

## **The complaint**

Mr M complains that a car acquired with finance from Santander Consumer Finance UK Plc wasn't of satisfactory quality.

## **What happened**

In January 2021 Mr M was supplied with a car and entered into a conditional sale agreement with Santander. Within a few days of getting the car, Mr M discovered that it had been modified and that the engine had been remapped. He complained to Santander and asked to reject the car.

Santander contacted the manufacturer who confirmed that the car had been modified and that this would void the warranty. The car was restored to its factory settings. Santander rejected the complaint, saying that the car was of satisfactory quality.

Mr M complained to this service. I issued a provisional decision in which I upheld the complaint. I found that the modifications had voided the warranty and that the warranty would no longer cover engine components, even though the car had been restored to factory settings. I found that this made the car of unsatisfactory quality when supplied and said that because Mr M had exercised his short term right to reject, Santander should allow him to reject the car. I said that Santander should refund 50% of Mr M's monthly payments, because although Mr M had used the car for 10 months, if his request to reject had been accepted when it should have been, he wouldn't have had to use the car for as long as he did.

I invited both parties to let me have any further evidence or arguments they wished to raise. Santander replied and said it had nothing further to add. Mr M replied and said he still didn't think it was fair that he should have to miss out on a refund of 50% of his monthly payments. He said he hadn't enjoyed owning the car and he was always worried about the risk of a fault developing which wouldn't be covered by the warranty, as a result of the previous modifications.

## **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.

I've thought about the further points that Mr M has made. I appreciate that he feels very strongly that he should receive a refund of all his monthly payments. But I remain of the view that there should be a deduction for usage. Mr M covered significant mileage in the car during the time that it was in his possession, and whilst I appreciate that he was worried about potential faults, fortunately no faults occurred. I remain of the view that it's fair and reasonable to ask Santander to refund 50% of Mr M's payments.

## **Putting things right**

To put things right, Santander Consumer UK Plc must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mr M refund the deposit of £250 plus 8% simple interest from the date of payment to the date of settlement

Refund 50% of payments made by Mr M plus 8% simple interest from the date of payment to the date of settlement

Remove any adverse information from Mr M's credit file in relation to the agreement

**My final decision**

My final decision is that I uphold the complaint. Santander Consumer UK Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 May 2022.

Emma Davy  
**Ombudsman**