

Complaint

Mr M complains about the way Tradewise Insurance Company Limited (Tradewise) handled his motor insurance claim. Any reference to Tradewise includes its agents.

Background

In 2017 Mr M's vehicle was hit by another driver. Mr M registered a claim via Tradewise's claim reporting line which it says is handled by an accident management company – referred to as Company A for the purposes of this decision.

Company A – a separate entity to Tradewise – says Mr M took up its offer to provide him with a hire car vehicle and to pursue his *uninsured losses* against the third-party driver. Mr M's claim for his *insured loss* was dealt with by Tradewise under the insurance policy Mr M held with it. Tradewise deemed Mr M's vehicle a total loss, so instead of covering the cost to repair it, Tradewise agreed to pay him the market value of his car as at the date of the loss.

Mr M complained to this service about both Company A and Tradewise' handling of his claim. These are two separate companies and prior to approaching this service, Mr M had only raised concerns to Tradewise. So our investigator explained we could only look into its actions under this complaint. He said if Mr M was also unhappy with Company A's actions, he'd have to complain to it separately and give it a chance to respond.

Mr M accepted this and so the investigator considered his complaint points about Tradewise only. Mr M said Tradewise had unfairly reduced his no claims bonus after the accident and charged him a policy excess for something that wasn't his fault. He also disagreed with the valuation that was placed on his car. He thought it should've been higher because of the cars condition.

Our investigator looked into the matter and upheld Mr M's complaint in part. He found Tradewise had charged him a higher excess than it should have under the policy terms. So he said it should refund the difference.

He also found that Mr M had a level of no claim's bonus protection that Tradewise hadn't taken into account. So he agreed that Mr M's no claims bonus had been incorrectly reduced because of this error. He said Tradewise should send confirmation to Mr M that shows when his policy came to an end in 2017, he had eight years no claims bonus instead of three years. The investigator said this would allow Mr M to show this to his new insurers to seek reimbursement for any increase in premiums the incorrect no claims bonus may have caused.

But our investigator didn't think Tradewise acted unfairly in relation to the valuation of his vehicle. So he didn't recommend that it do anything further in relation to this. Tradewise accepted the investigators findings. Mr M accepted the findings about his no claims bonus and policy excess but remained unhappy with the vehicle valuation. So the complaint has been passed to me to make a final decision.

My findings

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

In bringing this complaint Mr M has made a number of detailed points and I've considered everything he's said carefully. But in this decision, I'll focus on what I see as being the key outstanding issues following our investigator's assessment of the complaint. And in doing so I'll decide if Tradewise has dealt with Mr M in a fair and reasonable way.

As set out in the background of this complaint, Tradewise has agreed to refund Mr M £250 of the policy excess he paid on the claim, because according to the policy documents he'd seen, this should've been £650 rather than the £900 he was initially charged. It also agreed to issue confirmation to Mr M that he had eight years no claims bonus when the policy came to an end in 2017. From what I've seen, Mr M has agreed to these resolutions, so I won't comment on them any further in my findings on this case.

It seems the only issue left in dispute in this case, is the amount Tradewise paid Mr M for his vehicle under the claim. Mr M says it doesn't reflect a fair value of his vehicle. And he's provided Tradewise with links to car sales websites to prove his point. So I'll start by looking at what the policy terms say in relation to settling claims. They state:

"If Your Car is damaged or stolen and provided all reasonable precautions are taken, We will, at our option:

a) Pay the reasonable cost of repairing any damage to Your Car within its Market Value OR b) Pay an amount in cash equivalent to the value of any loss or damage to Your Car OR c) Pay the cost of replacing the Insured Vehicle or any part thereof which has been lost or damaged, with one of a similar type and in similar condition, the replaced item then becoming the Underwriters property;"

Tradewise deemed Mr M's car a 'total loss' and so decided to settle the claim by paying him the cost of replacing the insured vehicle. This appears to be fair as it's entitled to do this under the terms of the policy.

The terms also state that; *"The maximum amount payable for any one incident will not exceed the Market Value of the Insured Vehicle at the date of the loss or damage."* And 'market value' is defined in the policy as; *"The replacement value of the same make and model of car of a similar age and condition and history as determined by reference to vehicle value publications."*

To help it determine the market value of Mr M's vehicle, Tradewise relied on two trade guides, settling on the highest amount found via these guides of £10,680. Our investigator carried out his own check of the relevant trade guides before issuing his view and received similar valuations to the ones Tradewise had quoted. He was satisfied the valuation was fair in this case. But Mr M disagreed. He said his vehicle was in very good condition and the valuation should've been at least a few thousand pounds more.

It's not my role to value cars but rather to consider whether the insurer reached its valuation fairly and reasonably. And when considering complaints about valuations I'm more persuaded by relevant trade guides, as these are generally more reliable than figures found advertised on car sales websites. I say this because, the trade guides use extensive research of likely selling prices for cars, whereas the price a car is *advertised* for isn't necessarily the price it's *sold* for.

From what I've seen, the valuation Tradewise gave Mr M was at the top end of the figures it found from the trade guides – which seems fair. And because Mr M retained salvage of the vehicle, Tradewise deducted from this figure, the amount it would've received had it disposed of the salvage, alongside the policy excess. I don't think this is unreasonable in this case. And these are generally standard actions for an insurer to take in the circumstances. Mr M was therefore paid an amount of £7,430.50. *(Plus a later payment of £250 as a refund for the increased excess amount he'd incorrectly been charged as set out above.)*

Tradewise did consider the website links Mr M sent to it, showing adverts of what he said were comparable vehicles from car sales websites that cost more than the valuation he'd been given. But from what I've seen, many of these examples differed from Mr M's car in relation to the age and condition. So Tradewise concluded the trade guides were still more reliable and its position on the valuation remained unchanged. I don't think that was unreasonable in the circumstances.

Taking all of this into consideration, I'm satisfied Tradewise acted fairly and reasonably and in line with the terms and conditions of Mr M's policy in giving the valuation it did. So I won't be directing it to increase the amount it paid to him any further.

My final decision

For the reasons set out above, my final decision is that if it hasn't done so already, Tradewise Insurance Company Limited should honour its agreement to:

- Refund Mr M the difference between what he did pay and what he should've paid for the policy excess in this case at an amount of £250. Tradewise Insurance Company Limited should pay 8% simple interest on that amount, from the date the additional excess amount was paid to the date it is/was refunded to him. †
- Issue a letter to Mr M confirming that when his policy ended in 2017, he had eight years no claims bonus.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 December 2020.

Rosie Osuji
Ombudsman

† HM Revenue & Customs requires Tradewise Insurance Company Limited to take off tax from this interest. Tradewise Insurance Company Limited must give Mr M a certificate showing how much tax it's taken off if he asks for one.