

The complaint

Mr P complains that Volvo Car Financial Services UK Limited (which I'll call "Volvo") supplied him with a car which was not of satisfactory quality. It then pursued him for payment of the final optional purchase price, even though he had returned the car to the dealership which supplied it.

What happened

In April 2022 Mr P entered into a three-year hire purchase agreement with Volvo. The car was used, but only a few months old and with a very low mileage. It was valued at £44,200. Under the terms of the agreement, Mr P was to pay just under £700 a month and, if he wanted to have ownership transferred to himself, a further £22,099.50 at the end of the hire purchase term.

In March 2025 – that is, a few weeks before the end of the term – the car broke down and was recovered to the dealership. After inspection, the car was diagnosed as needing a new crankshaft at a cost of around £4,700.

Mr P complained to Volvo. He said that the car had not been of satisfactory quality. His own queries (through what he describes as a reputable source of motor industry specific information) had shown that a crankshaft should last for around 100,000 miles, but his had failed after only 40,000 miles.

Volvo did not accept that Mr P had cause for complaint. As the failure had occurred more than six months after the car had been supplied, it said that it was for Mr P to show that any fault was present at the point of supply. It would need an independent report to verify whether that was the case here. It did however offer to meet 80% of the repair costs.

At around the same time, Mr P indicated that he did not in any event want to keep the car after the hire purchase agreement came to an end. He had lost faith in the quality of that model. He arranged for Volvo to be registered as the keeper in his place. He also referred the issue of the car's failure to this service.

Subsequently, Mr P received various arrears letters and demands for payment from Volvo, seeking payment of the final payment of £22,099.50 and suggesting that he had not returned the car at the end of the agreement.

One of our investigators reviewed the case and issued a preliminary assessment on 11 July 2025. He thought that the evidence showed that the car had not been of satisfactory quality at the point of supply and recommended that Volvo accept its return at no cost to Mr P, refund any payments made after it had failed (with interest), and pay Mr P £300 in recognition of the distress caused and the inconvenience to which he had been put.

Volvo's response to the investigator's assessment was to say that it was processing the return of the car as if it had been returned in the normal way at the end of the hire purchase agreement and where Mr P had not exercised the option to purchase. In doing that, it said, it would act as if the car had been returned on time; it would cover the crankshaft repair costs;

and it would ensure that Mr P's credit file was not affected. In a letter to Mr P of 18 July 2025, it also explained that there had been problems collecting the car from the dealership, but it accepted that it had been returned and that the collection letters should not have been sent. It offered Mr P £100 in recognition of the inconvenience to which he had been put.

Mr P continued to receive further collection letters, and the case was passed to me for review.

I considered that more compensation was merited than Volvo had offered and the investigator had recommended. I therefore issued a provisional decision in which I said:

I'll deal first with the failure of the crankshaft. Under the Consumer Rights Act 2015, goods which are supplied under a consumer contract (which includes the hire purchase agreement here) should be of satisfactory quality, meaning the quality a reasonable person would expect in all the circumstances. In the case of a used car, those circumstances include a car's age, price and mileage. Here, I think it is reasonable to expect the car to have been virtually "as new".

Volvo says that the Consumer Rights Act says that, where a defect comes to light more than six [months] after supply, it is for the consumer to show that it was defective at delivery. That is broadly correct, but that provision is really about who has to prove what in court proceedings. I am not bound by the same rules of evidence as a court would be, although I must take any relevant law into account.

I note that Mr P says a crankshaft should last for more than 40,000 miles, and I accept that in most cases that is true. But I do not believe I can fairly conclude that the car was not of satisfactory quality solely because the crankshaft failed when it did. By that point, the car was more than three years old and had covered more than 40,000 miles. Whilst that is at the lower end of the expected lifetime of a crankshaft, I would need to see a more detailed explanation of the likely causes of failure before concluding that it was caused by a defect at the point of supply.

Be that as it may, I note that Volvo has now offered to meet the costs of repair. It is likely that, if I had concluded that the car was not of satisfactory quality, that is what I would have awarded to resolve that issue.

If Volvo does meet the repair costs (by agreement or as a result of any final award I might make), the practical effect will be that Mr P will not have to pay them as part of any final settlement arising from the ending of the agreement. It will not involve any direct payment to Mr P.

I turn then to Volvo's handling of the return of the car at the end of the hire purchase agreement. It accepts it should not have sent collection and other letters to Mr P. That it did so was as a result of miscommunications between it and the dealership holding the car. And it is concerning that correspondence with Mr P continued even after it had admitted its

mistake. I can see why that might have caused Mr P some significant concern, especially as the amount being pursued (according to Volvo's letters) was the final payment of over £22,000, and not, for example, just one or two missed monthly payments.

In my view, rather more compensation is warranted than either Volvo has offered or than the investigator recommended. I believe a payment of £500 is appropriate. Apart from that, however, I believe that Volvo's offer, made after the investigator's initial assessment, is fair and reasonable.

Volvo accepted my provisional decision. Mr P made some observations on it, including clarifying some of the background details, for which I am grateful. He said however that he continued to receive arrears notices. He also noted that he had been without a car for several months.

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.

It is disappointing that Volvo has still not processed the return of the car, having agreed several months ago to treat the hire purchase agreement as if Mr P had returned the car at the end of the three-year term. It has explained that it had some difficulties with the dealership and, more recently, that it will finalise matters once this complaint is resolved. Because the account has not been closed, Mr P has received further arrears letters.

Be that as it may, I think that a payment of £500 remains fair compensation in this case – on the assumption that the account closure is completed without further delay and that any sums due to Mr P are paid promptly. I note too that Volvo has agreed to amend Mr P's credit file, so that any reference to arrears is removed. Again, that should be done without delay. If there are further issues with the account closure, Mr P may be able to raise a separate complaint in respect of them.

My final decision

For these reasons, my final decision is that, to resolve Mr P's complaint in full, Volvo Car Financial Services UK Limited should pay him £500 and, if necessary, arrange for his credit file to be amended to reflect that the car was returned at the end of the hire purchase agreement, with no arrears and in line with its provisions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 January 2026.

Mike Ingram

Ombudsman