

## The complaint

Miss F complains about a car acquired through a conditional sale agreement with Santander Consumer (UK) Plc trading as Santander Consumer Finance (SCF) not being of satisfactory quality.

## What happened

In October 2022, Miss F acquired a used car under a conditional sale agreement. The car was around three years old at the time and the mileage of the car was 21,692 miles. A deposit of £796 was made, leaving the total amount payable being £46,713.93 to be repaid in 48 monthly repayments of £652.91, followed by one final repayment of £14,578.25. Miss F also said she extended the warranty that was included for another year at an additional cost to her.

Miss F says she bought the car for driving company miles and for towing an animal trailer, so she spoke to the dealership, before acquiring the car, about a towbar to be fitted to the car. Miss F has provided evidence and set out the following issues she experienced with the car:

- March 2023 – the coolant was leaking, and the engine was noisy. A temporary repair was done on the roadside by a third-party recovery company and Miss F was advised to take her car to the dealership to be looked at. Miss F was without her car from 28 March 2023 to 4 April 2023 while it was with the dealership for repair.
- June 2023 – the car had done 30,883 miles – coolant level warning light kept appearing.
- July 2023- the car had done 30,990 miles – the coolant was leaking so the car was fitted with a new intercooler. Miss F says she was without her car from 29 June 2023 to 10 July 2023 and that she wasn't provided with a courtesy car.
- August 2023 – Miss F says the engine was noisy again and she called for assistance. Miss F says she was told the noise was due to a worn alternator belt and she was advised to book the car into the dealership to be looked at. Miss F says the earliest appointment she could get was 21 September 2023 and this was when the car had an MOT and full service carried out. The car had done 34,784 miles.
- October 2023 – while the car was with the dealership for the MOT and service, the dealership said they noticed an issue with the belt which they said was no longer operational. The dealership didn't specify what belt, but they said as a result, there was a manufacturing defect with the engine and that it needed to be replaced at no cost to Miss F. But that this could take a bit of time as parts needed to be ordered.
- November 2023 – While the car was with them, the dealership said they also found the fuel pump had failed and needed replacing. Miss F says the car was finally repaired on 30 November 2023 and returned to her around 5 December 2023 after it had been road tested. So overall, Miss F says she was without a car between 21 September 2023 to around 4 December 2023. And that during this time, while Miss F was given a courtesy car, it wasn't like for like so she had to hire animal transportation and that she also had to use a transporter company for the animal.

- July 2024 – the car had done around 41,000 miles. Miss F says she was on holiday in the UK when the engine and the diesel particulate filter (DPF) light came on in the car. Miss F called roadside assistance for help and the car was then delivered to the dealership on 23 July 2024 for repairs to be carried out. Miss F says she wasn't provided with a courtesy car at this point and that she didn't have her car for the duration of the holiday. And that about a week later, the car was diagnosed as having a failed throttle body, DPF was blocked, and the onboard computer had depleted the battery due to a fault which is known when diagnostics are plugged into the car.
- So, Miss F stopped paying for the car, stopped using it on 19 July 2024, returned it to the dealership on 23 July 2024 along with the keys and arranged to have another towbar fitted to her relatives' car at a cost of £563 so she could continue to use a car to transport her animal.

In October 2023, Miss F told SCF all the issues she'd been experiencing with the car. Miss F also told them she had a serious advanced illness and that if the car couldn't be repaired, she'd be forced to reject it. SCF responded and said Miss F needed to prove the issues she described were present or developing within the first six months of supply and as she'd not done so, they weren't able to uphold Miss F's complaint.

On 23 July 2024, Miss F wrote to SCF asking to reject the car due to the faults with the car and due to no longer having confidence in the car. Miss F said the car had done around 42,000 miles at this point. Miss F said she made the last payment under the agreement in July 2024 and returned the car to the dealership on 23 July 2024.

Miss F confirmed she didn't pay for the repairs to be done to the car for the issues she described and that she did have some use of the car as she said she did around 20,000 miles. Miss F says this issue caused her significant stress, inconvenience as Miss F needed the car for hospital appointments as she lives with a serious advanced illness, for towing her animal and for general use. Miss F also said she was impacted financially as she paid for a car that she's had impaired use of and hired alternative means of transport at a big cost. Miss F set out the following losses and asked SCF to reimburse her with:

- Instalments of £652 a month where Miss F was without a car or like for like replacement,
- Towbar cost of £563 due to Miss F arranging to have a towbar fitted to her family member's car to allow her to keep transporting her animal,
- Animal transportation costs totaling £3,160. Miss F has only provided an invoice for £850 worth of costs,
- Car insurance at £100 a month,
- Car tax at approximately £45 a month,
- Approximately £500 for holiday costs where Miss F had no car for the duration of the holiday as it broke down.

In October 2024, SCF provided a second response to Miss F's complaint. They said her car had been repaired and that it was ready to collect. However, due to Miss F's circumstances, SCF said they'd allow her to voluntarily terminate the agreement with nothing further to pay and offered Miss F £300 compensation for the distress and inconvenience caused.

