

The complaint

Mr B complains about the way in which Santander UK plc handled his disputed transaction claim.

What happened

Mr B purchased a car which he later rejected due to it being of unsatisfactory quality. He paid a deposit of £200 using his Santander credit card and a delivery charge of £400 by debit card with a further £12,800 to pay on delivery. Mr B has received a refund for the cost of the car, but the dealer refused to refund the £400 delivery charge.

Mr B raised a disputed transaction claim with Santander. Santander investigated the claim under Section 75 but declined it on the grounds that the merchant had confirmed to Mr B that the delivery charge wasn't refundable, and Mr B had accepted this.

Mr B wasn't happy with the outcome and brought his complaint to this service.

Our investigator upheld the complaint. They said the delivery charge should be refunded because it was part of the cost of receiving the goods which had to be returned due to not being of satisfactory quality. The investigator said that Santander should refund the delivery charge of £400 plus 8% simple interest from the date when it originally declined the claim.

Santander accepted the investigators view and said it would refund £400 and apply 8% simple interest from the date when the Section 75 claim was declined.

Mr B didn't agree. He said he wanted interest on the £400 from the date it was paid, not the date the Section 75 claim was declined.

Santander considered the request but said it didn't think this was a fair and reasonable way to calculate loss of interest. It said that the correct date to calculate interest from was the date the Section 75 claim was declined.

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.

Santander has accepted the investigators view that the delivery charge of £400 should be refunded so I won't comment further on this. The only outstanding issue between the parties is the date from which interest should be calculated.

Mr B says that interest should be calculated from the date when he paid the delivery charge. Santander says that interest should be calculated from the date when the Section 75 claim was declined.

When this service upholds a complaint involving Section 75 – as it has done in Mr B's case, this means that we are satisfied that a breach of contract or a misrepresentation has taken place and that the provider of credit's response to the Section 75 claim wasn't fair or

reasonable.

In this case, Santander didn't accept the Section 75 claim in relation to the delivery charge of £400 when Mr B first complained. This service looked at that decision to reject the Section 75 claim and determined that it wasn't a fair or reasonable decision. It follows that the trigger date for any award of interest should be from the date of the unfair or unreasonable decision i.e., the date when Santander declined the Section 75 claim.

I appreciate that Mr B feels that the dealer has profited from this situation. He says that the dealer will have benefitted from interest on the £400 from the date it was paid. I understand the point Mr B makes here but I don't agree that interest should be calculated from the date of payment for the reasons I've explained above.

Putting things right

To put things right Santander should refund the delivery charge of £400 plus 8% simple interest calculated from the date when the Section 75 claim was declined to the date of settlement.

My final decision

My final decision is that I uphold the complaint. Santander 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 B to accept or reject my decision before 29 March 2024.

Emma Davy
Ombudsman