

The complaint

Mr S complains about the hire agreement he took out with Volvo Car UK Limited ("Volvo"). He says when he took out the credit agreement, he was offered a *service package*. But when he came to have the car serviced, he was told there was no service plan in place.

Mr S is represented in his complaint. For ease of reading, all submissions made by both Mr S and his representative will be referred to as having been made by Mr S.

What happened

Mr S entered into a regulated hire agreement in July 2023 to acquire a new car.

Mr S told us:

- When he took out the hire agreement, Volvo offered him a service package of £428, and it was referred to as a service payment, but when he came to have the car serviced for the first time, he was told there was no service plan in place, even though he'd been paying a '*service payment*' each month;
- he's now been charged £500 for the fact that he delayed having the car serviced;
- he wants the £500 charge to be cancelled, and for Volvo to honour the first service so that the service plan can be put in place;
- the credit agreement paperwork is very confusing; references to the *Service Payment* set out some of the things that this does not include, but it does not make clear what this does include – so it's unclear what the monthly charge of £53.56 actually covers.

Volvo rejected this complaint. It simply said that Mr S had signed his agreement to confirm he'd read the terms and conditions and information about the car, its costs, and the additional benefits. It explained that *"to hire the car you would need to enter into a service agreement" ... and that "it was made clear you would need to make both the monthly hire payments and the monthly service charge and that the combination reflected your total monthly commitment"*.

Volvo recognised Mr S' unhappiness with the servicing fee on his account but said it wouldn't waive this charge of £500 as it was set out in the terms and conditions he'd agreed to. But it did offer the option of a payment plan if Mr S required this.

Volvo said it had given Mr S some incorrect information *after* the credit agreement started, and *after* he'd been supplied with the car – so this incorrect information could not have induced him into entering the contract – but it offered him £150 compensation for its mistake.

Volvo told this Service that the payments being made by Mr S are those specified on his hire agreement; and contain two elements; a monthly hire payment, and a monthly services payment. But it explained that Mr S did not take out a service plan, and there's no reference to this on his hire agreement. The monthly services payment is *not* a service plan.

Our investigator looked at this complaint and said that he didn't think it should be upheld. He explained that under the Consumer Rights Act 2015 ("CRA") in order for a misrepresentation

to have taken place, the consumer – in this case Mr S – needed to have been given a *‘false statement of fact’* about the goods, and that false statement needed to have induced Mr S into entering the finance agreement to hire the goods when he otherwise wouldn’t have. And he explained that the statement in question needed to have been false at the time it was made rather than becoming false at some point in the future.

Our Investigator said that the hire agreement did not make reference to a *Service Plan*, so he was satisfied that this was not an optional extra that Mr S had selected when he ordered the car. He explained that in order to take advantage of Volvo’s annual servicing, Mr S needed to opt in and choose to enter into a separate service agreement. Put simply, confusing though it was, the monthly service payment was **not** the service agreement that would result in the service plan and would cover the cost of annual servicing of the car.

Our Investigator looked at the misinformation that Volvo had admitted to. He explained that under the legal definition of misrepresentation, because this information had been given to Mr S *after* he’d entered into the hire agreement, it could not be concluded that it had induced him into hiring the car and accordingly was not misrepresentation.

Mr S said *“Volvo has no compassion in this case at all, and I know we need to take this to the next level as big companies like this need to be held accountable for their actions...”*

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

First of all, I need to explain that this Service doesn’t supervise, regulate or discipline the businesses we cover. And my role isn’t to punish or penalise businesses for their performance or behaviour – that’s the role of the Regulator; in this case the Financial Conduct Authority (“FCA”).

My role is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case Volvo Car UK Limited – has done anything wrong. And, if it has, I’ll seek to put Mr S back in the position he would’ve been in if those mistakes hadn’t happened.

Having considered all the evidence and testimony from both Mr S 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 sets out Mr S’ monthly payment for the hire of the car. This monthly payment contains two elements. But both of these parts combined are the monthly payment due under the hire agreement. Volvo lists them as two parts for accounting purposes; the different parts will ultimately go to the different businesses that are responsible for the finance under the hire agreement and for arranging it and servicing it.

The hire agreement sets this out as follows: *“To hire the car, You must agree to enter into the Service Agreement” ... “The sum of Your Monthly Hire payments and monthly service charges is Your total monthly commitment”.*

The hire agreement entered into by Mr S makes no reference to any Service Plan taken out by Mr S. Such a plan would’ve had a separate cost and would have been itemised

separately. So, in the absence of any evidence to the contrary, I'm satisfied that Mr S did not take out a Volvo Service Plan that might have covered the annual cost of servicing the car.

Because Mr S did not take out a Service Plan, he is responsible for arranging and paying for the regular servicing of the car. And the hire agreement makes it clear that there is charge levied if the car is not serviced. The agreement sets out the cost of failing to service the car at £500, so I can't conclude that Volvo did anything wrong when it applied this charge.

Finally, I've listened to all the call recordings provided by Volvo. I accept that there was a degree of misinformation from the Volvo representative, but on the basis that this took place *after* Mr S had acquired the car and taken out the credit agreement, it cannot have induced him to enter into the agreement, and as a result cannot be construed as *misrepresentation*. In any event, Volvo acknowledges that it gave incorrect information to Mr S, and it's offered him £150 compensation, which I think is fair and reasonable in the circumstances.

In summary, whilst I acknowledge Mr S' frustration with the wording of the hire agreement, and do think that Volvo could make things clearer, I don't think Volvo did anything wrong, and I can't uphold this complaint.

I know that Mr S will be disappointed with the outcome of his complaint. But I hope he at least understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 August 2025.

Andrew Macnamara
Ombudsman