

The complaint

Mrs L complains about the satisfactory quality of a car supplied to her using a conditional sale agreement with Volvo Car Financial Services UK Limited ("VCFS").

What happened

In May 2023, Mrs L acquired a brand-new car using a conditional sale agreement with VCFS. The cash price of the car recorded on the agreement was £64,199, an advance payment of £32,099.50 was to be paid, followed by a payment of £891.75, followed by 35 regular monthly repayments of £891.65.

In June 2023, shortly after acquiring the car, Mrs L said she experienced issues with it. Over the next few weeks and months, Mrs L said she noticed further issues. The issues identified are summarised below:

- A fluid leak under the right-hand side headlamp. After several investigations and attempts of repair by the supplying dealership, Mrs L said the headlamp washer was replaced under warranty. The mileage of the car at repair was around 1,580 miles.
- A cracked rearview mirror Mrs L had noticed on one occasion when the car was being investigated and repaired for the fluid leak. Mrs L said it was replaced under warranty in August 2023. The mileage of the car at repair was around 2,315 miles.
- An inoperative heater from November 2023, which provided heat to the cabin. Mrs L said she had to use the car for several weeks with compromised heating, until a date could be arranged for repairs in January 2024. The mileage of the car at repair was around 5,000 miles.
- Issues with the headlamps where condensation was forming inside of the headlamp unit. Mrs L said she was told by the supplying dealership that the condensation should dissipate within 10-40 minutes of driving with the lights on, yet Mrs L said the issue was still there after longer driving periods.
- Mrs L noticed mud and dirt accumulating on the lower part of the rear doors, where it could spoil a passenger's clothing when entering and exiting the car. Mrs L thought this was a design flaw.
- An issue Mrs L believed there was with changing driving options using the controls on the steering wheel. She explained that a certain function could only be completed using the central display touch screen, which she thought was a design flaw and hazardous.

Mrs L complained to VCFS in December 2023 and they responded to her with their final response in January 2024. In summary, VCFS upheld Mrs L's complaint and offered £50 for the overall stress and inconvenience this complaint caused her. They said they contacted the supplying dealership and were told issues with the fluid leak were resolved and the cracked interior mirror had been repaired. They also said that the car had been booked in for repairs for the following week to investigate the high voltage heater and for Mrs L to also inform the supplying dealership of the other issues she said she identified.

A copy of a pro-forma invoice was supplied to our service dated 18 January 2024. The invoice summarised the repairs that had already been carried out to the car to replace the

headlight washer and rear-view mirror. It also said that a new heater was fitted and that all was working as it should be.

Unhappy with VCFS's response, Mrs L referred her complaint to our service in February 2024. Mrs L wished to reject the car for what she believed were faults with it. Mrs L also said that in late February 2024, the alarm unexpectedly activated whilst the car was parked and she was unable to gain access to it to stop the alarm. Mrs L also said that a propulsion system warning appeared on the car's dashboard but later disappeared. And she said that the car's memory seat function stopped working on occasions.

Another copy of a pro-forma invoice was supplied to our service dated 5 April 2024. It said that no fault could be found regarding the propulsion system warning Mrs L said she seen, and it also explained that rear mud guards were fitted to help with the mud accumulating on the underside of the rear doors.

Our investigator upheld the complaint. The investigator explained that she thought the car had faults with it, which VCFS also accepted, and also made the car of unsatisfactory quality. The investigator said that repairs were carried out and she hadn't seen evidence to suggest any of the repairs failed. So she didn't think VCFS needed to do anything more in respect of the car. The investigator thought that VCFS should pay Mrs L £200 in total for the distress and inconvenience caused by this complaint.

Mrs L disagreed with the outcome reached by our investigator and thought the amount asked for VCFS to pay her was too low. She explained in detail the issues she had with the car, as well as what she believed were design flaws. Regarding the fault to the heating system, Mrs L explained that it took several weeks for the supplying dealership to book in the repairs, which meant, whilst the car was driveable, it was uncomfortable to drive in the coldest months of the year. Mrs L also supplied emails she received from the supplying dealership to show that the car went in for repairs on several occasions in July and August to have the fluid leak investigated and repaired.

Our investigator considered Mrs L's further comments and thought VCFS should pay her £300 in total for the distress and inconvenience caused by this complaint.

VCFS responded and said they accepted the investigator's further findings. Mrs L responded and among other things, believed the issue she was experiencing with the condensation forming on the headlights had been overlooked. She said there were still issues with it, despite VCFS telling her the condensation should dissipate within around 40 minutes of driving with the lights on. Mrs L said she still wished to reject the car.

In September 2024, Mrs L informed our service she was now having issues with the driver's side window where it wouldn't fully open. Mrs L took the car to the supplying dealership who replaced the motor for the window under warranty in October 2024. The invoice for the repair said the car's mileage at the time was around 11,000 miles.

As Mrs L disagreed with the investigator's findings, the complaint was passed to me to decide.

I issued a provisional decision on 11 February 2025 where I explained why I intended to uphold Mrs L's complaint. In that decision I said:

"If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts."

