

## The complaint

Mr K on behalf of A complains about the settlement offered by U K Insurance Limited (UKI) following a claim on his motor trader policy.

## What happened

A have a motor trader policy with UKI. I'm sorry to hear about a fire at A's premises which led to damage to multiple vehicles. A raised a claim with UKI which was accepted. However, A didn't think the settlement figures offered for each vehicle were fair. A raised a complaint and eventually brought the complaint to this service.

Our investigator upheld the complaint. He didn't think the settlement offer was fair and asked UKI to pay more. However, he thought the £500 compensation awarded by UKI was fair. UKI accepted the outcome, but A appealed. They still didn't think the settlement offers were fair. They said this was because he had to pay additional fees when buying at auction which hadn't been considered. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both UKI and A a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

## What I provisionally decided – and why

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I intend to uphold A's complaint.*

*When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I've thought about whether UKI acted in line with these requirements with how they've settled A's claim.*

*At the outset I acknowledge that I've summarised their complaint in far less detail than A have, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.*

*As a service, we have a set approach for vehicle valuation complaints. In summary, we'd expect an insurer to pay the highest of the valuation guides unless they can provide*

evidence to support a lower valuation. However, should a policyholder also believe the guides aren't fair, I'd expect them to provide evidence to also justify a higher settlement being provided.

A has said he doesn't think the additional fees he'd have to pay when purchasing at auction have been considered. This includes auction fees, delivery fees, inspection fees. The policy sets out A is covered for the following:

*"In the event of damage at the premises to any property insured in connection with the business occurring during the period of insurance, the company will pay to the insured the value of such property insured or the amount of the damage at the time of such damage or, at its own option, reinstate or replace such property."*

The valuation guides when considering trade valuations only consider the hammer price and don't include any additional fees. However, this wouldn't mean the valuation the guides provide is automatically unfair or unreasonable. So, I've considered each vehicle individually. I've set out each of the different vehicles separately below.

*M\*\*\*\*\*H*

UKI offered A £6,430 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £8,681 based on the valuation guides.

A has sent us their invoice that shows they purchased this vehicle for £7,500 plus £366 of fees. This was around six months prior to the car being involved in the fire. However, A has also provided us with a repair invoice for £1,250 from before the fire to get the vehicle ready for sale. Overall, I think our investigator's value of £8,681 is sufficient for this car with the fees included.

*B\*\*\*\*\*W*

UKI offered A £17,990 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £19,990 based on the valuation guides.

A has sent us their invoice that shows they purchased this vehicle for £24,000 plus £144 of fees. This was over two and a half years prior to the car being involved in the fire. The vehicle was purchased during a peak in the second-hand market due to Covid and other international events. Based on what I've seen, I think the investigator's valuation of £19,990 is fair and reasonable.

*S\*\*\*\*\*Z*

UKI offered A £3,230 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £4,550 based on the valuation guides.

A has sent us their invoice that shows they purchased this vehicle for £3,850 plus £300 of fees. This was only a couple of months prior to the car being involved in the fire. I think our investigator's value of £4,550 is sufficient for this car with the fees included.

Following the fire, A felt the damage to this vehicle wasn't too bad and arranged for some repairs and a MOT on the vehicle. A has provided the repair invoice which came to £780.02. This didn't bring the car to a saleable condition as further repairs were also required. UKI assessed the repairs but still chose to declare the vehicle a total loss. Whilst under the policy UKI are able to make this decision, they could have offered for A to purchase the salvage and complete the repairs to be able to sell it. As they didn't, A has lost out financially

*due to the work they completed on the vehicle. So, I think UKI should include the cost of the repair work in their settlement.*

*Our investigator said this had been considered previously by this service, but having reviewed A's previous complaints, I can't see it has.*

*Y\*\*\*\*\*A*

*UKI offered A £3,952 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £4,999 based on the valuation guides.*

*A has sent us their invoice that shows they purchased this vehicle for £4,150 plus £300 of fees. This was only a couple of months prior to the car being involved in the fire. I think our investigator's value of £4,999 is sufficient for this car with the fees included.*

*Y\*\*\*\*\*W*

*UKI offered A £5,062 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £5,502 based on the valuation guides.*

*A has sent us their invoice that shows they purchased this vehicle for £6,050 plus £300 of fees. This was around six months prior to the car being involved in the fire. However, A has also provided us with repair invoices for a total of £1,545.33 from before the fire to get the vehicle ready for sale. Some of this was for general maintenance work as opposed to repairs. Based on what I've seen, I think UKI should pay an additional £1,050 for this vehicle, taking the total settlement figure to £6,552.*

