

The complaint

Mr S is unhappy about the total loss settlement Tradex Insurance Company PLC (Tradex) agreed to pay following a claim made on his car insurance policy.

What happened

Mr S took out a comprehensive car insurance policy in August 2024. The policy is underwritten by Tradex.

In May 2025, Mr S was involved in an accident involving another vehicle. Mr S's car was deemed to be a total loss and Tradex agreed to a settlement amount of £4,755.

Mr S didn't agree with the amount offered by Tradex and made a complaint to it. It maintained its position and said the offer was fair based on three motor valuation guides it had obtained.

Unhappy, Mr S brought his complaint to this service. Our investigator didn't uphold the complaint. She thought the settlement amount offered by Tradex was fair and reasonable.

Mr S disagreed and asked for the complaint to be referred to an ombudsman. So, it was passed to me to decide.

Mr S provided examples of valuations, which showed the market values of cars similar to his, to be higher than that offered by Tradex.

I issued a provisional decision on 24 February 2026 to both parties. I said the following:

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

At the outset, I start by saying it isn't the role of this service to work out what the exact value of a car is. Instead, we use all the evidence to assess whether the insurer acted in line with the policy terms and offered the policyholder a fair market value for their vehicle.

The insurer needs to effectively show its valuation is enough to allow the consumer to purchase a replacement vehicle. That doesn't mean the insurer needs to offer the highest valuation available. But it will depend on the individual circumstances of the case.

I've started by looking at the relevant policy terms and conditions. These require Tradex to pay Mr S the market value of his car, which is defined as the cost of replacing the car with one of the same make, model, specification, age, condition and mileage of the insured car immediately before the loss happened. This is typical of how car insurance policies will settle a claim for a car which is a total loss.

Tradex used motor valuation guides, which is standard industry practice and isn't unreasonable given that the valuations these guides provide are generally based on prices of similar cars for sale.

Tradex has provided three motor valuations from these guides for Mr S's car. The valuations were £3,182, £4,180 and £4,697. Tradex offered Mr S £4,755 and the excess on the policy was waived. Given that Tradex's offer is higher than the highest produced valuation from the trade guide, this doesn't seem unreasonable of itself. I note that Mr S didn't want an interim payment.

But I've seen evidence from both parties of adverts providing market valuations of cars similar to Mr S's which I've considered.

Tradex also sent this service valuations of three cars advertised that it says are similar to Mr S's. I've considered these. Two of the valuations were for cars that are different models to Mr S's. But, more importantly, the mileage on these cars is around 50,000 miles more than Mr S's car. Tradex provided a third valuation which was registered in the same year as Mr S's car, is the same model but has mileage of around 42,000 more than Mr S's car and was valued at £6,290. I think this is the most relevant of the valuations Tradex provided.

I've then gone on to look at the valuations Mr S has provided as evidence that Tradex's offer wasn't sufficient. Mr S provided a number of valuations and the majority of these are for five door cars rather than the four door that Mr S had. The most relevant in this case and one that I can best compare to Mr S's car is the same make, same model, 19,000 more miles than Mr S's car and was registered a year before Mr S's car. This showed a market valuation £6,999.

Given that Tradex needs to effectively show its valuation is enough to allow the consumer to purchase a replacement vehicle, I've considered whether £4,755 is enough in the circumstances of this complaint. And based on the evidence available, I'm not persuaded this amount would be sufficient.

So, I have to decide what's fair and reasonable in light of this.

The two adverts that are most relevant show market valuations as £6,290 and £6,999. There are still differences in the year the cars were registered and the mileage, but I find these to be the closest comparisons. So, I think the average of the two market valuations would be fair and reasonable here and I think this would allow Mr S to purchase a replacement vehicle. The average of the two amounts is £6,650 rounded up.

I've also considered Mr S's comments that he had some mechanical works done to the car and had a new MOT issued. He said he's put in new disc brakes, new brake pads, new tyres and handbrake shoes. This work equated to approximately £1,178. And an additional tow bar was also fitted to his car when he bought it. He also said when he's looked for cars with a similar mileage, with similar specifications and condition, they are averaging between £6,750 and £6,995. Mr S says Tradex hasn't considered anything he's tried explaining to it. The situation has affected him mentally and caused him distress and inconvenience.