Mrs L complains about a car supplied to her under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs L's complaint about VCFS.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – VCFS here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car Mrs L acquired was brand-new and I think a reasonable person would expect it to be in excellent condition, with no faults or issues. And I think they would expect trouble free motoring for a significant period.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It isn't in dispute here that the car developed a fault. I say this because VCFS in their final response said they upheld Mrs L's complaint for issues she experienced with it. Nonetheless, to determine what is a fair and reasonable way to resolve this complaint, I will consider the issues Mrs L has experienced in turn.

1. Headlight washer leak – The 18 January 2024 pro-forma invoice said:

"...14/07/2023 – OSF headlight washer leaking, replaced headlight washer..."

Considering the headlight washer needed replacing, I'm satisfied there was a fault with it.

2. Rearview mirror – The 18 January 2024 pro-forma invoice said:

"...14/08/2023 – Rear view mirror cracked, replaced rear view mirror..."

Considering the rearview mirror needed replacing, I'm satisfied there was a fault with it.

3. High voltage heater – The 18 January 2024 pro-forma invoice said:

"...30/11/2023 – Heater not working in Electric mode

Replaced heater motor on 18/01/2024...

18/01/2024 – Supplied and Fitted New HVCH Heater, RE now all working as it should be..."

Considering the heater needed replacing, I'm satisfied there was a fault with it.

4. Condensation inside the headlamps – no job sheets or information has been supplied to show the investigations that have been carried out regarding the headlamps. However, Mrs L has explained she has been told by the supplying dealership that it should take anything from 10-40 minutes for the condensation to dissipate. But she says she has taken journeys of around 90 minutes and it still remains. Mrs L has provided photos

where it shows condensation within the headlamps and explained in detail her concerns about algae forming in the headlamps and how it will impact the light beam.

Without job sheets or an independent inspection carried out which can confirm the condensation inside the headlamps is a fault, I have relied on the owner's manual for the car which is available on the manufacturer's website. The manual says:

"Note

Outside lighting such as headlamps and rear lamps may temporarily have condensation on the inside of the lens. This is normal and all exterior lighting is designed to withstand this. Condensation is normally vented out of the lamp housing when the lamp has been switched on for a time."

I have inferred from the manual that condensation on the inside of the headlamp is normal and the lights are designed to withstand it. I have also inferred from the manual that if it is normal and the headlamps are designed to withstand condensation in them, then it wouldn't affect the functionality of them. So, it follows that I don't think there is a fault because of the headlamps having condensation in them.

- 5. Mud accumulating on the inside of the rear doors – while I appreciate Mrs L's frustrations here, I'm mindful that she has described this issue as a "design flaw". While I may accept it is a design flaw, this in itself, doesn't mean there is a fault with the rear doors. And while I have noted VCFS installed rear mud guards to reduce mud splatter on the doors, I consider this to be good customer service, then an attempt to repair a fault.*
- 6. Changing driving functions using the steering wheel – similar to the point above, I appreciate Mrs L's frustrations here and how she feels the current way to operate the driving functions of the car is hazardous. But, again, while I accept this may be what Miss L considers to be a design flaw, it doesn't mean it is a fault. And while VCFS have suggested a solution may come about in a software update, I'm not satisfied that this issue is a fault with the car.*
- 7. Car alarm activating – no job sheets or information has been supplied regarding this issue. I've also noted that Mrs L has described it happening on one occasion and not since. Considering it is not a common, regular occurrence that the alarm has activated, I'm satisfied it isn't a fault, but rather more likely than not, an instance the alarm activated due to an unknown trigger.*
- 8. Car seat memory functions – no job sheets or information has been supplied regarding this issue, other than Mrs L explaining on occasions the memory seat function has failed. So, I'm not persuaded with the limited information available that the issue with the car seat memory function is an actual fault, or whether, for example, it can be rectified with a simple software reset. In addition, I also haven't seen that Mrs L has complained directly to VCFS about this issue.*
- 9. Propulsion system warning – The 5 April 2024 pro-forma invoice said:*

*"Investigate Propulsion Service required on dash...
No Faults Found, Customer To Keep An Eye On Issue..."*

As I can't see that a fault was diagnosed and from the information available to me, it doesn't seem to have appeared again, I'm not persuaded there is a fault regarding the propulsion system.

10. Window not opening fully – The 24 October 2024 warranty invoice provided by Mrs L said:

“...Motor power window front side door replace...”

Considering the motor for the window needed replacing, I’m satisfied there was a fault with it.

Was the car of satisfactory quality?

Given the car was brand-new when it was supplied to Mrs L, I’m satisfied the car wasn’t durable. I wouldn’t expect there to be a need to repair items such as the headlight washer, rearview mirror, high voltage heater, and the motor to the window so early in the car’s lifetime. And so, I’m satisfied a reasonable person would not consider it to have been of satisfactory quality when it was supplied to Mrs L.

Remedies under the CRA

I think it is important to note, that for all the repairs that have been carried out to the car for the faults described above, they have been authorised by Mrs L. I say this because, on each occasion, I can see the car has been given back to the supplying dealership to repair the fault that has occurred.