Miss F initially accepted what SCF offered and also asked for no adverse information about the agreement to be recorded on her credit file. Miss F told SCF the location of both the car and the keys, but later received a text message advising her to either return the car herself or to pay £70 for SCF to arrange collection.

Unhappy with how SCF handled things, Miss F brought her complaint to our Service. Before our Investigator reached her opinion on Miss F's complaint, SCF changed their offer and said:

- They would refund Miss F the three-monthly repayments Miss F was without a car which they said was around £1,958.73 plus 8% from the date of payment to the date of settlement.
- They'd remove any adverse information about this agreement from Miss F's credit file
- As Miss F didn't make any repayments under the agreement from June 2024, they wouldn't offer anything for any claims made after 1 July 2024
- They wouldn't offer to cover any other costs Miss F says she incurred.

Miss F rejected this offer from SCF. So, our Investigator considered Miss F's concerns. In summary, she said it's clear from the evidence that there were several issues with Miss F's car which didn't seem reasonable considering the car's age, mileage and price. So, our Investigator said there was enough evidence to suggest the car wasn't of satisfactory quality when it was supplied to Miss F and in particular, that it wasn't reasonably durable. Our Investigator said SCF ought to have allowed Miss F to reject the car in August 2024 when the car needed a new throttle body and because SCF were aware of the full catalogue of issues Miss F experienced with the car.

Our Investigator said having considered Miss F's circumstances and health vulnerabilities, which SCF were aware of in October 2023, SCF ought to have done more to help Miss F. Overall, our Investigator asked SCF to carry out the following to put things right for Miss F:

- End the agreement with nothing further for Miss F to pay,
- Collect the car at no further cost to Miss F,
- Refund Miss F's deposit and pay 8% simple interest from the date of payment to the date of settlement,
- Provide a pro rata refund to cover any loss of use to the faults on all dates that Miss F said she didn't have use of the car and a 50% refund of monthly payments between 21 September and 4 December 2023,
- Reimburse all road tax and car insurance costs Miss F incurred from July 2024, when she no longer used the car, and pay 8% simple interest from the date of payment until the date of settlement
- Reimburse animal transportation costs of £850 which Miss F was able to provide invoices for, plus 8% simple interest from the date of payment (4 December 2023) until the date of settlement,
- Refund the £563 Miss F paid for towbar she had to have fitted to her family members car, as it was incurred as a direct result of the issues with her car,
- Pay £600 compensation in total for the distress and inconvenience caused to Miss F. If SCF already paid Miss F £300, then a further £300 should be paid, and
- Remove any adverse information about this agreement from Miss F's credit file.

Miss F agreed with our Investigator's opinion and agreed that the costs our Investigator asked SCF to reimburse Miss F with are those she was able to evidence. SCF responded and ultimately said:

- Miss F drove an additional 13,000 miles during the time the car was in her possession which was 12 months, before any faults were raised about the car. And

that a towbar being fitted to the car to transport an animal could have damaged the car due to the weight being pulled.

- They'd be willing to accept rejection of the car, refunding Miss F three monthly repayments for the time she didn't have her car which totals £1,958.73 plus 8% simple interest.
- They'd be happy to refund Miss F the cost of car insurance and car tax for the time Miss F was without the car, as long as Miss F provided them with invoices.
- No adverse information will be recorded on Miss F's credit file.
- SCF said they weren't prepared to refund anything that wasn't included in the finance agreement such as the towbar, the animal transporter costs, and holiday costs.
- SCF also said giving Miss F an additional £300 compensation seemed like a lot. And they felt £150 was fairer.

The Investigator put this offer to Miss F and she rejected it. So, the complaint has been passed to me to decide.

### **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.

Firstly, I'm sorry to read of Miss F's serious advanced illness and I can understand the stress this issue has had on her and her health.

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 to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. SCF are also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

SCF say they'll allow Miss F to reject the car and end the agreement with nothing left for her to pay. And this point isn't in dispute here. However, for completeness, having considered the issues Miss F experienced with this type of car, the amount of time it took to repair the car, and taking into account the circumstances here, I don't think this is an unreasonable resolution as far as rejecting the car and ending the agreement with nothing further for Miss F to pay.

I'm persuaded the car wasn't of satisfactory quality given the issues experienced and especially considering the engine needed replacing within a year of acquiring the car. I haven't seen any evidence to suggest the issues Miss F has described with the car was as a result of how Miss F used the car, as more recently suggested by SCF. So, I'll focus my decision on the parts that the parties don't agree on which is what else SCF should do to put things right for Miss F.

#### ***Monthly repayments***

I note there were times when Miss F didn't have her car, so I think it's fair for her to get a pro rata refund of the monthly repayments she made during this time. Miss F set this out to be from 28 March 2023 to 4 April 2023, 29 June 2023 to 10 July 2023 and 31 August 2023.

I note Miss F says she was supplied with a courtesy car at points from 21 September 2023 to 4 December 2023, however, it wasn't a like for like car which I don't think was fair. In this instance, I think Miss F should receive a 50% refund of the payments she made towards the agreement during this timeframe. I say this because while she was being kept mobile with an alternative car, it wasn't like for like.