I understand the situation has been challenging for Mr S but money spent on maintenance, such those described by him above, keeps the vehicle in retail condition – rather than increasing its value. So, I'm not persuaded that any additional amount ought to be added to the valuation of £6,650.

Overall, having looked at everything, my intention is to uphold Mr S's complaint and based on the evidence available, I think a valuation for Mr S's car for the amount of £6,650 is fair and reasonable. I'm therefore minded to direct Tradex to pay Mr S £6,650 in settlement of the loss of his car.

I now invite both parties to provide any further comments to me by 10 March 2026.

I received responses from both parties which I will consider in turn in the next section.

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 re-reviewed all the information available to me and the considered the responses provided by both parties.

Mr H provided two further examples of adverts he's found. I've considered these. Whilst I appreciate Mr S has taken the time to provide these, one example is a different model and the other is of a similar model, registered in 2008 with slightly less mileage than Mr S's at the date of loss, which is advertised at £9,500.

I don't consider this to be a fair market value as stated in the policy terms and conditions. Even though the amount advertised is considerably more than the £6,650 that I thought was fair, there can be differences in the model and specifications of the car. Additionally, the date of loss was May 2025 whereas the latest examples from Mr S are March 2026, almost a year later. Adverts are also subject to negotiation and prices can vary considerably as shown in the example provided by Mr S. I don't therefore consider these to be a fair comparison or sufficiently persuasive.

Tradex said the valuations from the motor trade guides are based on actual prices and reflective of the market at the date of loss whilst adverts are subject to negotiation on the price and it's rare that the full asking price is realised on an advert. Tradex says it has offered Mr H an amount that is at the highest of the guide prices and therefore the proposed amount in the provisional decision isn't fair or reasonable.

Tradex also said that the adverts provided by Mr S were almost six months after the date of loss. However, one of Tradex's examples showed an advert of £6,290 which I thought was a fair comparison to Mr S's vehicle and even though Mr S's example was almost six months after the date of loss, I've taken an average of the two most relevant comparisons.

But the key point here is that Tradex needs to show its valuation is enough to allow the consumer to purchase a replacement vehicle. Based on the evidence provided by Tradex and Mr S, from the cars advertised that were closest to Mr S's car, I didn't think that £4,755 would be sufficient to allow Mr S to purchase a replacement vehicle. I found that a value of £6,650 was fair in the circumstances.

As stated in my provisional decision, it isn't the role of this service to work out what the exact value of a car is. Instead, we use all the evidence to assess whether the insurer acted in line with the policy terms and offered the policyholder a fair market value for their vehicle. I'm looking to see if Tradex has acted reasonably in providing a fair market value of Mr S's car and, overall, I don't think its valuation was fair.

Having taken everything into account, whilst I understand that trade valuations are generally based on actual prices and reflective of the market at the time. And that adverts are subject to negotiation, I'm persuaded from the evidence I've seen that £6,650 is a fair valuation to allow Mr S to purchase a replacement vehicle. This is the average of the two closest and most relevant comparisons I've seen.

I note Tradex attempted to contact Mr S multiple times to discuss the claim as well as explain the next steps. Tradex wasn't able to speak to Mr S so it couldn't provide any payment, even if it was as an interim payment. Whilst Mr S has said that he didn't know he

could accept any interim payment, I think if he'd got in touch with Tradex, it's likely it would have explained the next steps to him and that he had the option of taking an interim payment, even if he still wanted to bring his complaint to this service.

From the information available to me, Mr S still has the car and not been in contact with Tradex to arrange collection.

When a car is declared a total loss, the insurer becomes entitled to the damaged vehicle – the salvage. If the consumer wants to keep it, they are effectively buying back the salvage from the insurer. The insurer therefore is entitled to deduct the salvage value from the payout to reflect this.

In the situation here, if Mr S wishes to retain the car following the total-loss, Tradex isn't obliged to collect the vehicle. However, if he keeps the car, the salvage value will be deducted from the £6,650 settlement amount.

Putting things right

I direct Tradex Insurance Company PLC to do the following:

- Pay Mr S £6,650 for his car according to my note above.
- If Mr S chooses to retain the car rather than return it to Tradex, the salvage value will be deducted from the settlement amount.

My final decision

For the reasons given above, I uphold Mr S's complaint about Tradex Insurance Company PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 April 2026.

Nimisha Radia
Ombudsman