

The complaint

Mr M has complained about the quality of a van he acquired on finance from Santander Consumer (UK) Plc.

What happened

In May 2022, Mr M entered into a finance agreement with Santander, for a used van. In August 2022, a warning light came on, regarding the DPF. And when Mr M contacted the dealership, it wouldn't help, as the van was three days outside of the warranty period.

Mr M had the van towed to a third party garage, and the DPF was cleaned. Unfortunately, this was to be a recurring issue, and Mr M was needing to have the DPF cleaned regularly. He was advised to take it to a specialist garage, and was told the DPF and engine would need replacing. At this point, he realised he should have contacted Santander.

Following evidence from the specialist garage, Santander accepted that the issue had been present at the point of supply. It offered Mr M £200 as a gesture of goodwill. However, it wouldn't accept rejection of the van, as it said Mr M had unauthorised repairs carried out, before it had a chance to investigate.

One of our investigators looked into what had happened. Although he agreed that Mr M should have reported the faults to Santander earlier, he didn't think it fair to hold Mr M responsible for a van which was clearly of unsatisfactory quality at the point of supply. And, it seems like the repairs would cost roughly the same as the value of the van. So, he didn't think repair would be a reasonable option to resolve the dispute. He thought rejection would be more appropriate.

Mr M was able to use the van between 2 September 2022 to 20 July 2023, but as the DPF wasn't functioning properly, the van wasn't performing as it should have. Our investigator thought a refund of 15% of each of the monthly repayments during this period was fair to reflect this. And as Mr M hadn't used the van at all since 20 July 2023, because the problems with it by then made it undriveable, our investigator thought it fair that monthly repayments should be refunded/waived in full from this point onwards.

Finally, he was aware that Mr M had found the matter very stressful, and thought £200 compensation would be fair to address this.

As Santander disagreed, the complaint's 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 with the outcome proposed by our investigator, and for the same reasons he gave. I do understand Santander's point, that it should have been contacted sooner. And it's for this reason that I'm not requiring it to pay for the repair costs Mr M

incurred up until it was contacted. However, to take this further, and not allow rejection of the van, or refunds of repayments, would lead to an unfair outcome. It's clear there was a problem from the point of supply. And there's no evidence this was made worse by the actions Mr M took to try to rectify things. I understand the repairs needed would be very costly, to the point of being likely uneconomical. Accordingly, rejection seems the most sensible outcome.

I'm also satisfied that it's fair that Mr M gets a partial refund of the monthly repayments for the time he was driving the van, but that it was faulty. This isn't an exact science, but 15% seems broadly fair. And a full refund is appropriate from when the van could no longer reasonably be driven. Finally, I can see that the matter has caused trouble and upset. Again, this isn't an exact science, but I agree £200 is fair (and I note it's in line with what Santander had offered as a goodwill gesture).

Putting things right

To put things right, Santander should:

- end the agreement with nothing further to pay;
- collect the van (if this has not been done already) at no cost to Mr M;
- refund Mr M's deposit/part exchange contribution of £5,080, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund 15% of each monthly repayment from 2 September 2022 to 19 July 2023 inclusive (on a pro rata basis for incomplete months), adding 8% simple interest a year, from the date of each repayment to the date of settlement;
- refund all monthly repayments for the period 20 July 2023 to the date of settlement inclusive (on a pro rata basis for incomplete months), adding 8% simple interest a year, from the date of each repayment to the date of settlement. If any of these repayments weren't made, they should be waived;
- pay £200 for the trouble and upset caused; and
- remove any adverse information from Mr M's credit file in relation to the agreement.

My final decision

It's my final decision to uphold this complaint. I require Santander Consumer (UK) Plc to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2025.

Elsbeth Wood
Ombudsman