

The complaint

Mrs R complains that the car supplied by Volvo Car UK Limited wasn't of satisfactory quality. She says the car was brand new, but she's had numerous issues and faults with it and it's been left with the dealership to fix on many occasions.

What happened

Mrs R entered into a hire agreement in October 2022 to acquire a new car. It was financed through a credit agreement which was set up over a 36-month term. Her monthly payments were £645.05.

Mrs R told us:

- When the vehicle is locked, the car intermittently clicks causing the front and rear headlights to flash and at times cause a short high-pitched alarm;
- the infotainment system consistently fails – this can include the screen freezing mid-use; the screen turning black and not coming back on when reset; no sound from the system when using some of the features; or some features simply not working at all;
- the speedometer screen freezes and turns white, and does not unfreeze;
- there has often been no sound inside the car – when using the radio or media features; when indicating; or when using the sat nav system; and when she was advised by Volvo to reset the infotainment system, the handbrake fail light was triggered;
- each time she attends the supplying dealership, its solution is another software update, but this completely wipes all of her settings in the car, including the memory seats that she paid extra for and needs for medical reasons. This means that she spends a lot of time and effort re-setting the seating position to what it was before, during which time she experiences severe pain until the seat is restored to the optimum position;
- she's been told by the supplying dealership that the issues she's experienced are a well-known fault, but that the manufacturer is not willing to authorise repairs/replacement parts – faults can only be addressed via software updates;
- there's only one car in her household, so the impact of repeated visits to the dealership has been significant; she's taken time away from work to take the car in; and the distance involved is simply adding to the overall mileage of the car, which she'll have to pay for at the end of the agreement;
- she's paying money to Volvo each month for a car that is faulty and simply not fit for purpose.

Volvo rejected this complaint. It simply said that because of the time that had elapsed between the supply of the car and the agreement commencing, and Mrs R complaining about the car's issues and faults, it was unable to conclude that the car provided was not of satisfactory quality.

Volvo told this Service that the reason it did not permit Mrs R to reject the car was because she'd not taken the car back to the supplying dealership until October 2023 – nine months

after it was supplied. It said that the dealership had undertaken tests and repairs on several occasions, even when it hadn't witnessed or been able to replicate all the faults.

Our investigator looked at this complaint and said that he thought it should be upheld. He said there were clearly things that were wrong with the car, and he didn't think that Volvo had acted fairly in the circumstances. He explained the relevance of the Consumer Rights Act 2015 in this particular case and said he didn't think that the brand-new car supplied to Mrs R had been durable at the point of supply. And because of this, it was not of satisfactory quality when supplied.

He went on to explain that in these circumstances, Volvo has an opportunity to repair the car, but that this opportunity is to *"repair the car as a whole, not each individual fault"*. He concluded that as there'd been multiple attempts to repair the issues and faults with the car, these were failed repair attempts, and accordingly Mrs R has the right to reject the car. And he asked Volvo to pay some compensation to Mrs R in recognition of the distress and inconvenience she'd experienced.

Volvo disagrees so the complaint comes to me to decide. It says that the faults were initially addressed under the car's infotainment system because it governs these aspects of the car. And it says that although the first issues were recorded by Volvo Assistance – a separate entity – the car was not sent back to the supplying dealership and further diagnostics were not undertaken.

Volvo says that at the time the supplying dealership first had the opportunity to view and confirm the presence of the faults, nine months had elapsed since the car was supplied, and Mrs R had driven more than 11,000 miles – a level it considered was high.

Volvo says that as all repairs and diagnostics to date have been covered by the car manufacturer's warranty, it believed that the appropriate outcome to Mrs R's complaint was rejection – although it did say it would be willing to consider a goodwill gesture for the inconvenience and frustration she had suffered.

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 considered all the evidence and testimony from both Mrs R and Volvo afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

The hire agreement entered into by Mrs R is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it.

I note here that Volvo has referred to the dealership as if it decides what happens in the resolution of this complaint. However, I remind Volvo that it is the supplier of the goods under this type of agreement, and so it is responsible for a complaint about their quality. It follows that I have taken into account the comments of the dealership as if they were made on behalf of Volvo in its role as the supplier.

