

The complaint

Mr H is unhappy with the quality of the car supplied under the hire agreement with Arval UK Limited (Arval).

When I refer to what Mr H and/or Arval said or did, it should also be taken to include things said or done on their behalf.

What happened

In June 2024 Mr H entered into a hire agreement with Arval to acquire a new car. At the time the car had travelled 75 miles. There was an initial payment of £3,839.90 followed by 23 monthly payments of £319.99.

Mr H said that he reported several faults to Arval who agreed to accept the rejection of the car. Mr H said that the car broke down about six times and that dealing with this complaint and waiting for recovery agents for long periods of time had caused him a lot of distress and inconvenience. Mr H felt that Arval should have refunded all payments he made, as the car was not of satisfactory quality. Mr H also believes that they should have paid him higher compensation due to the impact the situation had on him. Plus, he thinks they should have paid him 8% statutory interest on all the payment he made from the date of payment to the date of refund.

Arval said that as Mr H had travelled around 2,430 miles since supply, which they have calculated to be equivalent to miles accrued over six months period. Arval also said the refunds that have been applied for Mr H are equivalent to four months' payments, as such charging Mr H for only the equivalent of two months' use of the car. Arval also offered Mr H £100 for the distress and inconvenience caused. Overall, they felt that all of this was more than fair and reasonable.

Mr H remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at Mr H's complaint. The investigator felt that in addition to the above Arval should also pay Mr H 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement. Plus pay him a further £300 compensation in addition to the £100 already offered.

Arval did not agree. As such, the complaint 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I am very aware I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No courtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me, reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

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. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr H's case the car was new when he acquired it having travelled only 75 miles. As such, I think a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. I think it would also be reasonable to expect the car to last a considerable period of time before any problems occurred, and it would be reasonable to expect it to be free from even minor defects shortly after it was acquired.

I understand that the car broke down about six times within about the first six months from acquisition. However, I do not think I need to go into significant detail determining whether the car was of satisfactory quality, as I understand Mr H was allowed to reject the car due to it being of unsatisfactory quality. Given that neither side is disputing this element, I have only looked at what a fair redress in this situation should look like.

Mr H has been able to use the car, and as such it is reasonable he pays for this use. Arval said that as Mr H had travelled around 2,430 miles since supply, they felt it was fair that they retain two months' worth of payments. I do not think this is unreasonable and I will not spend a significant amount of time on this aspect, but I will just make a few points.

I think, had Arval not already made this offer, I would have considered that this offer could be considered more than fair, and maybe Mr H should have paid more for usage of the car. However, when considering the specific circumstances of this complaint I do not think it would be fair and reasonable for Mr H to be charged more. I say this because the car broke down about six times and it required repairs on more than one occasion, so the use Mr H got of the car was massively impaired. The car broke down about six times and needed at least two repairs. Therefore, asking Mr H to only pay two payments, bearing in mind the specific circumstances of this case, does not seem unreasonable. Also, I think that they should add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement. This is because it is fair and reasonable that Mr H should be compensated for being deprived of money and not having it available for other use.

In addition, Mr H has also mentioned that this situation had a negative impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr H had to take the car for repairs and spend time trying to resolve this issue. I think Mr H would not have experienced all of this, had Arval supplied him with a car that was of a satisfactory quality. Mr H chose a new car expecting reliability however instead he was faced with repeated breakdowns. He also told us how Arval gave him no clear explanation regarding the redress they were proposing, and he was not happy with the customer service he received when dealing with the issues in question. I think Arval should have provided

information to Mr H in a way that is clear, fair, and not misleading. They should have given him this information at the right time, and presented it in a way he could understand, so that he could make well informed and good decisions to achieve his financial objectives. I do not think this happened here. Even from the final response, I can see how Mr H would have been confused as to the full resolution of his complaint. Having reviewed the case, I agree that Arval could have handled things better and I think all the above did cause Mr H significant distress and inconvenience when trying to get the car issues resolved. As such, I think a further £300 compensation in addition to the £100 they already offered is fair and reasonable.

My final decision

For the reasons given above, I direct Arval UK Limited to:

- Pay 8% simple yearly interest per year on all refunded amounts from the date of payment until the date of settlement;
- Pay Mr H a total of £400 compensation;
- Remove any adverse information from Mr H's credit file in relation to the agreement.

If Arval UK Limited considers that tax should be deducted from the interest element of my award, they should provide Mr H with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 January 2026.

Mike Kozbial
Ombudsman