

## **The complaint**

Ms J complains that Volvo Car Financial Services UK Limited failed to explain the financial consequences of her paying £7,900 'off' her conditional sale agreement using her husband's credit card.

## **What happened**

In September 2023 Ms J entered into an agreement with Volvo for a new car costing £27,250. Under the terms of the agreement, everything else being equal, Ms J undertook to pay the dealership a deposit of £8,000 and Volvo 60 monthly payments of £421.39 – making a total repayable of £33,283.40 at an APR of 11.9%.

In October 2023 Ms J paid Volvo £7,900.00. This was treated by Volvo as a part settlement of Ms J's agreement debt and an interest rebate of £2,379.20 (calculated under the Consumer Credit (Early Settlement) Regulations 2004) was applied to it. This part repayment meant Ms J was required, going forward, to make 60 monthly payments to Volvo of £250.07 rather than £421.39.

On paying Volvo £7,900 Ms J understood that she was making a purchase and fully utilizing her husband's credit card limit of £7,900 and on the understanding that this payment would attract interest at 0% for eighteen months.

However, this payment was treated by Ms J's husband's credit card provider as a cash advance on which a fee of 3% became payable (£237) and on which interest at 24.06% was chargeable.

On realising how her husband's credit card provider had treated her payment of £7,900 Ms J complained to Volvo that it had failed to explain to her this treatment was likely, or a possibility. And had it done so she wouldn't have gone ahead and made payment.

In November 2023, and unhappy with how Volvo had dealt with her complaint to date, Ms J referred it to our service.

Ms J's complaint was considered by one of our investigators who came to the view that Volvo had done nothing wrong. In other words he didn't uphold it.

Ms J didn't agree with the investigator's view so her complaint has been passed to me for review and 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.

Now I accept that Ms J doesn't agree, but Volvo has no control over how credit card providers treat payments made by its customers to it. Where customers make payment to Volvo by credit card Volvo simply 'takes payment' leaving the treatment of that payment down to the credit card provider. However, and I appreciate this will be of little comfort to Ms J, it isn't unusual for a credit card provider to treat a payment made to settle 'credit' as a cash advance rather than as a purchase.

Notwithstanding the above I would expect Volvo, when taking payment by credit card from one of its customers, to advise that customer that although it doesn't charge for credit card payments the credit card provider might, especially when a customer paying credit with credit could result in financial detriment accruing.

I've listened to the call Ms J had with Volvo on 3 October 2023 regarding her desire to pay £7,900 off her agreement. Having done so I'm satisfied that Volvo made it clear on two occasions that although it doesn't charge for payments made by credit card her husband's credit card provider may charge for such a payment.

I note that in response to the investigator's view Ms J submits that she advised Volvo that her husband's credit card "*was an interest free credit card and received no further comment*". Had she advised Volvo this I might have expected it to explore the possible consequences of Ms J making the payment she was looking to make further with her. But having listened to the call I disagree that Ms J advised Volvo this.

So taking everything into account I'm satisfied that Volvo did enough to advise Ms J the possible consequences of her making a £7,900 credit card payment to her agreement and it isn't responsible for the loss she is now claiming.

I note that Ms J also submits that she only purchased the car because the dealership advised her that she could make overpayments to Volvo by credit card.

Now I accept that Ms J asked the dealership whether she could make overpayments to Volvo by credit card and it advised her that she could. But I can't see that the dealership was wrong in saying that this was possible. Furthermore I can't see, based on what Ms J has provided by way of documentary evidence to our service, that the dealership ever said that making overpayments to Volvo by credit card wouldn't incur any credit card provider fees. In fact the written response from the dealership in this respect simply states:

*"[We] have spoken to Volvo...who have confirmed that you can make the overpayment on a credit card, and this would reduce the monthly payments for the remainder of the term."*

So taking everything into account I'm satisfied that the dealership didn't mis-advise Ms J about her ability to make overpayments to Volvo by credit card.

I'm aware Ms J has concerns about how Volvo dealt with her complaint and she thinks this warrants compensation. Complaint handling, however, isn't a regulated activity (or ancillary to a regulated activity). And having not upheld this complaint it's not within my powers to consider such concerns or make an award in respect of them.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 1 August 2024.

Peter Cook  
**Ombudsman**