of our Investigators reviewed Mr O's complaint. He said if an insurer doesn't offer the top valuation shown in the guides, it has to show firm evidence that the consumer could have replaced their car (like for like) for less. He didn't think Tradex had done that. He didn't agree that the highest guide price should be dismissed as an outlier, without evidence to show that it was wrong. The Investigator noted that Tradex had provided three adverts that it thought showed its valuation was fair. But he thought two of them had insufficient details to be sure of that and one of them was for a lower specification model. So he said Tradex should pay the difference between the sum offered to Mr O and £1,856, plus interest

Tradex said given the car's age it was hard to find exact matches. But it said its engineers had just found another two cars to note. One was a 2008 model with much less mileage than Mr O's car, listed at £1,295. The other was a 2012 model with similar mileage to his, listed at £850. It said these were the closest examples it could find, and that as both cars were newer than Mr O's car, with a higher specification, they showed its offer was reasonable.

The Investigator agreed that there were limited numbers of similar cars on the market. But he said our guidance required examples to be of the same specification, age, and condition, with similar mileage. As the newest examples weren't, he still thought the top guide price should be paid. As there was no agreement, the complaint was passed to me for review.

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.

We think the trade guides are the fairest way to establish a car's likely market value as the figures in them are based on extensive market research. We don't think an insurer should take an average of the guides' prices. It should offer a consumer the highest sum shown in them, in the absence of strong evidence to the contrary. And we don't think it's fair to discount routinely any guide valuation that's higher than other valuations, on the basis that it's an outlier (or to include it to get a lower sum as an average, as in this case).

In general we don't find adverts persuasive unless they closely match the details of the car that's being valued. Here, given the car's age, both parties agree that it's hard to find a like for like car. I don't think the adverts provided by Mr O or by Tradex are close enough to his car to be used safely as comparators, for the reasons given by Tradex and by our Investigator, which don't need to be repeated here. Recently, I did some research, and I couldn't find an example of a car that could be considered like for like with Mr O's car.

Tradex says the two cars it found some time after the date of loss show that there are cars around that are superior to Mr O's car advertised at less than it offered him for his car. But neither is a like for like example. Should Mr O and Tradex continue to search, they may eventually find a car that is similar enough to Mr O's car to be a strong comparator. I think it's unlikely, given the age of his car and its design - and in any event that isn't how the valuation process is supposed to work.

I think what has been shown by the examples found at the time of loss (and well after that date) is that like for like examples of Mr O's car for sale can't easily be located. I think that means the fairest way to value his car is by relying on the trade guides and paying him the top valuation shown in them.

My final decision

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

- Pay Mr O the difference between the sum paid to him so far and the guides' top valuation at £1,856
- Add interest to the sum to be paid, at the simple yearly rate of 8%, from the date of the previous payment to the date of settlement

If Tradex thinks it should deduct tax from the interest, it should tell Mr O what sum has been deducted, so he may reclaim it from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 1 April 2026.

Susan Ewins
Ombudsman