

## **The complaint**

Mr J has complained about the quality of a car he'd acquired on a hire agreement with Arval UK Limited.

## **What happened**

In April 2021 Mr J acquired a car under a two-year hire agreement with Arval UK. Mr J paid an initial rental payment of around £1,500 and had monthly rental payments of around £500. Mr J tells us the manufacturer carried out an over the air update on 12 May 2022 which caused a problem with certain systems such as the climate control; safety systems; and entertainment system. He said the touch screen that controls those functions continually rebooted itself. The car had covered around 10,000 miles at this point.

Mr J says he was unable to use the car for two weeks as it was unsafe. He tells us the car was sent to an approved garage on 26 May 2022. He says he was provided a courtesy car by the garage until the manufacturer supplied a courtesy car on 9 June 2022. The replacement part took some time to be supplied, and the car was returned to Mr J on or around 28 September 2022. Mr J was unhappy he was paying for a car he couldn't use. He says the courtesy cars were of lower specification. He was unable to take his dog in the courtesy cars and he was inconvenienced by having to chase updates from the parties involved.

Arval UK apologised for the length of time it took for the repairs to be carried out but as Mr J was kept mobile it didn't offer anything else.

Mr J referred his complaint to our service and our investigator looked into things. After considering what happened, in recognition of the inconvenience caused, and considering the courtesy cars were of a lower specification she recommended Arval UK issue a pro-rata refund of Mr J's monthly rentals from 12 May – 26 May 2022 for the period he was unable to use the car; refund 10% of his rental payments for the time he had courtesy cars; and pay him £150 compensation.

Arval UK agreed with the recommendation. But Mr J didn't think the offer was reflective of the inconvenience caused.

As the complaint couldn't be resolved, it's been passed to me to make a decision.

## **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 want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr J and Arval UK that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

The car was supplied to Mr J under a regulated consumer hire agreement. Our service is able to consider complaints about these sorts of agreements. Arval UK is the supplier of the goods under the agreement and is responsible for dealing with a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr J entered into. The CRA implies terms into the agreement that the goods supplied will be of satisfactory quality.

The CRA says that goods will be considered of satisfactory quality where they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid and other relevant circumstances. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of supply and the car's history.

I've only been given background information about the fault by Mr J and Arval UK. But it looks like it was a significant issue that required a control unit to be replaced. Given the car was only a year or two old, it had covered around 10,000 miles, and there's no indication the fault was caused by usual wear and tear or by Mr J failing to maintain it properly, on balance, I don't think it's the sort of fault a reasonable person would expect in these circumstances. Arval UK hasn't disputed this. But for completeness, on balance, I think there was a breach of contract and so I also agree it's fair for Arval UK to do something in recognition of the inconvenience caused.

Mr J was paying nearly £500 per month towards the car, and he tells us he wasn't able to use it for two weeks after the fault occurred. So I find our investigator's recommendation for Arval UK to reimburse Mr J for those two weeks' loss of use to be fair and reasonable.

Mr J was given a courtesy car for around four months. The initial courtesy car for a few days, and the subsequent car for the rest of the time. I can understand Mr J was unhappy to be paying nearly £500 per month and he wasn't driving the car he was paying for. Four months out of a two-year contract is a significant period. Seeing as though Mr J was kept mobile, I agree it wouldn't be fair to direct Arval UK to refund him everything he'd paid in those months. But I think it's fair he's refunded part of his rental payments in recognition he was paying for something he wasn't able to use. But how much is fair to return?

There's no exact science or formula to work out what is a fair refund. But I've looked at the models of the two cars Mr J was given as a courtesy car – particularly the model of car he had for most of the time the car he'd acquired under the hire agreement was being repaired. While I've not gone into the sort of detail where I've looked at the optional extras or specifications on the car Mr J acquired under the hire agreement compared to the courtesy car, I think our investigator's recommendation of a 10% refund broadly seems a fair way to put things right. The current basic price of the car Mr J acquired compared to the basic price of the courtesy car he had for most of the time is not vastly different. From what I've seen, the current starting price of the courtesy car is around £29,000 and the starting price of the model Mr J acquired is around £30,000. I appreciate this is not a perfect comparison but, in the round, given I'm required to resolve the complaint quickly and with minimum formality, I'm satisfied a 10% refund is a fair and reasonable way to put things right.

Mr J has also told us he was inconvenienced by having to regularly contact the various parties to find out what was happening. And he also tells us it was inconvenient not being able to take his dog in the courtesy car. I'm sorry to hear about the trouble he's been put to. I can imagine it must have been frustrating having to wait so long for things to be resolved and having to ask for updates. Taking everything into account, I also consider some compensation to be fair. And I think the £150 recommended by our investigator is a fair recognition of the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint and, to the extent it's not done so already, direct Arval UK Limited to:

- Issue a pro-rata refund of Mr J's monthly rental to cover the period between 12 May to 26 May 2022 for the time he was unable to use his car.
- Refund Mr J 10% of any rental payments to cover the period between 27 May to 28 September 2022.
- Pay Mr J £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 March 2023.

Simon Wingfield  
**Ombudsman**