

The complaint

Mr R complains that Arval UK Limited (Arval) didn't accept his request to renew his road tax early. It also issued an invoice for the full amount when Mr R's agreement was for monthly payments and included VAT which he feels is Arval's responsibility. Mr R hasn't specified what redress he is seeking.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons for my 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.

Having done so I have reached the following conclusions:-

- As I understand it Mr R wanted to renew his road tax early as he felt there would be a financial benefit to do so. Arval was responsible, as the owner of the vehicle, to renew the road tax. It explained its policy isn't to seek ways to avoid paying government tax at the appropriate time. And that the Driver Vehicle and Licensing Agency (DVLA) requires road tax to be paid on the due date otherwise it reserves the right to charge for any unpaid tax. Based on this information I don't feel Arval were wrong not to renew Mr R's road tax early.
- In terms of how Arval charged Mr R for the road tax I have seen Mr R's original and extension agreements. Whilst the wording is slightly different in each agreement both allow for road tax to be recovered via the monthly rental payments based on the cost at the time the agreements were taken out.
- However both agreements also state that if the cost reduces during the agreement Arval would reimburse Mr R the reduced cost but if it increases Mr R would pay Arval the extra amount. The agreements don't state that any increase or decrease would be applied on a monthly basis. I can't say, from what I have seen, that Arval were wrong to charge the additional road tax due for electronic vehicles as a one off payment.
- I appreciate Mr R might have preferred to include the road tax in his monthly payments. He has explained that as he was due to return his car part way through the tax year he shouldn't have had to pay the full amount of the road tax. I understand his point however his plans might have changed with regard to when he returned the car. So, I don't feel I can say that Arval has done anything wrong since it has followed the provisions in its agreements to recoup the additional tax.
- In terms of Mr R's point that he shouldn't be charged VAT on the road tax. From what I have seen Arval followed HMRC guidelines which state when a hire company recharges the tax as part of a rental agreement VAT is applicable. On this basis I

don't feel Arval had a choice but to add VAT to the road tax. If Mr R still feels Arval hasn't applied VAT correctly he might want to raise this direct with HMRC.

- In summary as I haven't found Arval to have acted inappropriately I can't reasonably ask it to consider any form of redress.

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 Mr R to accept or reject my decision before 9 December 2025.

Bridget Makins
Ombudsman