*L\*\*\*\*\*U*

*UKI offered A £16,654 for this vehicle. Our investigator thought UKI's settlement offer for this car was fair.*

*A has sent us their invoice that shows they purchased this vehicle for £16,100 plus £528 of fees. This was only a couple of months prior to the car being involved in the fire. However, A has also provided us with a repair invoice for £980 from before the fire to get the vehicle ready for sale. So, I think UKI should pay an additional £980 for this vehicle, taking the total settlement figure for it to £17,634.*

*G\*\*\*\*\*G*

*UKI offered A £4,398 for this vehicle. Our investigator didn't think this was fair and thought UKI should increase it to £4,720 based on the valuation guides.*

*A has sent us their invoice that shows they purchased this vehicle for £4,750 plus £291 of fees. This was around 18 months prior to the car being involved in the fire. The vehicle was purchased during a heighten period in the second-hand market due to Covid and other international events. However, A has also provided us with repair invoices for a total of £844.10 from before the fire to get the vehicle ready for sale. Some of this was for general maintenance work as opposed to repairs. Based on what I've seen, I think UKI should pay an additional £440 for this vehicle, taking the total settlement figure to £5,160.*

*Based on the above, I'm intending to tell UKI to pay a total of £68,346.02 to settle the claim. I also intend to tell UKI to pay 8% simple interest on any additional payment made on top of what they offered in their final response letter.*

*I've considered the circumstances in full and think the £500 already awarded by UKI for the inconvenience caused is fair and reasonable. So, I don't intend to tell UKI to pay anything further."*

I set out what I intended to direct UKI to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

### **Responses to my provisional decision**

Both A and UKI confirmed they didn't agree with my provisional decision.

A made the following comments:

- Auction fees have gone up significantly.
- Didn't agree that B\*\*\*\*\*W was bought at the market peak.
- Unhappy with how UKI came to their valuations in the first place.
- Transport costs and other costs haven't been considered.

UKI said they thought the valuation guide value for S\*\*\*\*\*Z was the market value and not the trade value as should be used.

Having reviewed this further, I confirmed that it was but hadn't changed it as UKI had previously agreed to it. I sent an email to both parties confirming that the highest trade value for this vehicle was £4,168 and I thought this was a fair figure. However, I still thought UKI should pay the additional £780.02 repair costs. This brought the total payment by UKI to £4,948.02.

UKI didn't respond further to this. A confirmed they disagreed.

A made the following comments:

- Charges paid previously do not apply in future purchases.
- Transportation costs haven't been considered.
- Doesn't agree with value place on S\*\*\*\*\*Z. They said UKI didn't provide any evidence to verify it.

### **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.

I've thought carefully about the responses to my provisional decision. Having done so, while I appreciate it will come as a disappointment to A, my conclusions remain the same. I'll explain why.

A provided us with information on the fees associated with purchasing a trade vehicle at auction. They also explained about how costs have changed. So, this isn't new information and has already been considered in my provisional decision. I'm not going to go into detail about this point. I'm satisfied based on what I've seen that the values I've come to are fair in the circumstances.

A had also raised about delivery fees so this had been considered. Whilst I appreciate A need to pay delivery fees for vehicles they purchase, this is because they don't collect and transport the vehicles themselves. The policy term covers replacing the property. I don't

think this includes transporting the vehicle. I think A can replace the vehicles for the values I've set out, delivery is a further cost on top. This doesn't change my outcome.

It's been accepted the values UKI came to initially weren't fair. This has been rectified by increasing them and compensation being paid. Nothing further is needed on this point.

I'm satisfied that the value I've come to on B\*\*\*\*\*W is fair for the reasons I set out in my provisional decision. A hasn't provided anything that changes this. I've used the evidence available including the valuation guides in coming to the value for S\*\*\*\*\*Z. A haven't provided any evidence to change my outcome on this vehicle.

### **Putting things right**

To put things right, UKI should do the following:

- Pay A a total of £67,964.02 for the claim
- Pay 8% simple interest\* on any additional payment for the above made to A from the date of making the first offer of settlement to the date payment is made.
- Pay A £500 for the inconvenience caused if they haven't already.

\* If UKI considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell A how much it has taken off. It should also give A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained above, I uphold this complaint and direct U K Insurance Limited to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 27 March 2026.

Anthony Mullins  
**Ombudsman**