

The complaint

Mr E complains about the quality of a car he acquired under a hire agreement with Volvo Car Financial Services UK Limited (VCF).

When I refer to what Mr E and VCF said or did, it should also be taken to include things said or done on their behalf.

What happened

In January 2022, Mr E entered into a hire agreement with VCF to acquire a new car. There was one advance payment of £1,480.86 followed by 47 monthly hire payments of £493.62.

Mr E said he was supplied a faulty car that was of unsatisfactory quality. He said that approximately a half-year to a year after the car was supplied, it started to have issues with the electrics. Mr E said that even after several visits to the dealership the issues kept persisting. The issues Mr E was experiencing were: sensors not working properly, error messages appearing on the dashboard, turn signals and other indicators not making audible sounds when engaged, entertainment system losing its sound, sat nav going offline, and the Infotainment Head Unit (IHU) having several faults, such as flickering and turning on and off. Mr E said that he had the software on the car updated multiple times, both at the dealership and remotely, but those software updates never resolved the issues as the problems continue to come back. As the dealership and later the broker could not help him get these resolved, he raised a complaint with VCF.

VCF said they need more time to look into Mr E's complaint, and they had not issued a final response in eight weeks' time, so Mr E referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr E's complaint. The investigator was of the opinion that software updates are a normal part of maintaining a car and are required to keep the car running safely. They also thought that without further evidence and confirmation of an actual fault that was present or developing at the time of supply they were unable to uphold Mr E's complaint. Because of this, they were of the opinion that the car was of satisfactory quality when it was supplied. As such, they did not think it would be fair to ask VCF to do anything more to resolve Mr E's complaint.

While the complaint was at our service, Mr E took the car to the dealership again on 27 January 2025. On this occasion, they managed to fix it by replacing the IHU and the rear camera. Mr E said that this fixed all the issues. However, he still disagreed with the investigator and thought that he should be compensated adequately for all the problems he had been experiencing over the years.

So, the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 11 August 2025. In the provisional decision I said:

“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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr E acquired the car under a hire agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. VCF is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

Also, I am only considering the aspects VCF are responsible for and the ones I am able to look at. So, I cannot look at certain actions and/or inactions of the dealership(s) or broker which Mr E might be unhappy about. So, I am only looking at the events that have been raised by Mr E with VCF, the ones they were provided an opportunity to address.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr E entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr E’s case the car was brand new when he acquired it. So, I think a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. I think it would also be reasonable to expect the car to last a considerable period of time before any problems occurred, and it would be reasonable to expect it to be free from even minor defects shortly after it was acquired.

First, I considered if there were faults with the car.

Mr E has provided a lot of evidence including pictures of what seems to have been electrical issues with the car persisting for a few years after supply. These issues also seem to have been confirmed by email which he has provided from the broker. In this email, dated 29 November 2023, the broker tells Mr E that, after speaking to the dealership, they have no current fix for the car. They explain that this is due to faults that are software related. This email also states that the manufacturer of the car is working on improving the software, so there is nothing further they can do at that moment in time.

In addition, Mr E has provided us a copy of a repair invoice from the dealership, dated 27 January 2025 when the car had travelled around 36,102 miles, which shows that the IHU and the rear camera have been replaced due to faults. Mr E said this fixed all the issues he was experiencing in the past.

Based on all of the above, I think the car was, most likely, faulty. But just because a car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr E.

I have considered all the circumstances of this case, including all the arguments made by VCF, but from the available evidence I think, most likely, the car was not of satisfactory quality when it was supplied to Mr E and, in particular, it was not reasonably durable. I will explain.

I know that when the IHU and the rear camera were replaced, the car had already travelled around 36,102 miles and Mr E had it for about three years, but I think, most likely, this repair fixed the same issues that were linked to the ones Mr E was reporting already in the first year after the car's acquisition. This is because the dealership and the broker incorrectly kept telling him that it was a software update issue, as is evidenced from some of their communication with him.

The car was acquired brand new and considering the hire rental amount Mr E was paying, I do not think a reasonable person would expect a car of its age with such low mileage to experience such a major fault as the IHU needing to be replaced. Especially given that the IHU is an expensive part to be fixed and is one that is linked to, and controls, a lot of the functions on the car, including some of its safety features.

Overall, I don't think the car was sufficiently durable. For this reason, I do not think the car was of satisfactory quality. But considering that the repair done appears to have been successful, I do not think it would be fair and reasonable for Mr E to be able to exercise his right, under the CRA, to reject the car or to ask for its replacement now.

