

complaint

Mr W complains that Tradewise Insurance Company Limited has valued the car he is making a claim for under his trade policy at only £4,980, when it's worth more like £9,000.

background

Under the terms of Mr W's policy, he was entitled to the trade price on the total loss of the vehicle, with an upper limit of £7,500.

Mr W bought the car on 21 November 2014. The accident in which it was written off occurred shortly afterwards on 6 December. Mr W says he paid £7,500 for the vehicle. Originally he wasn't able to find the invoice. He has now provided one but it isn't clear who the seller was and, in particular, whether this was a private seller or a dealer.

The car had 79,000 miles on the clock. It was inspected by Tradewise's engineer. He put the value at £4,980. This accords with the valuation provided by Glasses guide. Tradewise has offered to review the valuation, if Mr W obtains his own independent engineer's report.

Mr W obtained a CAP valuation from a dealership. This suggested a value of between £8,350 and £9,525. However the report states the mileage supplied was 50,000. Mr W says this is the garage's mistake and that, in any event, it couldn't justify the difference between the value Tradewise had given it and the CAP valuation.

Mr W provided Tradewise with advertisements for similar models with a much higher asking price. Again he argued that, even taking into account the fact that these were retail prices that were likely to be negotiated down, the difference between the advertised prices and Tradewise's offer was so large that it showed Tradewise had undervalued his vehicle by a significant amount. Tradewise rejected Mr W's comparables. It said that there were significant differences between the cars being advertised and Mr W's vehicle. It said that the advertised cars were often a different model, had been modified or had a lower mileage.

my findings

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

We normally find the trade guides provide the most reliable way of assessing the valuation of a vehicle. This is because they are based on actual sale prices rather than the asking price. The matter is complicated here because Mr W is only entitled to the trade price rather than the retail price. There is also a significant discrepancy between the book prices for this particular vehicle.

Glasses puts the trade value at £4,980 with a retail value of £5,920. Parker 's provides a range of values starting at £3,500 with a maximum retail value of £6,855. Given the valuation the dealer obtained from CAP was based on an incorrect mileage, I asked the adjudicator to make some further enquiries. CAP wasn't able to provide a trade price. The best indicator it could give was an estimated value of £7,950 at auction, assuming the vehicle was in good condition.

I think the difficulty here is that, where one of the three guides comes up with a figure that is significantly different from the other two (whether higher or lower), we wouldn't normally take it into account.

The car was inspected by an engineer. Mr W says it's obvious he simply applied the valuation from Glasses, but I think the fact that he had the opportunity to see the vehicle himself does provide support for the valuation. I'm satisfied that when he inspected the vehicle there was nothing to persuade him that the Glasses valuation was wrong.

The discrepancy between Glasses and Parkers on the one hand, and CAP on the other, is significant. I can see no reason not to follow this service's usual practice and disregard a valuation which is obviously out of line with the two others.

So I'm satisfied that Tradewise was entitled to accept the valuation placed on the vehicle by its engineer. I think its offer to reconsider the matter, if Mr W gets his own valuation from an independent engineer, is fair and reasonable.

Mr W also complains of some damage occurring to the car after it had been recovered. There's no evidence that this damage has affected the valuation of the vehicle. If Mr W does decide to obtain his own valuation, he can ask the engineer he instructs to value the car on the basis that the damage he complains of wasn't there, in the same way that the valuation will be based on the car's pre-accident condition.

my final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 February 2017.

Melanie McDonald
ombudsman