

## **complaint**

Mr K complains that Tradewise Insurance Company Limited mishandled his claim on a motor trade insurance policy. He says that Tradewise took too long and offered him too little for the value of his vehicle.

## **background**

Mr K is a motor trader. He bought an off-road vehicle which was over 20 years old. He paid £2,150. About three months later it was stolen and he made a claim on his policy. Tradewise made a series of offers, most recently £1,800. After deducting the excess of £250, it sent him a cheque for £1,550.

The adjudicator recommended that the complaint should be upheld. He concluded that the motor trade value of the vehicle at the date of the loss could reasonably be assessed as the price Mr K paid for it. He said that Tradewise had delayed a reasonable settlement. He recommended that it should pay Mr K:

1. a further £350;
2. simple interest on that figure at an annual rate of 8% from the date of the loss to the date of payment;
3. £200 for distress and inconvenience.

Tradewise disagrees with the adjudicator's opinion. It says it has provided comparables and an independent report which show that the trade value for the vehicle was £1,100. It says Mr K paid more because he bought it as his own vehicle.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Our approach to valuation disputes is to look at whether the firm's offer is fair and, if not, to require it to provide a settlement figure based on what we consider to be a fair value.

We decide what constitutes a fair value by reference to the motor trade guides for valuing second-hand vehicles and any evidence submitted by the parties. I place more weight on trade guides as they are based on actual selling prices.

I place less weight on advertisements for similar vehicles as vehicles do not normally sell for the price at which they are advertised. The condition of each vehicle is also an important factor to consider.

I accept that – when someone stole it on about 24 August 2012 - the policy insured Mr K for the trade value of his vehicle.

I place weight on the fact that Mr K is a motor trader. I also place weight on the fact that he had bought the vehicle about four months earlier from a seller who he describes as an enthusiast who had looked after it well for about 20 years. Therefore I find it likely that Mr K correctly describes it as in exceptional condition when he bought it.

I find it likely that he planned to keep the car for business use, rather than to sell it on for a profit. But I am not persuaded that he was willing to pay more than trade value for it. And I accept his statement that he maintained and improved it before the theft.

I accept that Tradewise instructed an independent expert engineer. But I consider that he was hampered by the fact that the vehicle was old, with no direct trade-guide entries and few comparables. And, of course, it was no longer available for inspection. I am not satisfied that Tradewise and its expert gave proper weight to Mr K's knowledge of the history and condition of the vehicle or his expertise as a motor trader. I consider that the best available evidence of the trade value of the vehicle before the theft was that Mr K had paid £2,150.

I note that Tradewise sent Mr K a cheque for £1,550. I understand Mr K's decision not to present it for payment. But, as Tradewise did not say that it was in full and final settlement, I consider that he could have done so. Therefore, I conclude that Tradewise should pay Mr K a further £350 and interest should run on that sum from 24 August 2012 to the date on which Tradewise pays it.

Mr K accepts that he had other vehicles he could use. But he has said that – through its handling of his claim -Tradewise deprived him of the opportunity to buy a replacement vehicle for towing in the winter. I am not persuaded that Tradewise was responsible for this, bearing in mind that he could have used the cheque.

From the correspondence, I accept that Tradewise took longer than it might have done to deal with Mr K's claim – and caused him some personal and professional upset by suggesting that he had paid too much. Overall, I conclude that fair and reasonable compensation for distress and inconvenience is £200.

### **my final decision**

For the reasons I have explained, my final decision is that I uphold this complaint. I order Tradewise Insurance Company Limited to pay Mr K:

1. In addition to the payment of £1,550, a further £350;
2. simple interest on £350 at an annual rate of 8% from 24 August 2012 to the date of its payment;
3. £200 for distress and inconvenience.

Christopher Gilbert  
**ombudsman**