

The complaint

Mr B complains that Arval UK Limited (Arval) overcharged him on a Hire Agreement he took out. He would like the amount he feels he was overcharged refunded.

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 B originally took out a 3 year Hire Purchase agreement with monthly payments of £188.33. At the end of this term he took out a one year extension with monthly payments of £162.59. As the extension then noted a total contract length of 48 months Mr B believes this means he should only have been paying £162.59 over the full term of the contract.
- I have seen the original contract Mr B signed and the pre contract information. The term is clearly for 36 months with monthly payments of £188.33. The information also shows that at the end of the initial 36 months, rentals would increase to £198.79 per month. I assume this would have applied had Mr B not taken out an agreed extension but just left the contract to drift. I think this shows that the monthly payment would change after 36 months. There is no mention of a further agreed 12 month extension or that any monthly payments on extension would apply retrospectively to the original agreement.
- I have also seen the contract extension quote Mr B received, It shows the current and revised terms. The mileage and excess mileage stay the same, the contract term changes from 36 to 48 months to indicate the full term of the contract i.e. the original 36 months plus an additional 12 months. The end date is correctly revised from July 2025 to July 2026 and the monthly payments reduce from £188,33 to £162.59. It seems clear to me that, on extending the contract, revised and reduced monthly payments would be made, not that payments would be revised to the lower rate for the whole contract.
- In addition the contract extension guide supports my reading of the quote – it says that if a new quote is agreed before the initial term has expired, rental charges continue at the original value i.e. £188.33 until the initial term is complete. The next rental would be at the new agreed value (£162.59).
- Based on the information I have seen, whilst I accept Mr B's point that had the paper work stated somewhere payments of £188.33 for 36 months and payments of

£162.59 for 12 months would have added clarity. I have no evidence that Arval made any mistake over the initial payment terms or that the revised payment terms would apply retrospectively to the initial contract. On that basis I can't reasonably ask Arval to refund the overpayment Mr B feels he has made.

- Mr B has told us he might not have agreed to the extension if he had been given correct information. I do believe the information provided was correct. I think it would be unusual for payment terms of an initial contract to reduce retrospectively if a contract is extended. So I am surprised if Mr B believed that was the case that he didn't check with Arval before he signed the contract extension.

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 B to accept or reject my decision before 11 March 2026.

Bridget Makins
Ombudsman