

The complaint

Mr D has complained about the way Tradex Insurance Company PLC (Tradex) settled a claim he made on his motor insurance policy.

What happened

Mr D was involved in an accident in June 2025, and his vehicle was declared a total loss. At first, he asked a Claims Management Company (CMC) to deal with his claim. They gave the option of retaining the vehicle salvage for a reduction of £429. But after a dispute with the CMC about his vehicle's valuation, Tradex took over the claim.

Tradex kept the same valuation as the CMC but reduced the settlement by £1,089 in exchange for him keeping the salvage. This meant he received £2,211 for his vehicle. Mr D didn't think this deduction was fair and complained to Tradex. They didn't uphold the complaint, saying their salvage rates are set by the salvage agents and are based on the valuation band of the vehicle. And that these rates can't be amended.

Unhappy with Tradex's response, Mr D referred the complaint to our Service and said he wants Tradex to pay him £660 – which is the difference between the CMC's salvage value and Tradex's.

Our Investigator looked into what happened and upheld the complaint. She said Tradex were entitled to make a deduction for salvage, but only for the amount they would have received. Based on the evidence Tradex supplied, she thought they should have only applied a 26% salvage rate and asked them to pay Mr D £231.

Tradex didn't reply, so the complaint has come 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.

As ours is an informal service, I'm not going to respond to every point or piece of evidence Mr D and Tradex sent us. Instead, I've focused on what I consider to be key or central to the complaint. But I'd like to reassure both that I have considered everything submitted.

The question I have to consider is whether it was fair for Tradex to deduct £1,089 from the settlement in return for Mr D retaining the salvage. I don't think it was – I'll explain why.

When an insurer allows a customer to retain the salvage of their vehicle, it isn't unusual for them to deduct what they would have received when disposing of the salvage itself. This is because, when an insurer pays out for a total loss, they'll usually get to retain the damaged vehicle if it's available. I haven't seen anything in this case to make me think Tradex wasn't entitled to do this. But for me to consider the amount they deducted was fair, they'd need to demonstrate the amount they deducted is in line with what they would have received from their salvage scheme.

Tradex has sent us screenshots of data which show what they would receive from their salvage scheme depending on the value of the vehicle. I'm satisfied it shows around the date of the loss, they would have received 26% of the market value of Mr D's vehicle at salvage had Mr D not retained it. I can't share this data with Mr D because it's commercially sensitive, but I can assure him I've seen it and carefully considered it.

Tradex didn't deduct 26% for the salvage, they deducted 33%. They explained why they deduct a different amount than they would have received from their salvage scheme – but, based on what I've seen, I don't think it was fair for them to do that. So, I'll be directing Tradex to pay the difference between these rates.

I understand that Mr D was also unhappy with other elements of his claim with Tradex including with the valuation of his vehicle and claim handling, but that these have been resolved and he wanted us to consider his complaint about the salvage deduction. So, I don't need to comment on these other points.

My final decision

For the reasons above, I uphold Mr D's complaint and direct Tradex Insurance Company PLC to:

- Pay Mr D £231 – which is the difference between what they deducted for salvage (£1,089) and what I think would have been a fair amount to deduct (£858).
- Pay Mr D 8% simple interest on the above amount from the date the valuation was paid to the date of settlement.*

*If Tradex thinks that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr D how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 February 2026.

Andrew Wakatsuki-Robinson
Ombudsman