

The complaint

Mr H complains that a car supplied to him under a hire agreement with Arval UK Limited is of unsatisfactory quality.

What happened

The circumstances of this case are well known to both parties, so I won't repeat everything here. To summarise, Mr H was supplied with a new car through a hire agreement with Arval in February 2024. He paid an initial rental payment of around £4,014 and the agreement duration or the hiring period was 24 months; with 23 monthly rental payments of around £446.

Mr H says the car was delivered in a dirty and unsatisfactory condition with cosmetic damage. He informed the dealership of this, who agreed to reimburse him for a valet and to arrange the required repairs. However, the issues weren't rectified within a reasonable timeframe, so Mr H complained to Arval in November 2024.

Arval upheld Mr H's complaint and gave him three options. These were:

- Reject the car and receive a pro-rated refund of his initial rental;
- Repair the car and be refunded 10% of his monthly rentals from delivery, until the car is repaired;
- Keep the car in its current condition without any repairs and be refunded 10% of his monthly rentals for the duration of the contract.

In addition to these options, Arval offered to pay Mr H £200 compensation for the distress and inconvenience the matter had caused him.

Mr H chose to keep the car without getting it repaired, but remained unhappy with the amount Arval had offered as a financial settlement, so he referred his complaint to this service. Our Investigator reviewed matters and said what Arval had offered to do was fair.

Mr H didn't agree. And as no agreement has been reached, the matter has been passed to me to decide.

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, I've reached the same overall conclusions as the Investigator, and for broadly the same reasons.

I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a

reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've taken into account the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mr H was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr H entered into. Under this agreement, there is an implied term 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 that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. Where it's found that a car was of unsatisfactory quality when supplied, it'd be fair and reasonable to ask the finance provider, in this case Arval, to put this right.

In this instance, it's not disputed the car wasn't of satisfactory quality when it was supplied to Mr H. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision because both parties agree that the car was of unsatisfactory quality at the point of supply. Instead, I'll focus on what I think Arval should do to put things right.

The CRA sets out the remedies for goods of unsatisfactory quality. Outside of the first 30 days of the agreement, during which Mr H had a short-term right to rejection, the CRA says a consumer has a right to reject if the goods do not conform to contract after one repair or replacement. The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. It also says where a consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

Here, Arval have offered Mr H both repair and rejection of the car. While Mr H had previously sought rejection, he later explained he'd been unable to find a car of the same specification within his budget, so this was no longer an option he wished to agree to. Mr H asked Arval what compensation they would offer if he decided to keep the car in its current condition, without getting it repaired. Arval offered to reduce his monthly rentals by 10% for the duration of his contract and confirmed the damage would be noted to ensure he isn't charged for this at the end of the contract.

I understand Mr H doesn't feel the financial settlement offered by Arval is proportionate to the damage on the car and believes this should at least include 10% of his initial rental, in addition to his monthly rentals. The CRA doesn't set out how a price reduction or compensation for impaired use should be calculated. So, I've considered whether Arval's offer is fair and reasonable based on the available evidence of the car's condition.

Having reviewed the images available, it's clear the car has cosmetic damage in various areas. I understand this would've been disappointing to Mr H, and in some way impaired his enjoyment of the car. However, I also consider the cosmetic damage to be minor, that has no impact on the overall function of the car or its components. If the impact of the damage was significant for Mr H, he was given the option to have the damage repaired at no cost to him. Mr H says this wasn't an option for him as he would've been left without a car which he relies on for work. However, Arval advised him the car would be collected, and he'd be provided with a courtesy car while repairs took place to keep him mobile and minimise inconvenience.

I've also considered that Mr H won't be charged for the damage when he returns the car at the end of his contract with Arval. So, having considered the overall circumstances of this case, I don't find a 10% refund of Mr H's monthly rentals, totalling £1,070.40, to be an unreasonable figure to compensate him for the damage.

Lastly, I've considered that Mr H has been inconvenienced by having to arrange for the car to be valeted and attempt to arrange repairs with the dealership. Having carefully considered the offer made by Arval, and the overall circumstances of this complaint, I'm satisfied £200 compensation is reasonable - and within our award ranges for situations such as this.

Both the rental refund and compensation was paid to Mr H in May 2025, so I don't require Arval to do anything further.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 January 2026.

Nicola Bastin
Ombudsman