

## **The complaint**

Mr H complains about Volvo Car Financial Services UK Limited's lack of transparency regarding the payment that he had to make for the early settlement of a conditional sale agreement under which a car was supplied to him.

## **What happened**

A used car was supplied to Mr H under a conditional sale agreement with Volvo Car Financial Services that he electronically signed in July 2024. The price of the car was £31,000, Mr H made an advance payment of £26,000 so the amount of credit provided to him was £5,000, and he agreed to make 60 monthly payments of £111.71 to Volvo Car Financial Services.

Mr H asked Volvo Car Financial Services for an early settlement figure in August 2024 and it said that the settlement figure was £5,122.35. Mr H paid that amount to Volvo Car Financial Services and the conditional sale agreement was ended. Mr H then complained to Volvo Car Financial Services but it said that it was unable to uphold his complaint because it had calculated the settlement figure correctly in line with Consumer Credit Act guidelines.

Mr H wasn't satisfied with its response so complained to this service about the lack of transparency in the conditional sale agreement. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He didn't think that Volvo Car Financial Services had acted unfairly.

Mr H said that he didn't agree with the investigator's recommendation on the issue of the wording of the agreement and asked for that issue to be referred to an ombudsman. He says that he's not questioning the ability to charge the interest allowed for under the legislation and his main concern is about the lack of transparency around that in the agreement and he thinks that the agreement should have been clearer than it was as there's no reference to the charge. He says that the agreement mentions the ability to repay early but makes no mention of an early repayment charge or the amount of any charge, and doesn't make any link between the ability to repay early and the Consumer Credit Act under which Volvo Car Financial Services has made the additional charges (yet the agreement is far more descriptive about other additional charges that may be made which leads consumers to believe that, if there were any charges, they too would be set out or at least referred to in the wording).

## **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.

The terms of the conditional sale agreement set out Mr H's right to settle the agreement early. Mr H asked to settle the agreement less than fifteen days after he entered into the agreement so I consider it to be clear that he was aware of his right to settle the agreement early. The agreement says:

*"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, either posted or handed in ... and by repaying the appropriate amount, which may include a rebate".*

Mr H requested an early settlement figure in August 2024 and Volvo Car Financial Services provided him with a settlement figure of £5,122.35 fifteen days after he'd entered into the agreement. Mr H paid that amount to Volvo Car Financial Services that day to end the agreement and he immediately complained to Volvo Car Financial Services.

The total amount payable by Mr H under the conditional sale agreement was clearly set out as £32,702.60 and the only payment that he'd made was the advance payment of £26,000 so the amount due from him was £6,702.60. The early settlement quote that was provided to Mr H said that the outstanding balance was £6,702.60, less a rebate of charges of £1,580.25, so the settlement figure was £5,122.35.

The Consumer Credit (Early Settlement) Regulations 2004 say that, in Mr H's circumstances, the settlement date is the date falling 28 days after the date on which the early settlement request was received by Volvo Car Financial Services but, as the agreement provided for the credit to be repaid over a period that was more than a year after the relevant date, the settlement date may be deferred by 30 days. Applying those regulations, Volvo Car Financial Services was entitled to charge interest for that 58 day period. The regulations refer to the calculation of a rebate and the early settlement quote correctly referred to a rebate.

There's no requirement for a conditional sale agreement to provide details about how any early settlement rebate will be calculated or to refer to the Consumer Credit (Early Settlement) Regulations. The conditional sale agreement said that Mr H could repay all amounts payable by him under the agreement early by repaying the appropriate amount, which may include a rebate. The total amount payable under the agreement was £32,702.60 Mr H had paid £26,000 and he was entitled to a rebate of £1,580.25 under the regulations so the *"appropriate amount"* was £5,122.35. Section nine of the terms of the conditional sale agreement describes *"costs that may be payable in addition to the total amount payable"* but the payment to settle the agreement early was the total amount payable less any payments made less any rebate so I don't consider that it would be appropriate for the early settlement payment to be referred to with those additional costs.

Mr H says that he's looking for a refund of the additional charges of £108.40 that he paid but which weren't made clear in the agreement and £50 for the inconvenience that he's been caused. He also says that he believes that Volvo Car Financial Services should have to update its standard agreement to be clearer about the additional charges.

I'm not persuaded that there's enough evidence to show that Volvo Car Financial Services has calculated Mr H's settlement figure incorrectly or that it has dealt with his early settlement of the conditional sale agreement incorrectly. So I don't consider that it would be fair or reasonable for me to require Volvo Car Financial Services to refund to Mr H any of the payment that he made to it to settle the agreement early or to pay him any compensation.

This service provides an informal dispute resolution service but it has no regulatory or disciplinary role over financial businesses so, even if I was to find that the agreement could have been clearer (and I make no such finding), I'd be unable to require Volvo Car Financial

Services to change the terms of its conditional sale agreements or the way that it conducts its business.

Mr H clearly feels that Volvo Car Financial Services hasn't acted correctly so I appreciate that my decision will be disappointing for him but I find that it wouldn't be fair or reasonable in these circumstances for me to require Volvo Car Financial Services to take any action in response to his complaint.

### **My final decision**

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2025.

Jarrold Hastings  
**Ombudsman**