

The complaint

Miss L complains that a car acquired under a hire purchase agreement with Volkswagen Financial Services (UK) Limited trading as Volkswagen Financial Services ('VWFS') wasn't of satisfactory quality.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Miss L acquired a new car under a hire purchase agreement in March 2024. Soon after acquiring the car, she began experiencing issues with the car's infotainment system. She was assured by the dealership that the issue would be rectified but despite attempts to fix them, the problem remained.

In March 2025 Miss L complained, VWFS looked into matters and issued its final response letter in July 2025. In summary it upheld Miss L's complaint and made two offers to put things right. It set out option one which allowed Miss L to keep the car but receive compensation for impaired use as well as compensation for the distress and inconvenience suffered. Option 2 supported rejection of the vehicle along with compensation. Miss L declined these offers and referred her complaint to the Service.

Our Investigator upheld the complaint and amongst other things recommended VWFS reject the vehicle, refund the deposit, refund a proportion of monthly rentals to reflect impaired use as well as compensation for the distress and inconvenience suffered.

VWFS agreed but Miss L didn't; she maintained that she should be entitled to a full reimbursement of all monthly payments made.

As an agreement couldn't be reached Miss L requested 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.

Having done so, I've reached the same overall conclusions as our Investigator and for broadly the same reasons. I know this will come as a disappointment to Miss L, but I will explain my reasons below.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes informally.

VWFS has already accepted a rejection of the car, so I won't be making a finding on whether the car was of satisfactory quality. Instead, I'll focus on what steps it needs to take to put things right.

When a car is rejected, it's generally the case that the deposit and all or some of the monthly

payments are refunded, depending on whether the consumer has been able to use the car. If the consumer has been able to use the car, then a deduction for usage is normally made. If a courtesy car is provided, this is also taken into account when looking at whether a refund of monthly payments should be made.

I've considered very carefully what our Investigator recommended, and I'm satisfied that this is a fair and reasonable way to settle this complaint. I understand Miss L was largely disappointed with the recommendation of only partially refunding her monthly repayments and I accept Miss L would've experienced issues with the vehicle from the outset. But I'm afraid I won't be recommending VWFS refund all the monthly repayments. The Consumer Rights Act 2015 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.

I'm satisfied Miss L had use of the vehicle albeit impaired, so I think it's only fair she pays for some of that use.

I don't doubt the circumstances of the complaint impacted Miss L, she would've had to make numerous calls between several parties, as well as accommodating repair attempts and raising a complaint. VWFS already offered an amount in compensation to reflect this, and I think its offer of £350 for the distress and inconvenience caused is in line with what I would've recommended had no recommendation been made.

Putting things right

So, I now require VWFS to put things right and:

- End the agreement and collect the car at no further cost to Miss L by way of monthly repayments.
- Refund Miss L's deposit contribution (if any part of this deposit is made up of funds paid through a dealer contribution, VWFS is entitled to retain that proportion of the deposit).
- Reimburse 20% of monthly repayments made from inception to the date of settlement.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay £350 in compensation for the distress and inconvenience caused.
- Remove any adverse information about this agreement from Miss L's credit file.

My final decision

My final decision is that I uphold this complaint and direct Volkswagen Financial Services (UK) Limited trading as Volkswagen Financial Services to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 22 December 2025.

Rajvinder Pnaiser
Ombudsman