DRN-5794387

The complaint

Mr W complains about the charges Volvo Car UK Limited (VCUL) have asked him to pay since he handed back a car he had been financing through an agreement with them.

What happened

I issued a provisional decision on this complaint in August 2025. An extract from that provisional decision is set out below.

In January 2022 Mr W took receipt of a new car. He financed the deal through a 36 month hire agreement with VCUL. He was to pay 20p for every mile he drove in excess of 12,000 miles per year. Mr W agreed mileage allowance increases to 16,000 miles per year in June 2023 and 18,000 in March 2024. He returned the car on 29 November 2024 with the car having completed 54,095 miles.

Mr W was shocked and disappointed to receive an invoice from VCUL for £3,486.05 which included charges for excess mileage, a termination charge, and a charge to refurbish damage to the alloy wheels. He complained to VCUL.

VCUL said they'd made a mistake with the excess mileage charge and that it should have been 1,242 miles less. They revised the termination invoice accordingly to £3,406.05 but they didn't think they'd done anything else wrong.

Mr W was disappointed with their response, so he referred his complaint to this service. Our investigator explained that the revised mileage allowances would only apply from the date they were agreed and that was why the charges were higher than Mr W had anticipated. He reviewed the charges made for refurbishment but thought they had been applied fairly. He didn't think it would be fair to ask VCUL to take any further action.

Mr W disagreed. He said VCUL had failed to explain how the excess mileage charges had been calculated and that it was unreasonable to expect him to understand that. Mr W asked for a decision by an ombudsman.

What I've provisionally 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 don't think VCUL gave Mr W the information he needed to make an informed decision about how far he should drive the car in order not to attract significant mileage charges. I'm, currently inclined to uphold this complaint in part. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of *the points that have been made when I set out my decision.*

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Mr W acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The mileage charges

The Financial Conduct Authority's Consumer Duty is relevant here. It came into effect on 31 July 2023 for open products and services and that meant any existing agreements, such as Mr W's, that were still running fell under that Duty for all interactions from that point forward. Even though the hire contract started pre-Duty, the subsequent amendments to the mileage allowance in October 2023 and March 2024 were post-Duty. So, when VCUL processed those amendments, they had to comply with the Duty's requirements.

In respect of ensuring the consumer's understanding the Duty says:

"Consumers are expected to take responsibility for the decisions they make about products and services. To do this, businesses must give them the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions."

The British Vehicle Rental and Leasing Association (BVRLA) provides industry guidance on what is fair and reasonable when cars are returned at the end of their lease. It sets expectations for members, such as VCUL, to act with transparency throughout the leasing process and I think the spirit of that requirement makes clear written confirmation of revised terms such as mileage allowances is good practice.

I don't think VCUL have ensured their customer's understanding here and I don't think they've acted with transparency in relation to the revision of the charges.

When they provided their final response to Mr W on his complaint they explained:

"As we allow customers to adjust their mileage throughout the contract and calculate it on a pro-rata basis, this can be a complex process for our customer service team to estimate accurately. As such, providing an exact figure for the termination charge, including excess mileage, is not part of our standard procedure."

I think the fact that VCUL accepted it could be a complex process is exactly the sort of reason why they should have communicated how the mileage charge would be calculated when the agreement ended. Mr W needed to know what charge he would be incurring so that he could modify his driving and limit them. The terms of his contract with VCUL did explain:

"A change (to the mileage allowance – my clarification) will trigger an adjustment of the subscription fee going forward."

I don't think it would be fair to expect Mr W to have referred to those terms and as VCUL haven't retained copies of the calls Mr W had with them, I see no reason to doubt Mr W's assertion that he wasn't given information to explain how the revised mileage allowances would apply. Mr W clearly assumed that the increased charges he was paying under the revised mileage allowances would re-balance any previous overuse and with the information I've seen that was presented to him, that was understandable.

So, I think VCUL didn't explain things clearly here and that Mr W would have been likely to modify his use had he realised the full extent of the excess mileage fees he was generating.

That said it wouldn't be fair to waive the charge as it's only fair that VCUL are compensated for the loss of value they would be likely to experience as a result of the extra mileage when selling the car on, and it's only fair that Mr W pays for the use he's had from the car.

All things considered I think the fairest way to resolve this complaint would be for VCUL to pay some compensation for the distress and inconvenience caused by their poor communication. They failed to clearly explain the way the revised mileage calculation would be applied and I also note that they accepted they got the excess mileage wrong. Mr W has explained the impact this had on him. He had limited savings and was concerned that the debt would impact his Christmas budgeting, and he was clearly frustrated at VCUL's inability to explain the process. On balance, I think VCUL should pay him £500 in compensation.
The refurbishment charges

The BVRLA say that there should be no damage to the spokes on alloy wheels when cars are returned at the end of their lease. The photographs taken by the inspector show that there was damage to the spokes on two alloy wheels and I don't, therefore, think VCUL were unreasonable to levy the charge that they did.

My provisional decision

For the reasons I've given above, I'm expecting to uphold this complaint in part and to tell Volvo Car UK Limited to pay Mr W £500 to compensate him for the distress and inconvenience caused.

The parties responses to my provisional decision

VCUL didn't agree with my decision, but they were prepared to pay the £500 compensation. They said they'd review internally how they could explain such charges in the future.

Mr W was pleased with the decision but thought I could have gone further and wanted me to consider refunding the difference between what he believed at the time was his excess mileage and what VCUL charged him. He said it was disappointing that call records hadn't been available as he had vocalised what he believed the revised mileage would be in those calls. He agreed that the BVRLA did support the charge for the marks on the alloy wheels.

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 understand Mr W's strength of feeling here and I can understand the impact this experience has had on his finances. But, as I explained in my provisional decision I don't think it would be fair to waive the charge for excess mileage as it's only fair that VCUL are compensated for the loss of value they would be likely to experience as a result of the extra mileage when selling the car on, and it's only fair that Mr W pays for the use he's had from the car. I've not, therefore, found reason to change my provisional decision and that now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Volvo Car UK Limited to pay Mr W £500 to compensate him for the distress and inconvenience caused.

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

Phillip McMahon
Ombudsman