

The complaint

Miss E complains that the terms and conditions of a hire agreement she took out with Care by Volvo Car UK Limited ('VCUK') are unfairly restrictive.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss E took out a hire agreement with VCUK in August 2022. In summary, she complains that the terms of the hire agreement which specify insurance requirements for the car are too restrictive, result in a lack of consumer choice and favour VCUK's insurance partner.

Our investigator did not uphold the complaint. So Miss E has asked for the matter to be considered by an ombudsman.

I issued a provisional finding which said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time. Here I note that the Consumer Rights Act 2015 is particularly relevant when it comes to providing guidance on what may be considered an unfair term – so I have taken this into consideration here.

I have carefully considered Miss E's submissions – and note there are elements which relate to VCUK's insurance partner. Including Miss E's allegations that she was misinformed about the extent of the coverage under its policy (such as whether it included mis-fuelling), and the trouble she had clarifying this. I am sorry to hear about the difficulties here – and I can understand why Miss E would be concerned about whether the coverage met the requirements of the hire agreement. I am glad to hear that it seems clarification was obtained and the policy did meet the requirements. However, I consider the trouble caused clarifying this to be a complaint in respect of the information provided by the insurance provider and not VCUK (which is a separate legal entity). Along with any matters around arranging or being contacted about insurance for the car with VCUK's partner. So I won't be considering this here.

Below I refer to Miss E contacting one insurer and one broker in 2024 about renewing her insurance. I am aware Miss E has said she contacted two insurers about cover but she says one could not serve her immediately as it had a system update so she abandoned the enquiry. I don't consider this material and do not refer to it below.

Essentially I consider Miss E's complaint to be about the terms of the hire agreement she entered into in 2022. I have looked at the terms in respect of the insurance requirements for the car. To me there are effectively two options for Miss E:

- 1. Take out insurance with VCUK's partner*
- 2. Seek her own insurance*

The contract notes that the insurance coverage needs to comply with certain requirements.

I do not consider the terms that pertain to the hire agreement and relate to insurance requirements of the car to be unclear, obscured or written in such a way that it would be difficult for the average consumer to understand. Nor, do I consider that Miss E's complaint is really about this. Miss E has explained how she fully read the terms and conditions, and her submissions (to me) show that she understood what was required.

For me her complaint is more that the terms make it difficult finding suitable insurance that will not breach the terms of the hire agreement. I know Miss E has referred to the situation creating a 'monopoly' which favours VCUK's insurance partner. However, I don't consider that it is my role to look into the aspects of Miss E's complaint which relate to potential breaches of competition law or overall commercial practices in the market. This is something she can raise with the appropriate regulatory bodies. Here I am considering if Miss E was disadvantaged by the terms in a way that is unfair and would require me to fairly direct VCUK to do something for her as an individual consumer, such as pay her compensation.

I have established the terms around insurance requirements are reasonably clear, and Miss E appears to have understood these. So my starting point is that if Miss E preferred to, or considered she might need to seek insurance outside of VCUK's partner (or compare its offering against others) she could have fairly checked what cover was available to her before deciding on entering into the hire agreement. I say this noting that her testimony shows the issue was clearly important to her, and that (in any event) finding out about the availability and price of insurance before deciding to take on a new vehicle is not particularly unusual or onerous.

In summary, VCUK had certain requirements for insuring the car – which it made clear to Miss E at the outset, and she knew about these. She chose to continue with the agreement in any event and was not reasonably prevented from seeking to obtain a car via other means if she wished. Therefore, prima facie I do not agree it has treated her unfairly.

However, even if Miss E were to successfully argue that it wasn't reasonable for her to check the insurance situation before deciding to enter the hire agreement. In considering what is fair and reasonable in the individual circumstances I also note the following:

- The requirements in the hire agreement that Miss E has particularly highlighted as problematic, including a requirement for misfuelling cover – and that repairs are carried out by main dealers or authorised repairers for the manufacturer (including use of genuine parts) do not strike me as unreasonable or particularly unusual in the circumstances.*
- It appears Miss E was ultimately able to find suitable insurance for the car by insuring under option 1 via VCUK's partner and which appears to fulfil the requirements of the hire agreement. I can see Miss E was offered a renewal quote for this around January 2024 at £67.36 a month – which I understand she ended up accepting.*

- *In any event, I am not persuaded the task of finding insurance under option 2 was onerous (as Miss E has said)– noting that a large part of Miss E’s argument appears to be based on her ruling out many insurers due to summary information a price comparison site gave her about policy features not listing mis-fuelling (which she describes herself as the ‘key stumbling block’ in obtaining insurance both when she acquired the car in 2022 and then later on when she looked at insurance on renewal of her existing policy in 2024). I say this noting Miss E has already accepted she contacted one of the insurers on this list (as it insured her home) and found out it did offer mis-fuelling cover under accidental damage – demonstrating to her that the price comparison site she used to rule out many insurers was not in fact reliable in ruling out cover. I note myself that a fairly cursory check on the websites of some of those insurers she has listed shows that several of them do offer mis-fuelling cover via an optional add on or as part of a certain policy tier. And while I appreciate there were other requirements in the hire agreement (such as regarding authorised repairers) which Miss E said were difficult to get a clear answer on from the one insurer and broker she made enquiries with in 2024 – based on the evidence she has submitted I can’t fairly agree she has persuasively shown VCUK treated her unfairly in this regard.*
- *In any event, Miss E has not persuasively shown how:*
 - *She has clearly financially lost out here (based on similarly, even if not identically specified cover available to her at the time); or*
 - *that her insurance needs (outsides of VCUK’s requirements) at the time were not a significant factor in the range of cover available to her that might have met VCUK’s requirements otherwise.*

In the individual circumstances here (and noting my decision is not about the actions of the insurance partner, or aspects of competition law which relate to a lot of Miss E’s submissions) I don’t consider Miss E has persuasively shown she has been treated unfairly by VCUK, or that she has lost out in any event. So I am not going to direct VCUK to take action here, such as pay her compensation.

My decision does not prevent Miss E from taking her complaint via more formal avenues such as court, or reporting matters to relevant regulatory bodies if she wishes.

Neither party responded to my provisional findings.

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.

I see no reason to depart from my provisional findings (as copied above) which I still consider fair and reasonable. These now form my final decision.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 9 June 2025.

Mark Lancod
Ombudsman