

The complaint

Miss G complains that a car acquired under a conditional sale agreement through Volvo Car Financial Services UK Limited ("VCFS") wasn't of satisfactory quality when it was supplied to her.

At times during this complaint, Miss G has been represented. But for ease of reading, I will refer to Miss G only within this decision.

What happened

Both parties are familiar with the background of this complaint, so I will only summarise what happened briefly here.

In October 2024, Miss G entered into an agreement to acquire a used car from a dealership. She paid a deposit of £10,500, with the purchase balance provided by VCFS under a conditional sale agreement. The car was approximately four years old and had covered approximately 30,000 miles when the agreement started. The agreement was for 37 months, with monthly payments of £241 and an optional final payment of £13,646.75 if Miss G wanted to keep the car at the end of the agreement. The cash price of the car was £26,950.

A couple of days after taking delivery of the car, it went into 'limp' mode and came to a standstill. Miss G got in touch with the dealership, but before she could get the car back to them, it happened again. The car was subsequently recovered to the dealership for assessment.

For the next three weeks, Miss G was given a courtesy car and regularly contacted the dealership to try and find out what was wrong with the car she'd acquired and what repairs would be undertaken. But she wasn't provided with this information, and, on 18 November 2024, she asked to reject the car. Following this, she was told the car had been repaired and it was returned to her. Miss G made it clear she didn't want the car back and, after a few conversations, the dealership returned to Miss G's address and took the car back.

Miss G contacted VCFS to complain as she wanted to continue with her rejection of the car. She'd also been charged £469.45 for the courtesy car, which she was unhappy with. She was under the impression she wouldn't be charged for this. VCFS accepted the car had faults when it was supplied but said that as it had been repaired they wouldn't support rejection of it. They offered Miss G a refund of 20% of one of her monthly payments, along with £150 compensation for the inconvenience she'd been caused. They didn't offer any reimbursement for the courtesy car charge applied.

Miss G brought her complaint to our service. Our investigator said that he was satisfied the car wasn't of satisfactory quality when it was supplied to Miss G. However, he considered that Miss G had accepted repairs to be done, and as such he didn't think rejection of the car was now available. He did think that VCFS should reimburse Miss G for the costs incurred for the provision of a courtesy car, and he also said that VCFS should increase their compensation award to £250.

Miss G didn't agree. She said that she wasn't told what was wrong with the car or what repairs were needed, so she hadn't given her consent. She felt her right to reject the car was valid, and she was continuing to make her contracted monthly payments under the agreement, as well as paying for car insurance and road tax.

As Miss G didn't accept, the complaint was passed to me to decide. Prior to writing this decision, I contacted both parties to explain how I thought the complaint should be resolved. In summary, I said:

'The Consumer Rights Act 2015 (CRA) sets out that Miss G can exercise her short-term right to reject the car in the first 30 days if the goods do not conform to the contract. I don't think it's in dispute that the car had a fault within that time and was of unsatisfactory quality, but what remains in dispute is whether she agreed for the car to be repaired during that time. Our investigator has said he thinks he can conclude that repairs had been agreed by Miss G, so rejection of the car isn't now an option. However, I have to say I'm minded to disagree on that point. I'll explain why.'

Miss G has provided our service with emails between her and the supplying dealer from 26 October 2024 to 18 November 2024 (attached). During those emails she is regularly asking for an update on the car, including what has been diagnosed as the fault with it, and the next steps. At no point was she informed of the faults – our service provided her with the job cards from the dealer – and it was only when she said she no longer wanted the car that she was informed it had been repaired. She wasn't informed of the work that had been done at that point either.

The short-term right to reject isn't available to Miss G if she's agreed for repairs to take place. But I think that's a fundamental point in this case, and I don't think she has. At no point was she told what the fault was or what would be needed to repair it, despite regularly asking for that information, so I'm not minded to say she had agreed for any repairs to take place. She didn't know what any repair would entail. As such, I'm likely to conclude that she had exercised her short-term right to reject the car on 18 November 2024, and VCFS should have allowed that to happen, and unwound the agreement, returning any money Miss G had initially paid.

To support that argument, Miss G has also provided an email exchange at VCFS dated 21 November 2024 which supported rejection of the car and the unwinding of the agreement. It's not known why this decision was subsequently reversed, but I'm satisfied allowing rejection of the car was the right thing to have done in the circumstances. It follows that I'm planning to say that VCFS should unwind the agreement and take the car back.

