

## The complaint

Mr B has complained about the quality of a car provided on finance by Volvo Car Financial Services UK Limited (“VCFS”).

## What happened

VCFS supplied Mr B with a new car on a conditional sale agreement in September 2024. The cash price of the car was around £33,200. The conditional sale agreement required payments of around £220 for 36 months. Mr B paid a deposit of around £25,200. There was no final payment or interest due.

Mr B said he highlighted two distinct issues with the car to the selling dealer on the second day after he took delivery. The car was booked in for an inspection, but Mr B says he was told the issues were characteristics of the car. Mr B described the issues as:

- A subtle noise on braking
- Transmission clonking

Mr B said that both of the characteristics were not evident on the car that he test drove, or in the demonstrator that was provided as a courtesy car while his car was being inspected.

Mr B said he felt the dealer were avoiding a repair so complained to the manufacturer and his complaint was passed onto the finance provider – VCFS. Mr B said that VCFS were initially surprised that both issues were being dealt with as characteristics. VCFS commissioned an independent engineer report from a third party I’ll call Expert A. It said that although the report confirmed the noise was present, the information it obtained from the manufacturer confirmed that it was a characteristic of the car and not a fault. VCFS did not uphold the complaint.

Mr B referred his complaint to the Financial Ombudsman. He said that there were two faults, he disagreed that one could be fairly described as a characteristic, and the other one had just been ignored. He said that even if one were a characteristic the other noise would still be sufficient reason to allow rejection as there had been an opportunity to repair.

An investigator here considered the complaint. She said that she wasn’t persuaded there was a fault with the car. She said that noises from the car didn’t mean there was a fault. She also said that due to the manufacturer’s testimony she was more persuaded the noises were characteristics of the car.

Mr B disagreed. He provided audio files to demonstrate the noises. He also said that the report from Expert A did confirm that faults were present when the car was supplied.

The complaint was passed to me to make a decision. I issued a provisional decision which said:

*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 having been good industry practice at the relevant time.*

*I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.*

*Where the evidence is incomplete or inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.*

*The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. VCFS is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.*

*The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".*

*The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car's history.*

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

*The car was new when supplied and the cash price was around £33,200. So, I think it's fair to say that a reasonable person would have expected the quality to be high, and that the car wouldn't have had any issues, including minor defects, for quite some time.*

*The CRA sets out that goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer, must be taken not to have conformed to it on that day. Unless it's established the goods did conform to the contract on that day or that the application is incompatible with the nature of the goods or with how they fail to conform to the contract.*

*The CRA also sets out that Mr B can exercise his short term right to reject in the first 30 days if the goods do not conform to the contract. I don't think it is in dispute that Mr B contacted VCFS in time, but what remains in dispute is whether the car was of satisfactory quality.*

*As a starting point there needs to be evidence of a fault. And secondly, that the fault renders the car of unsatisfactory quality.*

*I think VCFS had an opportunity to demonstrate that the car was of satisfactory quality when it was supplied, as required by the CRA. It commissioned a report which was carried out in October 2024 by Expert A. The mileage of the car was around 1,200. I think it's important to highlight this extract from the report:*

*"In our opinion, we can confirm when carrying out our road test in the vehicle, we experienced a clicking noise when changing from first to second gear and under braking conditions intermittently, an abnormal noise coming from the front of the vehicle, which would require further investigation under workshop conditions.*

*At this stage with the faults currently identified, we would consider the faults would have been present and in development at sale. We would also consider the vehicle is to be referred back to the manufacturer for consideration of a warranty repair.*

*The faults have not developed since sale. There are no issues with the vehicle that we were unable to confirm. We recommend checks are to be carried out to the gearbox assembly.*

*We also recommend checks are to be carried out to the front brake assembly in regards to the brake discs, brake pads, calliper and brake disc backing plate. The vehicle is not fault free.”*

*VCFS said the noise was a characteristic and referred to a detailed explanation and audio video evidence from the manufacturer which it said demonstrated that all of these cars have the same attributes. On the other hand, Mr B has explained that the car he test drove and the courtesy car didn't have the same issues. The courtesy car appears to be (from evidence Mr B supplied) the same model.*

*The independent expert that saw the car has said there was not just one fault. He's clearly indicated that there were two faults with the car. The report doesn't specify what the faults are in such a way as to diagnose the issue. But it does refer to two faults, and it doesn't confirm that the car was of satisfactory quality when it was supplied.*

*The manufacturer has also said “Under certain conditions, the vehicle can engage a freewheeling function with the engine switched on. This feature is available at speeds between 27 mph and 80 mph when the accelerator is released. When activated, the engine shuts down, allowing the vehicle to roll freely, which helps to reduce fuel consumption and emissions.*

*In this freewheeling mode, the engine may automatically restart in specific situations, such as when the brake pedal is pressed. During these conditions, a faint, high-pitched noise may be heard from the transmission. This sound results from a hydraulic pressure buildup that engages an internal clutch within the gearbox to smoothly restart the engine while the vehicle is in motion.*

*Software updates have been implemented to minimize the occurrence of this noise. However, it is not possible to eliminate it entirely. The noise is subtle, only occurs under specific conditions, and is characteristic of the engine and transmission combination used in models equipped with the SIDIS function. It does not indicate any malfunction and poses no risk to the driveline or other components. It should be regarded as a normal operational sound.”*

