

## **The complaint**

Mr M complains about a personal contract purchase (“PCP”) agreement he entered into with CA AUTO FINANCE UK LTD (“CA Auto”). He says the Guaranteed Future Value (“GFV”) figure was over-inflated and has led to him suffering financial loss.

## **What happened**

In December 2023, Mr M took out a PCP agreement with CA Auto for a car. The terms of the agreement were such that the car would have a GFV of £20,669.28 at the end of the agreement, which would be the outstanding balance Mr M would be required to pay if he wanted to keep the car.

Mr M complained to CA Auto in May 2025. He said he was led to believe the GFV reflected a reasonable and realistic market value of the car at the end of the agreement. Mr M said though that, based on current valuations, the car was worth substantially less. Mr M said he had lost his job and wasn’t able to afford the monthly payments due under the PCP agreement. And, because the GFV was over-inflated, this meant he was unable to exit the PCP agreement affordably.

CA Auto initially dealt with Mr M’s complaint incorrectly. They sent a final response letter to him explaining why they didn’t think they’d lent to him irresponsibly. Mr M pointed out that this wasn’t his complaint. CA Auto then sent Mr M a response not upholding his complaint about the GFV.

Our investigator didn’t recommend that Mr M’s complaint should be upheld. He didn’t think there was enough evidence to show the GFV had been over-inflated. And he felt CA Auto had correctly explained to Mr M what options he had to exit the PCP agreement early.

Mr M didn’t agree with our investigator and so his 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.

I acknowledge that I’ve summarised the events of Mr M’s complaint. I don’t intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr M and CA Auto that I’ve reviewed everything on file. And if I don’t comment on something, it’s not because I haven’t considered it. It’s because I’ve concentrated on what I think are the key issues. Our powers allow me to do this.

Mr M’s complaint relates to a regulated PCP agreement. Our service is able to consider complaints about these types of agreements.

A PCP agreement is a type of hire purchase agreement. The car is sold to the finance company in the background, who then collect payments from the consumer. In a PCP

agreement, a consumer usually has smaller monthly payments and a larger balloon payment at the end. The balloon payment is usually linked to the predicted future value of the car and is known as the GFV. At the end of the agreement, the consumer can pay the balloon payment and keep the car, or they can hand the car back. If it turns out the car is worth more than the GFV, the additional equity can be put towards a new agreement.

Mr M has sent us various examples of where the market value of the car was less than the GFV. And I note that the paperwork given to Mr M, including the PCP agreement, is silent on how the GFV is calculated, so Mr M couldn't have known whether it was set artificially high, as he claims.

However, I think it's important to note that the GFV is intended to reflect the anticipated value of the car at the end of the agreement. That doesn't mean the car will definitely be worth that amount. Mr M's agreement was over 48 months and market conditions for used cars could potentially change quite significantly over that length of time. Sometimes cars are worth more than the GFV at the end of PCP agreements, which is obviously beneficial to the customer if they want to keep the car or to trade it in for a new car. But equally, the car may be worth less than the GFV, which again could be beneficial to a customer as it would be CA Auto that would take on any negative equity, as the customer can hand the car back at that point.

The GFV is only applicable at the end of the agreement term. It's only at that stage that Mr M would have been protected against any depreciation of the car's value or negative equity that might have accrued. By having a GFV, CA Auto essentially allowed Mr M to walk away at the end of the agreement without anything further to pay, irrespective of whether the car was in negative equity or not. But the GFV isn't a guarantee of what the car will be worth on the broader market. And it doesn't apply if Mr M needed to bring the agreement to an end early, such is the case here. Once that happens, the car is valued by either CA Auto, the dealership from where they purchased the car, or a party interested in purchasing or part-exchanging the car, against current market conditions and any deals they may be able to provide. But there isn't anything in the PCP agreement or its terms and conditions that suggest the car shouldn't be valued at less than what is left to pay on the agreement.

I'm sorry to disappoint Mr M, but overall, I haven't been persuaded that CA Auto misrepresented the GFV. So, I won't be upholding his complaint.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 February 2026.

Daniel Picken  
**Ombudsman**