As a resolution to this complaint, I'm minded to conclude that VCFS should:

- End the finance agreement ensuring Miss G isn't liable for monthly rentals after the point of collection (they should refund her any overpayments for those if applicable).*
- Take the car back (if this has not been done already) without charging for collection.*
- Refund Miss G's deposit of £10,500.*
- Refund £469.45 for the hire car costs incurred by Miss G.*
- Refund all monthly payments made towards the agreement, as Miss G has been without use of the car since October 2024.*
- Refund Miss G's car insurance and road tax payments from October 2024 (subject to proof of payment from Miss G).*
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.*
- Pay Miss G £250 compensation for the upset she's been caused in being provided with a car of unsatisfactory quality.*

- *Remove all adverse information, in relation to this agreement, from Miss G's credit file (if applicable).'*

Miss G accepted this in full.

VCFS didn't. They provided comments from the dealership that confirmed the car had been repaired and no faults were present with the car. VCFS said that they retracted their initial decision to allow rejection of the car as the car had been repaired.

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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the conditional sale agreement entered by Miss G is a regulated consumer credit agreement this service is able to consider complaints relating to it. VCFS are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss G entered. Because VCFS supplied the car under a conditional sale agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Miss G's case the car was used and had covered approximately 30,000 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has said that he thinks the car wasn't of satisfactory quality when it was supplied to Miss G, but as the car has been repaired, he didn't think rejection was now an option. As explained in my comments to both parties, I don't agree in this case. I'm satisfied the car wasn't of satisfactory quality at the point of supply, and I'm also satisfied Miss G exercised her short-term right to reject within the first 30 days, which VCFS should have taken forward and actioned. I'll explain why.

The short-term right to reject isn't available to Miss G if she's agreed for repairs to take place. But, as I said to both parties, this is a fundamental point in this case, and I'm not satisfied Miss G ever did agree for repairs to take place. At no point during her communication with the dealership between the end of October to mid-November 2024 was she told what faults had been found, and what repairs had taken place to remedy those faults. She continued to ask for that information and it wasn't provided to her. So, it follows that I'm satisfied she couldn't have agreed to any repairs being completed, as she had no idea what was wrong with the car or what a repair would look like. She was finally told the

car had been repaired on 21 November 2024 – however, she had exercised her short-term right to reject on 18 November 2024, and I'm satisfied VCFS should have allowed rejection of the car at that time.

VCFS initially seemed to agree with the rejection of the car, and Miss G has provided evidence of that. However, it seems they retracted that decision when they were informed the car had been repaired. I can understand why they did that, and I have no doubt the car was repaired. But Miss G was never informed of that until after she'd asked to reject the car, so I'm not satisfied VCFS's retraction of the rejection was the right decision in the circumstances.

As I'm satisfied that Miss G exercised her short-term right to reject the car, VCFS should now end the agreement and take the car back. It's my understanding that the car has been with the supplying dealership since October 2024, however Miss G has continued to pay for insurance and road tax for it. VCFS should reimburse her for those costs – subject to Miss G supplying VCFS with proof of insurance and payments for the insurance and road tax.

Our investigator has also said that VCFS should reimburse Miss G for the costs incurred from the hire company for her courtesy car. I agree that she should receive this back. The cost was only incurred as a result of the car supplied by VCFS being of unsatisfactory quality, so I don't think it's reasonable to expect Miss G to be out of pocket as a result of that.

Ordinarily, I would make a deduction for Miss G's use of the car in line with the CRA. However, in this case the car was returned to the dealership almost immediately and Miss G hasn't had much, if any, use of it. Because of that, I'm asking VCFS to refund all the monthly payments she's made towards the agreement since October 2024. They should also refund the deposit she paid, which will put Miss G back into the same position as she was at the start of the agreement and will allow her to consider her options for acquiring a new car.

Miss G has explained the upset this situation has caused her. It's clearly been a troubling time for her, being provided with a car that wasn't of satisfactory quality. No amount of money can change what's happened, but the amount of compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry. VCFS must pay Miss G £250 to reflect the upset having a car of unsatisfactory quality has brought to her. They must also remove any adverse information in relation to this agreement from Miss G's credit file, if applicable.

My final decision

For the reasons above, I uphold this complaint. Volvo Car Financial Services UK Limited must:

- End the finance agreement ensuring Miss G isn't liable for monthly rentals after the point of collection (they should refund her any overpayments for those if applicable).
- Take the car back (if this has not been done already) without charging for collection.
- Refund Miss G's deposit of £10,500.
- Refund £469.45 for the hire car costs incurred by Miss G.
- Refund all monthly payments made towards the agreement, as Miss G has been without use of the car since October 2024.
- Refund Miss G's car insurance and road tax payments from October 2024 (subject to proof of payment from Miss G).
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.*

- Pay Miss G £250 compensation for the upset she's been caused in being provided with a car of unsatisfactory quality.
- Remove all adverse information, in relation to this agreement, from Miss G's credit file (if applicable).

*If Volvo Car Financial Services UK Limited consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss G how much they've taken off. They should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 10 December 2025.

Kevin Parmenter
Ombudsman