

The complaint

Mr D complains that a car that was supplied to him under a conditional sale agreement with Volvo Car Financial Services UK Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mr D under a conditional sale agreement with Volvo Car Financial Services that he electronically signed in April 2023. The price of the car was £21,250, Mr D made an advance payment of £5,250 and he agreed to make 48 monthly payments of £261.23 and a final payment of £10,681.67 to Volvo Car Financial Services.

Mr D says that issues with the car's oil level started a few weeks after the car was supplied to him and he regularly returned the car to one of the manufacturer's dealers for oil to be added. The car was serviced in October 2023 but issues with the oil level continued so Mr D complained to Volvo Car Financial Services in April 2024. It didn't uphold his complaint as it said that it hadn't received any evidence from Mr D to indicate that the fault was present at the point of sale.

Volvo Car Financial Services arranged for the car to be inspected by an independent expert in October 2024 and it then said that it rejected Mr D's complaint as the independent inspection confirmed that the car had been durable and regarded the fault as a maintenance issue. Mr D wasn't satisfied with its response so complained to this service and I understand that the car has been left with the manufacturer's dealer since then.

Mr D's complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Volvo Car Financial Services had acted fairly. He didn't think that the car's engine had been sufficiently durable due to poor servicing, oil starvation or a defect with the cylinder liner and he was satisfied that the car wasn't of satisfactory quality and that Mr D should be able to reject the car.

He recommended that Volvo Car Financial Services should end the agreement and collect the car; settle any outstanding storage charges; refund Mr D's deposit of £5,250, 15% of all monthly payments from 25 April 2023 to 2 April 2024 to cover any loss of use, or impaired use, of the car because of the inherent quality issues and 100% of all monthly payments from 2 April 2024; refund Mr D for the cost of his unutilised motor insurance premiums and road tax from 2 April 2024; refund Mr D the cost of the diagnostic report of £500; pay interest on those refunds; pay Mr D £350 for the distress and inconvenience caused; and remove any adverse information from his credit file in relation to the agreement.

Volvo Car Financial Services has asked for this complaint to be considered by an ombudsman. It says that the supplying dealer says that it has never seen the car or had the opportunity to repair it, the inspection report confirmed that the issues wouldn't have been present at the point of supply and there's no proof of any fault in the first six months. Mr D has accepted the investigator's recommendation and has provided detailed comments about Volvo Car Financial Services' response to the investigator's recommendation.

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.

Volvo Car Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr D. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr D was more than four years old, had been driven for 58,638 miles and had a price of £21,250. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

Mr D has provided evidence to show that he took the car to the manufacturer's dealer: in June 2023 because of issues with its oil level; in July 2023 when the oil was topped up free of charge; in August 2023 when he bought a litre of oil and used it all; in November 2023 when the oil light had come on and the car was serviced, even though a service wasn't due; in January 2024 because the oil warning light came on again and repairs were carried out under a warranty; in February 2024 because of further issues with the oil level; and in April 2024 for diagnostic testing for which Mr D paid £500. The manufacturer's dealer says that it reported its findings and an estimate for repairs to the warranty company but it declined to cover the cost of the repair.

Mr D has also provided evidence to show that the car hadn't been serviced in accordance with the manufacturer's service recommendations before it was supplied to him and that the ownership of the car had been misrepresented to him. Mr D complained to Volvo Car Financial Services in April 2024 but it didn't uphold his complaint. It then arranged for the car to be inspected by an independent expert in October 2024. The inspection report shows that the car's mileage was 69,522 miles and concludes: *"The faults would not have been present or in development at the point of sale given the timeframe and the mileage covered"*.

The report says: *"The vehicles engine was going to initially be replaced under the ... warranty but since the cylinder bores are scored then the vehicles engine will not be replaced within the ... agreement warranty. The vehicles engine requires further inspection to see if the engine could be salvaged but if the engine requires replacement, then this could be uneconomical for further investigations"*; and: *"... [at] the time of our inspection the injectors had been removed, the intercooler pipes had been removed with all ancillaries to remove these. The battery had also been disconnected"*.

Although the report concludes the faults wouldn't have been present or in development at the point of sale, I consider it to be clear from the evidence that Mr D has provided that there have been issues with the car's oil level since soon after the car was supplied to him and the issue remains unresolved despite the work that has been carried out by the manufacturer's dealer. I don't consider that the inspection report has properly taken into consideration the previous ownership of the car and the failure to service it in accordance with the manufacturer's recommendations.

I don't consider that it's reasonable to expect a car that was less than five years old and had been driven for 58,638 miles when it was supplied and that cost £21,250 to have ongoing issues with its oil level and to then need a replacement engine about a year later and after it has only been driven for a further 10,884 miles. I consider it to be more likely than not that there were faults with the car when it was supplied to Mr D and that those faults caused the car not to have been of satisfactory quality at that time. I understand that the car has been with the manufacturer's dealer since April 2024 and the inspection report described the then

condition of the car. I'm not persuaded that a repair of the car is now a suitable remedy for the issues with the car and I find that it would be fair and reasonable for Volvo Car Financial Services to allow Mr D to reject the car.

Putting things right

The investigator recommended that Volvo Car Financial Services should end the agreement and collect the car; settle any outstanding storage charges; refund Mr D's deposit of £5,250, 15% of all monthly payments from 25 April 2023 to 2 April 2024 to cover any loss of use, or impaired use, of the car because of the inherent quality issues and 100% of all monthly payments from 2 April 2024; refund Mr D for the cost of his unutilised motor insurance premiums and road tax from 2 April 2024; refund Mr D the cost of the diagnostic report of £500; pay interest on those refunds; pay Mr D £350 for the distress and inconvenience caused; and remove any adverse information from his credit file in relation to the agreement. I agree with the investigator that it would be fair and reasonable in these circumstances for Volvo Car Financial Services to take those actions.

My final decision

My decision is that I uphold Mr D's complaint and I order Volvo Car Financial Services UK Limited to:

1. End conditional sale agreement and arrange for the car to be collected – both at no cost to Mr D
2. Pay any charges that are due for storing the car since April 2024.
3. Refund to Mr D the advance payment that he made for the car.
4. Refund to Mr D 15% of the monthly payments that he's made under the conditional sale agreement for the period from when the car was supplied to him to 2 April 2024 for his loss of use and impaired use of the car.
5. Refund to Mr D the monthly payments that he's made under the conditional sale agreement for the period from 2 April 2024.
6. Reimburse Mr D for the cost of his unutilised motor insurance premiums and road tax for the period from 2 April 2024 on a pro-rata basis and any cancellation charge levied by his motor insurer to cancel the policy early (if Mr D provides it with evidence of those costs).
7. Pay £500 to Mr D to reimburse him for the cost of the diagnostic report.
8. Pay interest on the amounts at 3 to 7 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
9. Pay £350 to Mr D to compensate him for the distress and inconvenience that he's been caused.
10. Ensure that any adverse information about the conditional sale agreement that it's reported to the credit reference agencies is removed from Mr D's credit file.

HM Revenue & Customs requires Volvo Car Financial Services to deduct tax from the interest payment referred to at 8 above. Volvo Car Financial Services must give Mr D a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 May 2025.

Jarrold Hastings

Ombudsman