In addition, for all the issues I consider are faults and described above, I have seen job sheets to show that they have been repaired. And Mrs L hasn’t given any indication to suggest that the repairs carried out have failed in any instance.

I’m also mindful that in the most recent job sheet in October 2024, it says the mileage of the car was 11,005. Given that it is now a few months since then, it is likely the car has been driven even further. So, I’m satisfied the car has been in use and continues to be used.

Thinking about all of this, considering all faults to the car have now been repaired, and I’m satisfied there are no longer faults with the car, I don’t think it would be fair for Mrs L to now reject the car. I’m satisfied Mrs L’s rights under the CRA, in broad terms, have now been met as all faults with the car have been repaired.

Loss of use or impaired use of the car due to its faults

From what I have seen, all repairs carried out have been under warranty, at no cost to Mrs L. However, if Mrs L has had to pay for any repairs which I considered to be faults, then VCFS should refund that amount to her. Mrs L would need to show VCFS proof of payment if requested.

I have carefully considered Mrs L’s comments surrounding her experience with the high voltage heater fault. She says the issue persisted from 26 November 2023 to 18 January 2024. This was during the coldest months of the year, which she says made driving the car very uncomfortable. Mrs L also explained that the heater only worked in certain driving modes, which had a knock-on impact on the efficiency of the car. So, it is fair to say that Mrs L’s use of the car was impaired during this time, as it wasn’t performing as it should, particularly considering it was brand-new.

In this instance I think it is fair VCFS reimburse Mrs L 20% of monthly repayments from 26 November 2023 to 18 January 2024.

Distress and inconvenience

I have noted VCFS have already paid Mrs L £50 for the distress and inconvenience she experienced because of this complaint. But I think VCFS needs to do more in this instance.

Mrs L has explained the several occasions she has had to take the car to the supplying dealership to have it diagnosed or repaired. For the headlight washer repair, it took several attempts and journeys for it to be rectified, for example.

Mrs L has explained how she has a medical condition and, while she could drive the car when the heater wasn't working as it should have been, it meant it caused her serious discomfort and it exacerbated her condition. I have noted that the heater also wasn't working during, generally, the coldest months of the year.

I think it must have been frustrating for Mrs L to have to deal with the issues with the car. It meant that shortly after acquiring it, there were issues with it. Thinking about all this, I think it would be fair and reasonable for VCFS to pay Mrs L £300 in total to reflect the distress and inconvenience she suffered in relation to this complaint."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mrs L responded and said, among other things that she agreed with some parts of my provisional decision and disagreed with three aspects of it.

Mrs L believed the direction I intended VCFS to make to reimburse her for impaired usage of the car was significantly less than what the investigator suggested.

Mrs L also said that she still strongly believed it was a very dangerous design fault to not be able to switch to and from the cruise control function to the speed limiter function and that this could be resolved with a software update.

Mrs L also said that she strongly believed the water condensation in the headlamps will lead to issues such as algae forming and that it takes significantly longer than they were told for water to be vented.

VCFS didn't respond to my provisional decision before the deadline I set.

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'm not persuaded to change my opinion from my provisional decision.

Mrs L believed the direction I intended VCFS to make to reimburse her for impaired usage of the car was significantly less than what the investigator suggested. To be clear, the investigator didn't make a finding for VCFS to reimburse Mrs L for impaired usage. However, during my review of this complaint, I do consider VCFS should reimburse Mrs L 20% of repayments made towards the agreement from when the car presented the fault with the heater on 26 November 2023 up to when it was repaired on 18 January 2024. This is separate to the £300 payment I intended to tell VCFS to make to reflect the distress and inconvenience caused by this complaint.

Turning my attention now to what Mrs L believes is a dangerous design fault in the way the car switches to and from certain functions. While I appreciate Mrs L's frustrations here, as I've already explained, I'm satisfied this isn't a fault with the car, but rather a design choice made by the manufacturer of the car. It is of Mrs L's opinion that the design choice the manufacturer has made is dangerous and hazardous. I haven't been provided with any evidence to suggest Mrs L didn't have the opportunity to test drive the car beforehand or discuss this feature with the supplying dealership before the car was acquired if it was important to her. So, I don't think VCFS need to do anything further here.

Turning my attention now to the water in the headlamp. Without job sheets or an independent inspection carried out which can confirm the condensation inside the headlamps is a fault, I have relied on the owner's manual for the car. And as I explained already, given the headlamps are designed to withstand condensation in them, I'm satisfied VCFS don't need to do anything further in relation to this.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Volvo Car Financial Services UK Limited to put things right by doing the following:

- Reimburse Mrs L 20% of repayments made towards the agreement from when the car presented the fault with the heater on 26 November 2023 up to when it was repaired on 18 January 2024. *
- If Mrs L can show payments to VCFS for repairs made to the faults detailed above, then the cost of these should be reimbursed to her. *
- Pay Mrs L £300 to reflect the distress and inconvenience caused.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If VCFS considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs L how much it's taken off. It should also give Mrs L a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If VCFS has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 26 March 2025.

Ronesh Amin
Ombudsman