

The complaint

Miss S complains about the quality of a vehicle that was supplied through a motor finance agreement with Volvo Car UK Limited (Volvo).

What happened

In April 2024, Miss S acquired a car using a hire agreement with Volvo. Miss S was due to make monthly repayments of £667.44. The agreement had an annual mileage allowance of 8,000.

Miss S said that soon after acquiring the car it developed some issues, including persistent tyre pressure warnings, a snapped cam belt, and a leaking screen washer. Miss S raised a complaint in October 2024, requesting to reject the car as unsafe.

Volvo issued a final response in October 2024. In summary it confirmed there were issues with the vehicle but advised Miss S could waive her notice period to end the agreement as the vehicle had been repaired. However, it offered Miss S £390.21 in recognition for the time she was without the car.

In February 2025, Volvo issued a further response about the issues Miss S experienced with her car. In summary it didn't consider the issues raised were present or developing when the car was supplied to Miss S. However, it acknowledged service failings by not progressing Miss S desire to end her agreement, and for this Volvo agreed to credit Miss S with £250.

Unhappy with their decision, Miss S brought her complaint to our service where it was passed to one of our Investigators to look into.

In March 2025, Volvo amended their complaint outcome and agreed to pay Miss S an additional £829 in goodwill, in recognition of the stress she experienced. So in total she was due to receive £1,079 including the original £250 offered in their final response from February 2025.

Miss S told the Investigator she wants the car returned, the agreement unwound, missed payment markers removed from her credit file, a refund for payments made while the car was undrivable, and compensation for stress, inconvenience, and additional costs.

In August 2025, our Investigator issued their view and recommended that Miss S' complaint should not be upheld. In summary, the Investigator concluded that Volvo had acted fairly in the circumstances by repairing the issues with the car and paying Miss S a reasonable amount of compensation for the distress and inconvenience she experienced.

Miss S responded to say she'd accept the recommendations made but didn't think she should pay the monthly rentals for February 2025, and March 2025 as she'd initiated the three months' notice period in October 2024. The Investigator responded to say that his view didn't change. So, as Miss S didn't accept the Investigator's outcome the complaint has been referred to an ombudsman for a 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Miss S complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss S' complaint about Volvo. Volvo is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, the car was acquired new. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second hand, more road-worn car and that it could be used – free from defects – for a considerable period of time

From the information provided I'm satisfied there were faults with the car. Although I've seen no job cards or expert reports, both parties have agreed the quality of the car was not satisfactory. Volvo in their final response dated in October 2024, confirmed that the issues raised by Miss S were repaired by their retailer. So, I don't consider the quality of the car to be in dispute here. What appears to be in dispute is what the fairest outcome should be, given the inconvenience experience by Miss S and the issue regarding her request to give three months' notice in October 2024, to end her agreement.

I've considered the evidence and arguments provided by both parties. While concerns were raised about tyre pressure and a leaking windscreen washer, I've seen no evidence or diagnostic confirming that a fault exists and the causes of it. So, I'm not persuaded Volvo needs to do anything about this.

All parties agree the car wasn't of satisfactory quality because of the tensioner failure, which caused a breakdown. Under the CRA, and in the circumstances of this complaint, the supplier is entitled to an attempt to repair. In this case, Volvo repaired the vehicle promptly, and there's no evidence the repair failed or that the car remained unsatisfactory afterward.

Volvo refunded the monthly payment for the period Miss S was without the car, which I consider to be fair, and consistent with good industry practice. The additional costs claimed, however, largely arose from Miss S's personal decision not to use the car after it was repaired. While I acknowledge her concerns, the evidence shows the repair was successful and the vehicle was returned to a satisfactory condition. Therefore, any additional costs cannot reasonably be attributed to Volvo's failings.

Regarding the three-month notice period, the agreement terms remain contractually valid. Waiving this requirement would go beyond the obligations under the CRA. In this context, I think Volvo's decision to offer compensation instead of waiving contractual terms is a fair balance between adhering to the agreement and recognising the inconvenience caused.

Volvo has offered £250 for distress and inconvenience, £829 as a goodwill gesture, and had paid Miss S £390.21 for the repair period. I consider this proportionate and reasonable given the circumstances. So, I'm satisfied the offer was both fair and reasonable in the circumstances.

As I've concluded that Volvo have acted fairly in how they've resolved matters, I don't require them to take any further action in respect of this complaint.

My final decision

To settle the complaint Volvo Car UK Limited has refunded to Miss S £390.21 for when the car was being repaired. In addition, they've offered to pay Miss S £250 compensation and £829 in recognition of the stress she experienced related to the return of the car. I think this is fair in all the circumstances. So, I'm not going to ask Volvo Car UK Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 January 2026.

Benjamin John
Ombudsman