

## The complaint

Ms L complains that Arval UK Limited unfairly rejected her application for a car finance agreement.

## What happened

In September 2024 Ms L applied for finance from Arval to acquire a car. Her initial application was rejected which she appealed. While that appeal was being assessed, a second application was submitted which was agreed automatically. Arval compared the applications and noted some details were different. Ultimately it rejected both applications and refused to finance Ms L's acquisition of a car.

Ms L complains about Arval's *"discriminatory practices and mishandling of [her] recent application"*. She says her application was unfairly rejected *"despite [her] clear financial stability and transparent communication...reflecting both factual errors and a bias against [her] disability status and receipt of state benefits"*. To resolve her complaint Ms L requested *"a fair, unbiased review of my application with proper consideration given to [her] disability benefits as a legitimate source of income"*.

Arval looked into Ms L's complaint. It explained that her first application had been refused initially because part of her address was missing. The second application was made and agreed while her appeal on the first was looked into. However, the second application included employment details which were not accurate at the time. It said it doesn't use benefit income as part of its assessment of an applicant's income and expenditure assessment. Based on its lending criteria, Arval said *"our overall assessment is that [Ms L was] unlikely to be able to afford this lease"*. It didn't uphold Ms L's complaint.

Ms L didn't accept what Arval said, so she referred her complaint to our service. One of our investigators looked into it. She said it is for Arval to set the criteria it applies when looking at applications for finance. She felt it had applied its criteria fairly and had followed its process in assessing her application. Our investigator didn't uphold the complaint.

Ms L was unhappy with our investigator's view of the complaint, so as there was no agreement, the complaint has been passed to me for 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.

Lenders have to carry out reasonable and proportionate checks to satisfy themselves that an applicant for credit will be able to repay the finance requested sustainably. That is, they should be able to repay the finance without undue difficulty, while being able to meet other commitments and without having to borrow further. There isn't a set list of checks a lender must carry out, but they can take into account different things such as the amount and length of the agreement, the monthly payments and the overall circumstances of the borrower. It's not about the lender assessing the likelihood of it being repaid, rather it has to consider the

impacts of the repayments on the borrower.

Ms L complains that Arval didn't consider her benefit money as income which led to the decline of her applications, and she considers that it discriminated against her as a result. Arval says it accepts that benefits are income, but it doesn't use them in its calculations for affordability. In any event, Arval has explained that it didn't decline her applications because of the nature of her income.

Arval has provided a copy of the details it received in Ms L's applications for credit. It is common ground that the first application didn't have Ms L's address on it correctly. She has said her building contained several flats, and the application didn't provide a flat number. This meant Arval was unable to check her credit file as part of its assessment, so the automated decision in that case rejected the application.

As we know, Ms L appealed that application. While she was waiting for that decision, her broker submitted a second application that was approved by the automated system. Arval looked at the second application more closely in view of the ongoing appeal and noted that it said she had been with her current employer for five years. However, Ms L had provided a copy of a job offer starting on 23 September 2024 – after the applications.

Arval took the view that Ms L wasn't in fact employed at the time of her application and I don't think that was unreasonable. It also noted that the salary quoted on the job offer was substantially less than the net monthly income quoted on her application form.

Overall Arval reached a view that it wasn't satisfied that Ms L would be able to manage the agreement on a sustainable basis. That is a decision it is entitled to make.

I appreciate that Ms L doesn't agree with Arval's decision and feels she would be able to comfortably afford the necessary repayments, but ultimately it is for Arval to reach a view on that in line with its own lending criteria. Arval has explained how it reached that view, and I've seen nothing to suggest it reached that view unfairly.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 1 September 2025.

Richard Hale  
**Ombudsman**