

## **The complaint**

Mr M complains that a car supplied by Volvo Car Financial Services UK Limited (“VCFS”) was not of satisfactory quality and that it has not taken responsibility for the car’s failure.

## **What happened**

In October 2021 Mr M entered into a four-year hire agreement with VCFS for the supply of a new car. Under the terms of the contract Mr M was to make an initial payment of £4,566.48, followed by 47 monthly payments of £505.38 each. Mr M was to return the car at the end of the hire period. The hire agreement said that Mr M had an annual mileage allowance of 8,000 miles (or a total allowance of 32,000 miles); excess mileage would be charged at 13.8p a mile.

VCFS sent Mr M a copy of the hire contract with a welcome letter dated 8 October 2021, the day on which the agreement commenced. The welcome letter included, under the heading “Maintenance”:

*You may be liable for repair costs if these result from insufficient maintenance. In order to keep the vehicle in the best condition, the vehicle must be serviced in accordance with Volvo’s recommended service intervals, using genuine parts, at an authorised Main Agent retailer. If you do not meet this obligation, you may be liable to pay a fee of £100 plus VAT for each service interval which was not undertaken by an authorised Main Agent retailer. If a service is delayed or missed it may affect your vehicle’s warranty. If your vehicle is not serviced in line with the Main Agent’s requirements, then a further fee may be applied.*

The welcome letter also said:

*If your Volvo is still under warranty you will be provided with breakdown cover as part of the manufacturer’s scheme. You will normally find details of the length, type of cover and relevant phone numbers in the vehicle handbook.*

Clause 6 of the hire agreement said that:

- Mr M would be responsible for servicing and repairs of the vehicle;
- any servicing or repairs would be carried out at a franchised dealer and using genuine parts; and
- servicing would be carried out in accordance with the manufacturer’s recommendations and at the manufacturer’s recommended service intervals.

In April 2025 the car broke down. An inspection indicated that the twin turbo needed replacing, at a likely cost of several thousand pounds. Mr M contacted VCFS for assistance. It said however that it was not responsible for repairs. The manufacturer’s warranty had been for three years, and so had expired in October 2024. It identified too that the car had only been serviced once, in June 2023, and not at an approved dealership. It offered Mr M £600 in recognition of the inconvenience to which he had been put.

Mr M did not accept VCFS's position. He said that he had not been told that the warranty was only for three years, rather than for the full duration of the hire period. He thought that VCFS should be responsible for the repairs which were needed, and he referred the matter to this service.

One of our investigators considered what had happened but did not recommend that the complaint be upheld. He was not persuaded that the car had not been of satisfactory quality when it was delivered to Mr M. He said that he thought the offer of £600 was fair and noted that:

- no faults had been apparent for three and a half years after delivery;
- the car hadn't been serviced in line with the manufacturer's recommendations and the terms of the hire agreement;
- it had covered more than 46,000 miles; and
- the warranty had not been provided or sold by VCFS.

Mr M did not accept the investigator's assessment and asked that an ombudsman review the case.

### **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.

Having done so, I have reached the same overall conclusion as the investigator did, and for very similar reasons.

Under the Consumer Rights Act 2015 the hire agreement was to be read as including a terms that the car would be of satisfactory quality. That means the quality a reasonable person would expect in all the circumstances. As the car was new in October 2021, I think a reasonable person would expect it to be free of faults at that point and for some time afterwards – depending on the use to which it was put.

I don't believe, however, that it was a reasonable expectation that the car would need no maintenance for the entire hire period of four years. It might need repairs in that time which went beyond usual maintenance and servicing issues. And the fact that it did need repairs was not necessarily an indication that the car was not of satisfactory quality.

Mr M says he was not told that the warranty was for less than the hire period. I do not believe however that I can hold VCFS responsible for that. It did not provide the warranty, but its welcome letter did indicate where Mr M could find details of it. There is no suggestion that VCFS misled him into thinking that the warranty was for four years or that VCFS knew that he was under any misapprehension about its duration.

But in any event, Mr M was under a duty to maintain the car in line with the manufacturer's recommendations – which include servicing every 10,000 miles or annually. Mr M had the car serviced only once and did not use an approved dealership. So, even if the car had still been within the warranty period when it broke down, it's likely that the failure to have the car services would have invalidated the warranty in any event.

I note too that Mr M had exceeded the total mileage allowance by some 10,000 miles (with six months still left of the hire agreement). The higher mileage meant that the car was more susceptible to breakdowns; it also meant that it had missed three regular services.

In the circumstances, I cannot fairly conclude that Mr M was supplied with a car which was not of satisfactory quality. It follows that VCFS is not responsible for any repair costs. I simply leave it to Mr M to decide whether, on reflection, he wants to accept the offer of £600 – assuming it's still available.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 October 2025.

Mike Ingram

**Ombudsman**