

## **The complaint**

Mr B has complained that Santander Consumer (UK) Plc misinformed him about whether he could extend his finance agreement.

## **What happened**

Mr B has explained that he was told by Santander that it was possible to extend his existing finance agreement. However, it then told him this was a mistake, and in fact it couldn't do so. It apologised for the error, and paid him £150 compensation.

Mr B was unhappy with this, and brought his complaint to our service. One of our investigators looked into what had happened, but didn't recommend that the complaint should be upheld. He was satisfied that Santander had previously made it clear that the agreement was coming to an end. It had made an error in saying it could be extended, and had corrected this. Our investigator thought that the £150 Santander had paid was fair. He acknowledged that the new agreement Mr B had then entered into was more expensive, but didn't feel that Santander was responsible for this, as each contract has its own repayment terms.

Mr B disagreed. In summary, he explained that he'd requested the extension in October 2022, and Santander agreed to it, on the phone on 7 October 2022 and in writing on 3 November 2022. But, on 24 November 2022, it reneged on this agreement. It also didn't check its phone records for the 7 October 2022 call until January 2023. Mr B has said the delays pushed his new agreement into a higher interest bracket.

To put things right, Mr B wants to be reimbursed for the cost differences. He'd also like between £5,000 and £10,000 compensation for the distress and inconvenience caused.

The complaint's now been passed to me.

## **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 agree that the £150 paid by Santander is fair. I know this will be very disappointing for Mr B, but I'll explain why I've reached this finding.

Mr B feels that because Santander made him an offer, which he accepted, it should now be made to stick to it. Or, more specifically, put him in the financial position he'd have been in, had the extension gone ahead. Although I do have considerable sympathy for this position, I think it's also clear that Santander made a mistake. It told Mr B this on 24 November 2022 – which is three weeks after 3 November (the date on which the erroneous extension was agreed by letter). Although three weeks is not ideal, I don't think it would be fair to hold Santander responsible for anything beyond this period. As from 24 November, I think it would have been sufficiently clear that Santander would not be extending the agreement. I'm aware it didn't check its phone records until the January, but given the letter of 24

November, I don't think this had any meaningful impact on the timings.

I don't agree that Santander should be responsible for costs incurred because of Bank of England interest rate changes. I'm satisfied that Mr B would reasonably have known, from 24 November, that he'd need to either make the balloon payment, or enter into a new finance agreement. Looking at the original agreement, I can see that it was entered into on 8 October 2020. There were then to be 24 monthly repayments, starting on 8 November 2020 – so ending on 8 October 2022. There'd then be a final balloon payment due on 8 November 2022, if Mr B wanted to keep the car. I'm aware that the Bank of England decided to increase interest rates in a meeting on 2 November 2022. So, before his agreement ended. Whether he'd have been able to, or chosen to, benefit from the position by entering into a new agreement before 2 November, had he known his agreement wouldn't be extended, is something I cannot know. Also, it's also just one variable. Lenders often predict rises some time in advance, or don't pass on rises until a later date. And I can't be certain about what Mr B could have found on the open market.

Accordingly, I feel the issue that Santander needs to put right is that Mr B held a reasonable belief, from 7 October until 24 November, that the finance agreement would be extended.

So, he should be compensated for the disappointment/loss of expectation. I know Mr B feels this should be between £5,000 and £10,000. But I feel this is rather high, and out of line with what our service typically awards. Our role isn't to punish a business. Rather, it's to put things right for individual consumers, where things have gone wrong. Although I understand Mr B's disappointment and frustration, I think that the £150 Santander has already paid is fair. If it hasn't in fact paid this, it should now do so, if Mr B would like to accept it.

### **My final decision**

It's my final decision that the £150 already paid by Santander Consumer (UK) Plc is fair. I note that if it hasn't in fact paid this sum, it should do so now, if Mr B wishes to accept it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 April 2024.

Elsbeth Wood  
**Ombudsman**