

## **The complaint**

Mrs G complains that a car that was supplied to her under a conditional sale agreement with Santander Consumer (UK) plc, trading as Volvo Car Financial Services, wasn't of satisfactory quality.

## **What happened**

A new hybrid car was supplied to Mrs G under a conditional sale agreement with Volvo Car Financial Services that she signed in June 2020. She contacted the manufacturer's assistance service about a month later because she was unable to unlock the car or remove its charging cable. She had further issues with unlocking, starting and charging the car so she complained to Volvo Car Financial Services in November 2020 and said that she wanted to reject the car. The car had been returned to the dealer for repairs but the faults continued and, when the car was returned to her again in December 2020, she says that the faults were still present and that she hasn't been able to use the car.

Volvo Car Financial Services said that the dealer had been unable to replicate the fault and it asked for an independent inspection of the car to take place but said that Mrs G hadn't contacted the inspection company – so it didn't uphold her complaint. Mrs G wasn't satisfied with its response so complained to this service.

Our investigator recommended that her complaint should be upheld. He said that the car wasn't of satisfactory quality when it was supplied to Mrs G and he recommended that Volvo Car Financial Services should: end the agreement and collect the car; refund Mrs G's deposit and payments made under the agreement, with interest; and pay her £750 for the distress and inconvenience that she'd experienced.

Volvo Car Financial Services has agreed that Mrs G is entitled to reject the car but says that she should pay for her usage of it and that the compensation for her distress and inconvenience is excessive. Mrs G has asked for her complaint to be considered by an ombudsman. She says that she should receive more than £750 for the distress and inconvenience that she's been caused. She also says that she's hired replacement cars and was told that she'd be reimbursed for the hire costs. She says that she's experiencing financial difficulties.

## **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 agree with the outcome recommended by our investigator for these reasons:

- Volvo Car Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs G - whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it;

- the car that was supplied to Mrs G was a new car with a price of £40,719 and I consider that it was reasonable for her to expect that it would be free from even minor defects;
- satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will also depend on a number of factors;
- Mrs G has described the issues that she had with unlocking, starting and recharging the car between July and December 2020 and she says that when the car was then returned to her she didn't have a key-fob for it and couldn't access the car to check its mileage; and
- Volvo Car Financial Services has now accepted that she's entitled to reject the car and I consider that the car wasn't of satisfactory quality when it was supplied to Mrs G because of the faults with it and that she should be able to reject the car.

### **Putting things right**

I find that Volvo Car Financial Services should end the conditional sale agreement and arrange for the car to be collected from Mrs G – both at no cost to her. The agreement shows that Mrs G made an advance payment of £20,359.50 for the car. I find that it would be fair and reasonable for Volvo Car Financial Services to refund that advance payment to Mrs G with interest.

The issues with the car started about a month after the car was supplied to Mrs G and there have been ongoing issues with the car since then. The car's mileage when it was returned to the dealer in October 2020 was 1,784 and I've not been provided with a more up-to-date mileage than that – but Mrs G says that she's not been able to use the car since it was returned to her in December 2020 as she doesn't have a key-fob for it and can't access the car to check its mileage.

I consider that the car wasn't of satisfactory quality when it was supplied to Mrs G and the available evidence shows that she's only had limited use from the car. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Mrs G to pay for any of the use that she's had from the car. I find that it would be fair and reasonable for Volvo Car Financial Services to refund to Mrs G all of the monthly payments that she's made under the conditional sale agreement, with interest.

Mrs G has described the financial difficulties that she's experiencing – and I sympathise with her both for the issues that she's had with the car and those financial difficulties. If Volvo Car Financial Services has recorded any adverse information on her credit file relating to the conditional sale agreement, I find that it should remove that information.

Mrs G says that she's hired replacement cars and was told that she'd be reimbursed for the hire costs. I'm not persuaded that there's enough evidence to show that Mrs G was told that she'd been reimbursed for those costs. She'd agreed to make monthly payments under the agreement of about £565 – she's either not been paying those amounts or they will be refunded to her (with interest) and I consider that it's fair and reasonable for her to use that money towards the hire costs that she's incurred. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Volvo Car Financial Services to also reimburse her for any of those hire costs.

These events have clearly caused considerable distress and inconvenience for Mrs G. She was supplied with a new car but had significant issues with it between July and December 2020 and, when the car was returned to her in December 2020, the issues were still present

and she says that she's not been able to use it since then. I agree with our investigator that the distress and inconvenience that she's been caused justifies compensation of £750 and I'm not persuaded that Mrs G should receive more compensation than that for her distress and inconvenience. I find that it would be fair and reasonable in these circumstances for Volvo Car Financial Services to also pay £750 to Mrs G to compensate her for the distress and inconvenience that she's been caused.

### **My final decision**

My decision is that I uphold Mrs G's complaint and I order Santander Consumer (UK) plc, trading as Volvo Car Financial Services, to:

1. End the conditional sale agreement and arrange for the car to be collected from Mrs G – both at no cost to her.
2. Refund to Mrs G the advance payment that she made for the car.
3. Refund to Mrs G the monthly payments that she's made under the conditional sale agreement.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Remove any adverse information about the conditional sale agreement that it's recorded on Mrs G's credit file.
6. Pay £750 to Mrs G to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Volvo Car Financial Services to deduct tax from the interest payment referred to at 4 above. Volvo Car Financial Services must give Mrs G a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 March 2022.

Jarrold Hastings

**Ombudsman**