

The complaint

Mr F complains about a motor hire (lease) agreement he had with Arval UK Limited (Arval). During the term of the hire agreement the car was severely damaged and this resulted in the car being written off. Mr F is unhappy that Arval has sought an additional payment from him after the proceeds from the insurance claim were not enough to settle the amount due under the hire agreement.

Mr F is represented in his complaint, but for ease I have referred to all submissions from Mr F or his representative as if made by Mr F.

What happened

Mr F took out a hire agreement with Arval for a car. In return for use of the car and after an initial rental payment, Mr F was required to pay regular rentals during the hire period. The initial 36 month rental period was extended, but shortly after that the car was severely damaged. The damage was by a third party and through no fault of Mr F, but the damage was so severe it resulted in the car being an insurance write off.

The insurer paid Arval what it said was the market value of the car at that time, which was £10,788. This was paid in October 2024. Arval explained to Mr F that the amount required to settle the agreement was £17,059.82 and this is what Arval had calculated as what it referred to as the 'written down value' of the car. And as the proceeds from the insurance policy were less than this amount, Mr F would be required to pay the difference, plus a £30 administration charge.

Mr F complained to Arval and as it did not respond to his complaint, he referred it to our service. The complaint was considered by one of our investigators and after discussion with Arval, it offered to reduce the amount due under the agreement. Arval still believes it has calculated the original amount due correctly but has now offered to reduce the amount owed to £1,749.66, plus the £30 administration fee. Mr F declined the offer from Arval and also referred to the stress and upset this had all caused.

Our investigator considered what Mr F and Arval had said but ultimately found that it was not unreasonable for Arval to seek payment from Mr F for the amount outstanding under the hire agreement. And having considered the revised and lower sum Arval had sought, this was also not unreasonable.

The investigator did however find that Arval could have dealt with Mr F's complaint better and this caused additional stress and inconvenience. For this, the investigator recommended Arval pay an additional £150 to Mr F.

Mr F did not accept the investigator's findings and as he is entitled to do, asked for his complaint to be considered by an ombudsman.

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.

Having done so, my decision here will unfortunately come as further disappointment to Mr F as I have come to the same overall conclusions as the investigator for what are broadly the same reasons.

I would firstly like to say that I can fully appreciate the difficult position Mr F found himself in. Through no fault of his own, the car was severely damaged and this caused the car to be written off by the insurer. The events that led to the car being written off would I'm sure have been stressful and the following process of dealing with insurer and Arval would also not have been easy.

Mr F entered into a regulated hire agreement with Arval and this essentially allowed Mr F to use the car in return for making an agreed initial payment and then regular monthly repayments. This is for the agreed term, although I note in this case the term of the hire agreement was extended by mutual agreement.

With a hire agreement, the monthly rentals will be calculated on a variety of different things. One of which is the anticipated value of the car at the end of the hire period. If the initial and regular rentals are all paid and the car is in reasonable condition the car will typically be handed back with nothing further to pay. If the agreement ends early without the agreed rentals being paid, there may be additional sums payable.

As is common, the hire agreement has a number of terms and conditions and as the investigator has already referred to, these include what Mr F must do if the car is written off. The terms refer to what happens in this scenario and what Mr F's obligations are. Amongst other things, this refers to Arval invoicing Mr F if there is a shortfall between the insurance proceeds received and the value that Arval has 'written the vehicle down to' in its accounts at the time it receives the insurance proceeds. It also refers to an administration charge of £30 being charged in these circumstances.

It is clear the amount paid by the insurer was considerably less than the amount Arval had calculated was due under the hire agreement. Arval has referred to the used car valuation being less than expected and this has contributed towards the difference, which is plausible.

I have noted what Mr F has said about the car's year of manufacture but I'm not persuaded this has unfairly influenced the valuation Arval has calculated. Mr F believes the car supplied as new in 2021 was in fact manufactured in 2019. But I have not seen sufficient evidence to demonstrate the car was actually manufactured in 2019. As the investigator has previously referred to, reference to 2019 is more likely to be reference to the date this particular model of the car was available. It is not uncommon for car models to retain the same name but to be changed over time. Often referred to as a 'facelift' the specific model can have some minor cosmetic changes and potentially changes to the specification and equipment levels. Referring to the date ranges of the specific models will more easily identify any changes that have taken to place to that particular model of vehicle. This does not mean the car was necessarily manufactured at the start of the date range.

The vehicle registration is the identifying factor that would have determined the age of the vehicle at the calculation date and this would have been calculated from the date the car was first registered and not manufactured. I haven't seen anything here that persuades me that Arval was wrong to use the vehicle registration or the registration date in the way that it did to calculate the expected value of the vehicle, or the written down value of the vehicle, at the time it did.

Arval has however agreed to reduce the original sum due considerably and this is now

£1,779.66 (including the £30 administration fee). This has been calculated based upon the agreement having been terminated early for a different reason as set out in the terms and conditions. I appreciate this amount is still more than Mr F would like to pay under the agreement but I have considered how Arval has calculated this sum, along with how this is set out in the terms and conditions of the agreement, and what I consider to be fair and reasonable in the overall circumstances of the complaint. Having done so, this amount appears to be a chargeable sum within the terms and conditions and I do not consider Arval has unfairly or unreasonably calculated this amount as the amount due under the agreement. It is because of this that I do not consider there to be any grounds to direct Arval to reduce this sum further or write off the amount that remains due.

Should Mr F not be in a position to settle this amount in full, Arval has indicated that it will consider Mr F's position further and work to agree a suitable way forward. I must stress that this does not mean that Arval will reduce or write off the amount due. Arval may decide to do this having considered Mr F's position further, but that is something that Arval and Mr F will need to take forward if necessary and if Mr F is unable to settle the amount due.

Finally, Arval as has agreed to pay £150 for the additional trouble and upset it caused Mr F in the way that it dealt with his complaint. Having considered the circumstances here and the likely upset caused relating to the way his complaint was considered, not the initial events with the car being written off, I consider this amount to be reasonable in the circumstances.

I again fully appreciate Mr F will likely remain unhappy with the outcome I have reached here. Although I have a great deal of sympathy for Mr F and the events that led up to the car being written off, there are not enough grounds in my view to direct Arval to reduce further or write off the £1,779.66 due to settle the agreement.

If Mr F decides to accept this final decision it will be binding on Arval and it will be required to carry out the settlement as referred to above. I would ask that Mr F confirm if he would prefer the £150 payment to be paid directly to him or if this amount should be used to reduce the £1,779.66 due.

My final decision

My final decision is that for the reasons set out above, I only partially uphold Mr F's complaint against Arval UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 April 2026.

Mark Hollands
Ombudsman