

The complaint

Miss C complains about the administration of a finance agreement with Santander Consumer (UK) Plc ('Santander'). Miss C says that she was unable to pay the finance agreement due to some hospital treatment. She thinks that Santander should have done more to help her, rather than terminating the agreement. She would like the finance to continue as it was.

What happened

Miss C's complaint is about a conditional sale agreement that was started in 2022 to purchase a car. The vehicle had a retail price of £30,000. Miss C paid a £2,000 deposit meaning £28,000 was financed. Miss C's monthly repayment was £464.72. And if she made the repayments in line with the credit agreement, she would need to repay a total of £35,289.98.

Miss C had some problems with the car, and she also had some personal difficulties. She became unable to make the repayments to the agreement. I'll outline these in more detail below. She has complained to Santander as she thinks it didn't provide enough support to her during this period and she would like the finance agreement reinstated.

Santander considered this complaint, and it didn't uphold it. It didn't think that there was enough evidence to show that it had acted incorrectly when it defaulted, and then terminated, the finance. It did agree to amend Miss C's credit file if she could pay some of the missed repayments. But I understand that Miss C has been unable to do this.

Miss C didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Miss C's complaint. She said that she thought that Santander had acted reasonably when it exercised its right to terminate the agreement and it hadn't provided poor customer service to Miss C.

Miss C didn't agree with the Investigator. She said that Santander hadn't acted reasonably. She thinks they should have been more patient, and she would have been able to resolve the payment issues and start using the car again.

There was some further correspondence, but no new issues were raised. Because Miss C didn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

There has been a significant amount of correspondence in this complaint about the events that took place before the agreement was terminated. I have read all of this, but I won't refer to it all here, or talk about all the issues that have been raised. This is partly to avoid providing too much detail about Miss C's circumstances, and partly as I don't need to refer to all of it to reach my decision. So, I'll just talk about what is needed for me to decide if Santander has acted fairly.

In March 2023 Miss C informed Santander that she had some issues with the vehicle. But as far as I can see, Miss C hasn't made a complaint to Santander about the quality of the car. So, I won't consider any quality issues Miss C may have had with the car.

I've provided an outline below of what happened with the car finance, the car, and some information about Miss C's circumstances separately.

What has happened with the car finance

The statement of account Santander has provided shows that Miss C was late making a small number of the repayments in 2022 and early 2023, but they were paid. Miss C started to fall behind with the repayments in June 2023. And she was unable to repay the finance in, July, and August 2023 as well.

Santander corresponded with Miss C about the arrears by text, email and letter in June and July 2023, this included late payment reminders and arrears letters. She was told that the arrangement was close to defaulting. It's reasonable to say that Santander had problems with receiving responses from Miss C. I can't see that it received a substantial response to these communications until July 2023.

In July 2023 Santander sent Miss C a default notice (and information about this by text). The default expired without contact from Miss C and the debt was defaulted in August 2023. It was passed on to Santander's legal and collection department. Santander took steps to terminate the agreement. It was terminated in September 2023. Miss C still owes an outstanding balance to Santander.

I can see that Miss C has indicated that she wanted to 'reverse' the termination, but Santander has been unable to do this. It has said that it would remove the arrears from Miss C's credit file if she could pay them, but she hasn't been able to do this.

Correspondence has continued between Miss C and Santander about how she can repay the remaining amount, the account has been passed to its vulnerable customers support team. I understand payments are still not being made regularly.

What has happened with the car

In July 2023 the car was involved in a serious accident. I understand the car was damaged. The car has been retained by the police and it's unclear when it will be released. The police have said this will be when the investigations surrounding the accident are completed. Santander has said that the car has been written off.

Miss C said to our Investigator that the car was stolen and involved in an accident. But she has also told Santander that she herself was involved in the accident and it was caused by a fault in the car. So, it isn't certain to me what has happened with the car. But this is a matter for the police, and I won't comment on it further.

Santander had some problems locating the vehicle and I understand that Miss C was unclear about where it was. Santander has engaged a business to locate the car. I understand it is now in contact with the police about the car.

All of this isn't directly relevant to my decision about the finance agreement, and so the lack of clarity isn't something that needs to be rectified. But I have borne it in mind when I have considered Miss C's complaint.

Miss C's personal situation

Miss C has said that the reason she could not repay the loan was due to some medical problems that she had. Miss C had some time off work which began in May 2023 and ended in June 2023. She says that this led to her being unable to afford the finance repayments (as she is self-employed). She has provided some information that shows she has spent some time in hospital during this period. She has had some ongoing problems. And she has provided some information about her Covid vaccinations.

I think it's reasonable to say that Miss C did have some medical problems in mid-2023 and these have affected her ability to reliably repay the finance.

Did Santander act reasonably, given Miss C's circumstances

I think there are two main issues to consider here: was Santander acting correctly when it defaulted and terminated Miss C's agreement and did it communicate with her properly about this.

Given what I have outlined above, I think it's established that Miss C was unable reliably to make the contractual loan repayments. There was a history of late payments since the account started and she was significantly in arrears by August 2023. And in the communications Santander sent, in particular the default notice, she was told that she needed to make up the arrears or the finance would default which it did.

Miss C has said that the primary reason for her not being able to repay the lending was that she went through a period of ill health. I accept that this was the case for some of the period of the arrears. But this wasn't for all of the time that the finance was not paid, and it doesn't account for the late repayments in 2022, or that Miss C didn't properly want to communicate with Santander over this time.

A default usually comes about when the relationship between the lender and the borrower has broken down to some degree. And I think this was the case here. Miss C was having problems making the repayments and Santander couldn't reliably communicate with her.

I can see that at one point an income and expenditure form was completed by Miss C (this was after the agreement had defaulted). But this showed that Miss C's expenditure was significantly higher than her income. And so, she wouldn't be able to afford to make the loan repayments.

Overall, I don't think it's reasonable to say that Miss C had the ability, or intention, to pay the car finance. By this I mean it's clear that Miss C was unable to pay the contractual loan repayments on time when they became due and make up the payments she had missed. I don't think there was a reasonable prospect of her being able to pay the car finance by the time it defaulted.

I don't think it was unfair of Santander to recognise this and take the appropriate action. So, I don't think that Santander was acting unfairly when it defaulted the loan and terminated the agreement.

I've also looked at how this was communicated to Miss C. As I've said I haven't reproduced all the correspondence, and I don't think I need to. I have looked at it all and have noted that there were numerous communications from Santander, via, text message, email, and letter about the loan repayments and arrears.

Miss C was informed about the default and termination and that Santander would take steps to recover the car after the agreement was terminated. I think Santander fully informed Miss C about all of this.

And in any event, as I've found above, I don't think that Miss C was able to pay the finance and so I don't think that further communications, would have altered what happened with the finance. I think the agreement was ended as Miss C was unable to repay it.

Miss C says that she would like to continue with the agreement and look to have the car repaired if this is possible. But I don't think there is a realistic prospect of this as the agreement was terminated, and the status of the car seems to be very unclear. It may not be returned soon to her or be driveable or insurable. I don't think it's a realistic prospect that the agreement continues.

Overall, I don't think that Santander has acted incorrectly here. I appreciate this will not be the answer that Miss C is looking for and I hope her circumstances have improved. But overall, I'm not upholding this complaint.

I understand Miss C still owes Santander a significant amount. When Santander is arranging how Miss C should repay this, I would remind Santander of its responsibility to treat Miss C fairly and with forbearance. and positively assist her with this debt.

My final decision

For the reasons set out above, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 28 May 2025.

Andy Burlinson
Ombudsman