Mr E has been able to use the car, so I think it is reasonable he pays for this use. As such, VCF can keep all payments that were/are due. However, driving the car with reoccurring electrical issues and not having access to some of the car's features, especially the safety ones, was likely very stressful and annoying to Mr E. So, this would have reduced the enjoyment and utility Mr E would have had while driving the car with the recurring faults. There is no exact mathematical method to quantify the impact of driving the car with such issues but, having considered the circumstances, including mileage covered plus how often the issues were returning, and how unpredictable in occurrence they were, I think that Mr E should be entitled to a refund of 25% of the of the monthly hire repayments he has made from 16 December 2022 until 27 January 2025. I think this is fair because the first time I can see that Mr E raised this as an issue with the broker/dealership was on 16 December 2022 and on 27 January 2025 these issues have been fully repaired.

VCF should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

I know that Mr E has mentioned that this situation had an impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr E had explained, in great detail, how this has impacted his life. Also, he had to take the car to several garages and spend a significant amount of time trying to resolve this issue. I think Mr E would not have experienced all of this, had VCF supplied him with a car that was of a satisfactory quality. So, I think VCF should pay him a total of £350 in compensation to reflect the impact this situation had on him, including the distress and inconvenience that was caused.

I know that Mr E has also mentioned that when the car's sensors were not working properly, this sometimes caused him to create minor cosmetic damage to the car's body. However, I do not think it would be fair or reasonable for me to ask VCF to be responsible for these damages. I state this because I have not seen enough evidence to be able to say that, most likely, when the sensors were failing, they were incorrectly showing/calculating the distance. And it would be considered reasonable for Mr E to automatically take more caution and mitigate his condition whenever he found himself in a situation where he could no longer fully rely on the electrical sensors.

My provisional decision

For the reasons given above, I intend to direct Volvo Car Financial Services UK Limited to:

- 1. Keep all payments that were/are due, but refund 25% of all the monthly payments Mr E made from 16 December 2022 until 27 January 2025.*
- 2. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
- 3. Pay Mr E a total of £350 compensation.*

If Volvo Car Financial Services UK Limited considers that tax should be deducted from the interest element of my award, they should provide Mr E with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 25 August 2025.

VCF have not responded.

Mr E responded with further comments and information.

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.

Following my provisional decision, Mr E said that he felt the £350 compensation to be very low considering the level of disruption and inconvenience that was caused to him, and he provided more detail of the impact the situation had on him. So, I have taken into consideration what he has said, but I have not seen enough evidence to be able to say that, most likely, the £350 in compensation does not fairly and reasonably reflect the impact the situation had on him. This is especially considering that I have also decided that Mr E should be entitled to a refund of 25% of the of the monthly hire repayments he has made from 16 December 2022 until 27 January 2025. This was because driving the car with reoccurring electrical issues and not having access to some of the car's features, especially the safety ones, was likely very stressful and annoying to Mr E. As such, I think this has reduced the enjoyment and utility Mr E had while driving the car.

In response to my provisional decision, Mr E also provided some further evidence of the how the faults with the sensors/screen while reversing would just unexpectedly drop out, flicker like a strobe light and freeze. He said this would render all measure of distance in the visuals completely useless. Furthermore, he said that he reported this damage very early on in this process when the failings became apparent and led to him causing damage. This is in contrast with the subsequent 18 months plus, when he became super vigilant after having felt the pain of these failings and having sustained the initial damages as a result of the car

faults. In these months there had been no further damage. Mr E also said that, when compared with the previous three years of him owning similar cars, he never sustained similar damage. In summary, he still feels that he should not be responsible for the damage, as per the reasons listed above.

I have thought about what he has told us following my provisional decision, but I still do not think it would be fair or reasonable for me to ask VCF to be responsible for these damages. First, I should explain that I do not disagree that the sensors/screen while reversing would just unexpectedly drop out, flicker like a strobe light and freeze. However, I have not seen enough evidence to be able to say that, most likely, in between the failings, the sensors were incorrectly showing/calculating the actual distance. Moreover I still think that, when they were failing, it would be reasonable for Mr E automatically to take more caution and mitigate his condition as, I think, during those times he, most likely, would have been aware he could no longer fully rely on the electrical sensors.

As such, I've considered what Mr E has said and provided plus my provisional findings and having done so, I see no reason to reach a different conclusion to what I reached in my provisional decision (copied above).

My final decision

For the reasons I've explained above, and in my provisional decision, I direct Volvo Car Financial Services UK Limited to:

1. Keep all payments that were/are due, but refund 25% of all the monthly payments Mr E made from 16 December 2022 until 27 January 2025.
2. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
3. Pay Mr E a total of £350 compensation.

If Volvo Car Financial Services UK Limited considers that tax should be deducted from the interest element of my award, they should provide Mr E with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 1 October 2025.

Mike Kozbial
Ombudsman