

complaint

Mr D complains that, after his car was written off in an accident, Tradewise Insurance Company Limited only paid him £25,000 when the vehicle was worth £30,000.

background

Mr D is a professional driver. He used his Mercedes MPV for his business. In March 2016 he was involved in a multi vehicle collision which wasn't his fault. He put the claim through his own insurer, Tradewise. Tradewise asked an engineer to assess the damage. He concluded that the car was a write off. He recommended a settlement figure of £24,250. When Mr D said this wasn't enough Tradewise agreed, on the engineer's advice, to increase its offer to £25,000. Mr D said he thought, given the extras the car had and the fact that there was still eighteen months to run on the warranty, it was worth £30,000. When Tradewise wouldn't increase its offer, he came to us.

my findings

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

Mr D found a number of advertisements for the same model in support of his case. He pointed out that, while many of the ads were for cars with a lower mileage, most of them were older. He said the replacement car he'd bought in July cost £29,840, even though this model was older and not as long as the one that had been written off.

I can readily understand Mr D's frustration given the extra he's had to pay for an older MPV, but as both Tradewise and the adjudicator have explained, the market value of a vehicle is calculated by reference to the trade guides. We think this is a sensible approach because the figures they're based on relate to actual sales, rather than advertised prices. The advertised price is almost always the starting point in a negotiation and, in the case of a dealer, may include an element to reflect the possibility of a part-exchange deal. Using the book price also means the valuation is consistent across the country which we consider is fairer.

Mr D says his own research produced a Glasses valuation of between £27,000 and £30,000. However these are only general guidelines. Glasses' valuation for a vehicle with 61,151 miles like Mr D's was £24,250. The CAP valuation was lower at £22,850.

When Mr D pointed out the various extra features his MPV had, such as electric sliding doors, shaded glass between driver and passengers and a three person comfort bench, Tradewise did go back to the engineer to ask him to reconsider.

The engineer recommended the offer should be increased by £750 to £25,000 but was clear that no further increase could be considered.

Since the book valuations didn't take into account the vehicle's additional features, this was something the adjudicator followed up with the guides. They said the electric doors would increase the value although didn't put a figure on it. They didn't accept that features such as the comfort bench or privacy glass would affect the value.

As Tradewise explained in its response to Mr D's complaint, it would have to justify the settlement figure to the insurer of the driver who caused the accident, who would ultimately be covering the cost. Tradewise would need evidence to support any payment to Mr D. That was why it obtained the opinion of an engineer. Tradewise said that, unless Mr D was able to get his own engineer's report supporting a higher valuation, it would have to stick to its final offer of £25,000 which an independent engineer considers is fair and reasonable.

I have real sympathy for Mr D. As he says he was the innocent victim of someone else's careless driving. He depends on his vehicle for his living so it's important that it looks good and is relatively new. But I can find no error in the way in which Tradewise dealt with his claim. It obtained expert engineering opinion. The engineer used the correct procedure for assessing the value of Mr D's vehicle. When Mr D provided evidence of the extra features his vehicle had, it went back to the engineer who reviewed the case and recommended an increase of £750. Mr D hasn't been able to provide expert evidence in support of his argument. So I don't consider that Tradewise has done anything wrong.

my final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 November 2016.

Melanie McDonald
ombudsman