

The complaint

Mr S complains that Arval UK Limited provided him with an unaffordable hire agreement.

What happened

Arval provided Mr S with a regulated hire agreement for a car in January 2024. The hire agreement had a term of 36 months with an initial payment of around £5,300 (comprising of an initial rental and initial Arval Total Care Service Charge) and 35 further instalments of around £440.

Mr S complained to Arval in July 2025 about unaffordable lending, saying proportionate checks at the time ought to have led to it identifying this agreement wasn't affordable for him. Arval issued a final response in August 2025 in which it didn't uphold Mr S' complaint.

Unhappy with Arval's response Mr S referred his complaint to our service for review. While the complaint has been with our service Mr S made us aware that Arval had agreed to write off the outstanding balance he was liable for under the agreement.

One of our investigators looked at the details of the complaint and upheld it in part. They concluded Arval had made a fair lending decision, but that it should remove any adverse information about this agreement reported to Mr S' credit file.

Arval didn't respond to our investigator's view; Mr S responded and disagreed. In summary, he maintained his arguments that this hire agreement wasn't affordable for him and that had Arval followed its regulatory obligations it would have identified this. Mr S set out what he considered Arval needed to do to fairly resolve his complaint. Mr S asked for an ombudsman's review, so 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.

The information in this case is well known to Mr S and Arval, so I don't intend to repeat it in detail here. I acknowledge Mr S has provided detailed submissions in support of his complaint, as well as making reference to the regulatory obligations Arval needed to follow. While I've taken Mr S' comments into account, as well as relevant law, rules and regulations and good industry practice, as I'm required to in each case I decide; I've focused my decision on what I consider to be the key points of this complaint. So, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr S or Arval by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've taken this approach into account in deciding Mr S' case.

Having considered everything I'm upholding Mr S' complaint in part, having reached the same conclusions to that of our investigator.

I say this because:

- I note Mr S' comments about the level of Arval's checks and the information presented on different applications; however, I consider Arval obtained a reasonable and proportionate amount of information before providing this hire agreement, given the terms of the agreement and what it had identified through its checks.
- Having reviewed the information Arval obtained, I consider these proportionate checks fairly led it to concluding Mr S had a reasonable level of monthly disposable income to sustainably afford repayment to this agreement. I therefore consider Arval made a fair decision when providing this hire agreement.
- Arval has said it should have supported Mr S at an earlier point in relation to financial difficulties. As a result it has written off the outstanding balance that had been due, and terminated the agreement with no further obligation on Mr S.
- Given Arval has acknowledged it should have stepped in earlier and supported Mr S, I'm persuaded, on balance, that it's more likely than not that adverse information reported to Credit Reference Agencies (CRAs) would have been mitigated.
- I consider fair resolution here is for Arval to remove any adverse information it has reported to CRAs in relation to this hire agreement.
- As I don't consider Arval unfairly provided this agreement, and because it has written off the outstanding balance that was due, I don't consider a further payment for any distress or inconvenience would be warranted in the individual circumstances.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However I'm satisfied the redress Arval has already applied, and the redress direction I've set out below, results in fair compensation for Mr S in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

I acknowledge my decision here is not the outcome Mr S was hoping for; and I'm sorry to hear of the recent personal and financial circumstances Mr S has made us aware of. But for the reasons set out above, I'm satisfied the redress I'm directing below is fair in resolution of this complaint.

Putting things right

For the reasons set out above, I direct Arval to remove any adverse information reported to Mr S' credit file relating to this hire agreement.

My final decision

My final decision is that I'm upholding Mr S' complaint and Arval UK Limited must put things right as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 January 2026.

Richard Turner
Ombudsman