The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory".

To be considered “satisfactory” the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car’s history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

Volvo supplied Mrs R with a brand-new car. So, I think it’s fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car. And that it could be driven – free from defects – for a considerable period of time.

I’m satisfied that there was a fault with the infotainment system on the car from an early stage. Mrs R has not only supplied credible testimony on this point, but I note that there are a number of job sheets over a lengthy period covering October 2023 to July 2024.

I think it goes without saying that for a new car, and for one that’s expensive – upwards of £50,000 – the problems experienced by Mrs R are unacceptable. Specifically, a reasonable person would not expect the infotainment system to be demonstrating black screens; freezing mid-use; losing all sound and require so many software updates so early in its life. And although Volvo says Mrs R had driven above average miles, I’ve not seen any persuasive evidence that these repairs and software updates were a result of Mrs R’s particular use of the car. So, I think at this stage the car was not sufficiently durable and therefore not of ‘satisfactory quality’ under the CRA.

Because the car was not of satisfactory quality Mrs R was entitled to a repair or replacement under the CRA and I can see a repairs and updates were undertaken by the supplying dealership.

However, it is important to note here that the CRA only allows one attempt at fixing goods of unsatisfactory quality (not individual faults) before the consumer is entitled to other remedies – including rejection. I say this because Volvo appeared to suggest that it would be impossible for it to have assessed every car component when making repairs. It follows, that if I am satisfied (after this initial repair) the car continued to suffer from further inherent faults and failed repairs, then it would likely be fair for Mrs R to be able to reject it in accordance with her consumer rights as set out in the CRA.

Looking at the job sheets detailing the work undertaken, I think there is persuasive evidence that post the initial repairs and updates the car was still of unsatisfactory quality, and it is arguable that Mrs R was able to reject it at this stage due to her rights under the CRA. However, I note that the argument for rejection is even stronger here because it appears that Mrs R allowed the supplying dealership to have further attempts with further software updates which also appear to have failed. So, on balance I think Volvo has had a number of chances to repair the infotainment system and has failed.

And during this time, Mrs R has described significant inconvenience caused by the fault with the system. The CRA allows rejection in circumstances where repair is prima facie a suitable remedy but said repair is not done in a reasonable time or without significant inconvenience to the customer. All things considered, and with the CRA in mind I think it is fair now that Mrs R is able to exercise her right to reject the car.

I can see Mrs R has been using the car and our Investigator said he thought she should fairly pay for this use. Looking at the mileage covered I agree and think it fair that Volvo retains the majority of her monthly payments to date. However, Mrs R should get some

money back to reflect that the use of the car has been impaired by the issues with the infotainment system.

It is not a science working out what an impaired use refund looks like. But I note here that Mrs R has described all the functions that have been impacted by the fault (including the navigation) - so use of the car would be impaired by it not working correctly. And the problems have been present for some time. Therefore, I think the investigator's recommendation of a refund of 7% of each monthly payment from inception to date of settlement is fair to reflect impaired use here.

It also appears that Mrs R has been caused distress and inconvenience by the issue. She has described the frustration and worry in trusting that the system won't crash during journeys and the pain caused by the need to keep re-setting the memory seating as well as the inconvenience of the trips to the supplying dealership for attempts at repair. So overall I think it also fair she gets £250 compensation for distress and inconvenience.

Putting things right

I direct Volvo Car UK Limited to put things right by doing the following:

- ending the agreement with nothing further to pay;
- collecting the car (if this has not been done already) at no further cost to Mrs R;
- paying a 7% refund of each monthly payment for impaired use, of the car because of the inherent quality issues;
- paying a further amount of £250 for the distress or inconvenience that's been caused due to the faulty goods;
- removing any adverse information (if any) from Mrs R's credit file in relation to the agreement.

My final decision

My final decision is that I uphold this complaint and require Volvo Car UK Limited to settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 14 April 2025.

Andrew Macnamara
Ombudsman