

## **The complaint**

Mr B is unhappy with the redress offered by Volvo Car Financial Services UK Limited ('VCFS') after it accepted a car supplied to him under a finance agreement was of an unsatisfactory 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.

Mr B acquired a used car under a personal contract plan (PCP), a type of hire purchase agreement with VCFS in August 2023. The car was almost 3 years old, and the cash price was £38,264.

In May 2025 Mr B raised a complaint with VCFS. In short, he said the vehicle had broken down multiple times. VCFS commissioned an independent report which set out that the vehicle had been subject to failed repairs. Based on its findings the complaint was upheld.

VCFS issued its final response letter, amongst other things it offered to support rejection of the vehicle. To put things right it said it would collect the vehicle and amend Mr B's credit file, it will refund the deposit and the monthly repayments once a deduction for fair usage was made at 45p per mile. It also offered £350 for the distress and inconvenience caused.

Mr B didn't agree, he said 45p per mile was far too high and so referred his complaint to our Service. Our Investigator considered the matter and upheld the complaint. In his opinion the agreement didn't allow VCFS to apply a 45p charge for excess mileage but instead he thought 14.9p per mile was more reasonable.

VCFS didn't agree, it said the 14.9p mileage charge is only applicable if a customer voluntarily terminates the agreement and as it agreed to support rejection, this amount didn't apply. It said the 45p per mile covers depreciation and usage and was within industry standards.

As an agreement couldn't be reached the complaint has been passed to me to decide.

## **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.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider good industry practice at the time.

The PCP agreement entered by Mr B is a regulated consumer credit agreement and 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 its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr B entered. Because VCFS supplied the car under a PCP agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

In this case, VCFS has accepted that the car was subject to poor repairs which rendered the car of unsatisfactory quality – and the agreement has already been unwound. So, I won't comment on this further, my decision instead will focus on what should be done to put things right for Mr B.

### **Putting things right**

VCFS agreed that Mr B could reject the car and the agreement unwound. But it said it would apply a usage charge calculated at 45p per mile, which it says is the industry standard based on the make and model of the car.

The CRA says a finance provider can make a deduction for fair use when a car is rejected. It doesn't set out a specific rate or method of calculation to be used. Our approach is to look at all of the circumstances to decide what's fair and reasonable. I note the charge VCFS has said it'd apply is three times higher than the amount it charges for excess mileage where a consumer voluntarily terminates the agreement – and I'd expect it to be able to explain how such a charge was calculated.

There's no reference to the fair usage charge VCFS has applied in the agreement itself and VCFS hasn't provided details to demonstrate why it believes the rate it's charged is fair or what it's based on. And I don't think the charge applied is fair and reasonable in the circumstances of this complaint.

I accept that VCFS is entitled to make a deduction for fair use and the car's mileage would've been higher when Mr B returned it than when it was acquired – which would affect the resale of the car. I agree with our Investigator, VCFS should apply a charge of 14.9p per mile which is the only charge for excess mileage noted in the agreement and the only charge Mr B would've been made aware of when entering into the agreement.

As I've outlined above, the CRA makes an allowance for a fair usage charge where a car is rejected. But I'm not persuaded VCFS has demonstrated that a charge for 45p per mile is fair.

VCFS says the charge of 45p is based on the make and model of the car – but hasn't shown how that figure was reached or why a car of the make and model supplied to Mr B reflects a value of 45p per mile. While HMRC gives guidance on mileage rates which references a figure of 45p, this is intended to cover the total cost of running a car for business use (including things such as maintenance, fuel and insurance) and I don't think it applies here. Taking everything into account I think Volvo Car Financial Services UK Limited should:

- Refund Mr B's deposit and all monthly repayments paid (after making a deduction for fair use).
- Recalculate a fair usage deduction using 14.9p per mile.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.

- Remove any adverse information from Mr B's credit file in relation to the agreement.
- If it hasn't already, pay Mr B £350 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of satisfactory quality.

\*If VCFS considers that tax should be deducted from the interest element of my award, it should provide Mr B with a certificate showing how much it has taken off so he can reclaim that amount, if he is eligible.

### **My final decision**

I uphold the complaint and direct Volvo Car Financial Services UK Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 February 2026.

Rajvinder Pnaiser  
**Ombudsman**