

## **The complaint**

Mr L complains that Volvo Car UK Limited did not correctly set up a finance agreement for his car in March 2024.

## **What happened**

Mr L says he signed a 48-month 0% finance agreement in March 2024, but that direct debits were not taken as expected from April 2024. He says that, having initially been advised that the issue was with the underwriter, Volvo then asked him to sign a new 48-month agreement in November 2024. Mr L says he requested that the end date of the original agreement should be retained as March 2028, but Volvo declined this, instead offering him 50% of his £36,500 deposit back if he returned the vehicle to the dealer. Mr L adds that he also offered Volvo a cash settlement of £23,000 as the equivalent to the forecourt price less the £36,500 deposit, but this was also declined, and he is now being threatened with repossession.

Volvo says Mr L's agreement was not made live at the time of the handover which meant it needed to request further information from him. It recognised this should not have happened and offered Mr L £100 for the inconvenience. Volvo says that if Mr L chooses not to sign the new agreement, his order will be forfeited, and it will proceed with the recovery of his car.

Mr L eventually agreed to return the car, and Volvo refunded the £36,500 deposit and collected it on 24 January 2025.

Our investigator did not recommend the complaint should be upheld. She accepted that Volvo made a mistake when the car was handed over without the agreement being live but found that the actions already taken by Volvo were fair and reasonable.

Mr L responded to say, in summary, that Volvo was not prepared to amend the finance contract to a 40-month term but effectively changed it to 55 months due to its own error. He added that he only offered the cash settlement once Volvo had agreed to refund all the funds he'd paid. Mr L said the car would have been available for him to buy once it had been returned and his cash offer was in line with such a purchase.

## **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.

As all parties have agreed that Volvo made an error when it did not activate Mr L's finance agreement at the time of the handover of the car, I will not consider that aspect further.

Having established that Volvo made an error, the role of the Financial Ombudsman Service is, where possible, to put Mr L back into the position he would have been had the mistake not happened.

I acknowledge that Volvo declined both a new 40-month finance agreement and Mr L's offer of a cash settlement, but I need to look at the position Mr L is in now as compared with where he would have been.

In this case, Mr L would still have the car, for which he'd paid £36,500 up front and would have made 16 payments of around £760 – a total of £48,660 of the roughly £73,000 cost.

As it stands, Mr L has effectively paid nothing for the use of a new car for 10 months, even though he originally offered Volvo 25p for each mile he'd driven. Volvo rejected this as it said it would have been unfair to him and ultimately refunded the entire down payment.

I understand Mr L has now purchased the same model of car, but I'm satisfied the remedy offered by Volvo is reasonable, and more generous than the solutions proposed by Mr L himself. Indeed, any decision by this service on a fair outcome would take into account that Mr L had had use of the car for ten months and therefore any financial redress would be adjusted accordingly.

Although I don't find Mr L has suffered any financial detriment, I do accept that he was caused some inconvenience by the initial mistake. However, I consider the £100 that Volvo has already paid him for this is reasonable and in line with the awards this service would usually make in this area.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 September 2025.

Amanda Williams  
**Ombudsman**