

The complaint

Mr L complains that Volvo Car Financial Services UK Limited, who I'll call Volvo, told him he could make partial or full payment towards his finance agreement but later told him that wasn't possible.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my 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.

I don't think Volvo have communicated repayment options clearly to Mr L, and I therefore think they need to compensate him for the inconvenience this has caused. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr L acquired his car under a conditional sale agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

Volvo Car Financial Services UK Limited are regulated by the Financial Conduct Authority (FCA) and the FCA set out the fundamental obligations for regulated firms in their handbook. Principle 7 says:

'A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading'.

The terms of Mr L's contract with Volvo explained:

"2.7 You may repay all amounts payable by you under this agreement early, either in part or in full, by giving notice in person or in writing..."

But when Mr L tried to pay £10,000 towards his finance agreement he was told he couldn't do that, and Volvo could only accept £6,368.30 as paying more would affect the guaranteed future value.

I can't see that was explained to Mr L when he signed up for the deal. Indeed, he's explained that the dealer, who under section 56 of the Consumer Credit Act (1974) was acting as

Volvo's representative in the antecedent negotiations, told him he could make full or partial payments.

In those circumstances I think Volvo should take some action to put things right for Mr L as I think he would have made a larger payment towards his account if he was allowed to.

I can understand that Volvo don't want to take an overpayment they can't attribute to the account correctly without it affecting the final payment, so I'm not asking them to do that. But I do think they should compensate Mr L for the distress and inconvenience he experienced by not being able to make the payment he was promised he could. In the circumstances I'd agree with the investigator that £100 is sufficient.

Mr L has explained that there was a delay in the dealership providing him with his contractual information. I can only consider the dealership's actions in relation to their antecedent negotiations and I'm not able to consider other matters. Mr L may wish to take that matter up separately with the dealership.

Mr L has also referred us to some delays in the handling of his complaint by Volvo. But overall, I'm not persuaded to increase the compensation I'm awarding on that basis as I think it's sufficient in the circumstances.

Putting things right

I'm asking the business to put things right in the way I've set out above.

My final decision

For the reasons I've given above I uphold this complaint and tell Volvo Car Financial Services UK Limited to pay Mr L £100 to compensate him for the distress and inconvenience he's experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 September 2023.

Phillip McMahon
Ombudsman