

The complaint

Mr H says that when he made a claim on his motor insurance policy, Tradex Insurance Company Plc undervalued his written-off car.

What happened

Mr H's car was 15 years old, but with exceptionally low mileage at 29,807. He says it had only one previous owner and that it was in immaculate condition before it suddenly burst into flames. He rejected Tradex's offer of £5,556, as he'd seen other cars advertised for more, including one that sold for £9,945. He told Tradex's engineer he thought his car was worth £8,000 and that he'd need that sum in order to be able to replace it.

Tradex acknowledged the distressing nature of the car's loss, but it said it had looked at the valuations for similar cars in the national trade guides and that its offer reflected an average of the three amounts shown. It also said its engineers didn't think the adverts Mr H had sent to it were comparable to his car, in terms of age, mileage and specification, except for one, which it thought supported its valuation.

One of our Investigators reviewed Mr H's complaint. She said as Tradex hadn't offered Mr H the highest valuation shown in the trade guides (£7,837) it had to show why that was fair and that Mr H would be able to replace his car for a lower sum. She thought that as neither Mr H nor Tradex had found similar examples to Mr H's car, Tradex should pay him the highest trade guide valuation.

Tradex said the valuation of £7,837 was an outlier, as the other two guides quoted £3,861 and £4,970, and that our guidance said an outlier could be discounted. The Investigator said we'd only discount it if there was other evidence to show it was wrong, and that she'd seen no convincing evidence that Mr H would have been able to replace his car for less. She also said our approach isn't to take an average of the trade guide prices to value a car. She said the fact that the other guide prices weren't close to each other showed the car was hard to value, and that the fourth trade guide didn't quote for the car, given its age. Tradex then provided examples of cars that it said showed its engineers' formula of deducting £10 from the value of a car for every 1,000 miles on the clock was correct. As there was no agreement, the complaint was then 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 fairest way to value a vehicle is to rely on the trade guides, as their figures are based on extensive research of numerous cars. We don't think taking an average of the valuations in the guides is a fair way to assess the sum a consumer should be paid. Unless an insurer can show why it wouldn't be fair to rely on the highest price set out in the guides, we think that's the sum it should pay. Our guidance doesn't say a guide should be dismissed

solely because its valuation is significantly higher than other guides. It's a matter of assessing whether that sum is likely to be fair by reviewing any other available information.

If there's evidence (such as *persuasive* adverts) that the consumer could replace their vehicle with a similar one for less than the top guide price, we would generally say the insurer acted fairly in offering less than that sum. Here, Tradex has to show that Mr H could replace his car for the £5,556 it offered him, rather than for the top guide price of £7,837.

I don't think the evidence provided by Mr H or by Tradex is persuasive. Mr H has produced adverts for cars of the same make and model that are advertised at higher (or much higher) prices than the top trade guide valuation. But some of them were manufactured years before his and a year after the year his car was produced in 2010. There's a large variation in the cars' mileages and some have a different engine size. Adverts provided by Tradex are for cars from 2010, but with petrol rather than diesel engines and with manual not automatic gearboxes. And the cars have much more mileage than Mr H's car.

I don't think Tradex's mileage calculation is persuasive (£10 devaluation for every 1,000 on the clock). It has shown that it works in relation to some cars, but not all. For example, two of the cars in Tradex's list have 5000 more mileage than another car. The difference in price between them is £1,754 and £2,400, not the £50 it should be using Tradex's calculation. So I don't think the calculation can be relied on safely.

In general I don't think the adverts are consistent. And in my opinion, neither party has found a car that closely matches Mr H's car. Consequently I don't think Tradex has shown that the top valuation is wrong or that Mr H could replace his car with a similar one for less. So I think it should pay him the highest guide valuation. Mr H says he accepted Tradex's offer as an interim sum in June 2025, so it should now pay him the difference, with interest.

My final decision

My final decision is that I uphold this complaint. I require Tradex Insurance Company Plc to pay Mr H £2,281 (the difference between the £5,556 paid to him in June 2025 and the top trade guide valuation of £7,837). It should add interest to the £2,281 at the simple yearly rate of 8%, from the date of the payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 March 2026.

Susan Ewins
Ombudsman