*This explanation, together with the audio and video of several other cars might be enough to persuade me that one of the noises that Mr B is experiencing relates to a characteristic of this type of car rather than a fault. But the manufacturer explanation states the feature is available at speeds between 27 and 80mph, whereas Mr B and Expert A have both said one of the noises occurs between first and second gear. The sound doesn't match the one I've seen from the manufacturer and seems more likely to be a different issue.*

*I have to reach a decision on the available evidence and sometimes the issues aren't clear cut. Even if I were to agree that one of the issues is a characteristic of this type of car, I'm still not persuaded that enough has been done to identify what the other noise relates to.*

*Having considered the audio/video from the manufacturer and the description of the characteristic, it matches one of the audio recordings provided by Mr B. But it seems that*

*there is another distinct noise which Expert A described as a clicking noise when changing from first to second gear. This description doesn't match any of the other information provided about the characteristic from the manufacturer, and is being experienced at lower speeds specifically when changing from first to second gear. I've listened to the audio recording provided by Mr B and although it is faint due to other road noise, it does corroborate what Expert A found.*

*I've seen no evidence of further inspections following the report from Expert A. It recommended specific tests be carried out under workshop conditions. I've seen no evidence that this has happened, or further commentary on the characteristic by Expert A. In other words, I'm not yet persuaded that VCFS has been able to demonstrate that the car was of satisfactory quality when it was supplied, as required by the CRA.*

*Mr B attempted to exercise his short term right to reject. He's asked for a repair initially, but the CRA broadly says that the clock stops while he was waiting for that repair, and I think he's made it sufficiently clear that he wanted to reject the car. He's maintained that he still wants to exercise his short term right to reject, I don't think it's fair that he hasn't been allowed to do that. So VCFS need to do something to put things right and Mr B should have been and should now be able to reject the car.*

### **Putting things right**

*The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. There's not an industry standard mileage figure. But as a starting point, in the particular circumstances of this case, I think the monthly repayment towards the conditional sale agreement is a reasonable figure to use for a months' worth of use of the car. So, I think VCFS can retain the monthly payments Mr B made in recognition of the use he's had of the car up until the point it is collected.*

*Mr B has told me that he's still using the car, and the current mileage is around 12,000. Mr B might say he had no choice other than to use the car, despite seeking rejection, as he didn't have access to another car to keep himself mobile. So, he's been able to cover a bit more than 12,000 miles since the car was supplied. This seems to be around average considering how long he's had the car.*

*No amount of money can change what's happened. But the compensation I'm recommending is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry – and/or significant inconvenience that needs a lot of extra effort to sort out. So, I think £300 compensation is suitable in the circumstances because being supplied a car that wasn't of satisfactory quality and VCFS's handling of the claim, had that sort of impact on Mr B.*

*Considering all the circumstances, and the other refunds that I've set out, I think the steps I've set out are a fair and reasonable way to resolve the complaint.*

Mr B agreed with the provisional decision. In summary he said:

- VCFS had an opportunity to take the car back earlier with a fraction of the mileage, but he recognised the compromise in a fair resolution. He agreed that the retention of the monthly payments was fair for his use of the car.
- He'd made a purposeful decision to purchase a car outright ensuring the best financial outcome for his situation. A short-term hire period did have a significant

financial impact on him, but less than if the car had failed completely. So, he was willing to accept the resolution rather than any uncertain alternatives.

- He did not expect any changes in the final decision but wanted to make a final point about the impact the experience with VCFS would have. He had no option but to use the car and once the car is finally collected, he would again be without a car. The timing might have been better during the summer holidays, but catastrophic alternatives would be much worse. He was happy to accept and move on.

VCFS did not have anything further to add following the provisional decision. I'll now go on to make my final decision.

### **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'd like to thank both parties for responding promptly to the provisional decision. Although VCFS hasn't added anything further, I'm making a final decision to give Mr B the protection of a legally binding decision.

I acknowledge Mr B's concerns about being without a car for a time while he makes new arrangements. I need to draw a line under things with my final decision and unfortunately there's always going to be a level of inconvenience caused when goods are rejected. But having thought about the refunds I've proposed, I think this will put him back in a fair position overall to be able to acquire a new car.

VCFS need to arrange to collect the car at a time convenient to Mr B, but that also needs to be within a reasonable amount of time. And once the car has been collected the refunds and compensation should be made without significant delay.

As I don't consider I've received any further information to change my decision, I still think my findings are a fair and reasonable way to resolve this complaint. My final decision is the same for the reasons set out in my provisional decision and above.

### **My final decision**

My final decision is that I uphold the complaint and direct Volvo Car Financial Services UK Limited to:

- end the finance agreement ensuring Mr B is not liable for monthly rentals after the point of collection (it should refund any overpayment for these if applicable)
- take the car back (if that has not been done already) without charging for collection
- Refund Mr B's deposit of £25,200
- Pay £300 compensation for the inconvenience caused
- Remove any adverse information reported to the credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 October 2025.

Caroline Kirby  
**Ombudsman**