I also think Miss F should be refunded any payments she may have made after 23 July 2024 – when Miss F dropped the car back off to the dealership, as it was no longer in her possession, and she wasn't using it.

#### *Insurance costs, car tax and deposit amount*

SCF have agreed to refund Miss F the cost of her car insurance and tax from the time Miss F confirmed she stopped using the car from July 2024, plus 8% simple interest. As Miss F returned the car to the dealership on 23 July 2024, I think it's fair for SCF to refund these costs upon receipt from Miss F. I won't be asking SCF to refund any insurance or tax costs before July 2024. I say this because even though I acknowledge there were times Miss F was without her car, she still would've needed to have the car taxed and insured. And for the main part, Miss F was able to use her car as she said she drove 20,000 miles.

Miss F's conditional sale agreement shows she paid a deposit of £796, and I think it's fair she receives a refund of this as I don't think the car was of satisfactory quality. I note SCF have also agreed to refund Miss F this amount, plus 8% simple interest from the date of payment to the date of settlement.

#### *Hire car and holiday costs*

Miss F told us there were periods where she arranged her own hire car to remain mobile, but she isn't able to provide evidence of the hire car costs. Without this, I'm not able to fairly require SCF to reimburse Miss F these costs and I note Miss F has said she understands this.

I note Miss F's car broke down while she was on holiday, and she said she wasn't able to use it which I can imagine was frustrating and inconvenient. However, Miss F was still able to go on the holiday and also made use of it. So, I can't fairly ask SCF to reimburse Miss F the £500 holiday costs she asked for.

#### *Animal transporter costs and cost of a new towbar*

Although Miss F has provided bank statements showing payments being made to third party companies for what she says are animal transportation companies, Miss F is only able to provide an invoice for £850 worth of the overall costs. I'm unable to say what the other costs are for from looking at Miss F's statements. So, I don't think I can fairly require SCF to refund all the other costs. However, I think it's fair for SCF to refund Miss F the £850 as she wouldn't have had to pay this if she had her car and was able to transport her animal herself as she had been doing when the car was in working order.

Miss F made the dealership aware before acquiring the car in October 2022 that she needed to have a towbar fitted to the car and the reason for this was to transport her animal. So, I think it's quite clear what Miss F's use for the car was. Therefore, when she no longer had the car, she arranged to have a towbar fitted to her family member's car, so she could remain mobile, transporting her animal around. SCF didn't provide Miss F with a like for like alternative car and Miss F wouldn't have needed to have bought a new towbar if her car was of satisfactory quality. As a result, I think it's fair SCF reimburse Miss F of the £563 she

spent on a new towbar, plus 8% simple interest from the date of payment to the date of settlement.

### *Warranty*

Miss F said she extended her warranty to cover her for a second year which she had to pay for and that it expired in October 2024. Miss F didn't take out the warranty specifically for the repairs on the car to be carried out and I think she would have likely extended the warranty irrespective of any knowledge of issues. Having considered the fact that Miss F had use of the warranty for the majority of the time she had the car and for most of the issues she experienced with the car, I won't be recommending SCF refund her for the cost of extending the warranty for a further year.

### *Compensation for distress and inconvenience*

It's clear to me from everything Miss F has told us and the information she's provided that she experienced distress and inconvenience as a result of the car not being of satisfactory quality. There were times when Miss F's car broke down, leaving her stranded which was inconvenient and worrying.

Miss F told SCF in an email in October 2023 that she had a serious advanced illness and that she was finding it hard to deal with this matter. Miss F also listed all the issues she'd had with the car at this point, she set out the multiple breakdowns she had with the car and also that due to delays in getting the engine replaced, that she'd be left without a car. Miss F also told SCF that she may be forced to reject the car due to it not being fit for purpose.

While I appreciate SCF eventually said they'd allow Miss F to reject the car, having thought about what Miss F told them in October 2023, I think SCF ought to have engaged more with Miss F at this point. Especially considering what Miss F told them about her illness, which I can appreciate was distressing. And I think not engaging more with Miss F further caused considerable distress, upset and worry as Miss F was left trying to resolve the issues she faced with the car on her own.

Miss F has provided medical evidence which explained she has had significant emotional struggles as a direct consequence of the car issues. I can appreciate this has caused Miss F stress and further upset as a result of having to deal with these issues, rather than being able to spend time focusing on her health.

I've also considered that Miss F wasn't able to use her car, at all times, due to it being faulty or being repaired. And given what Miss F says she used her car for, I think she was caused inconvenience in not being able to rely on it the way she reasonably expected to.

SCF previously told Miss F in October 2024 that they'd allow her to voluntarily terminate the agreement with nothing further to pay. But then sent Miss F a text message asking her to either return the car herself or pay SCF to arrange collection – which contradicted what they previously told Miss F about not having anything further to pay. I don't think this was particularly helpful to Miss F, especially considering what SCF already knew about her illness.

Understandably, Miss F has said dealing with this issue and attempting to get SCF to help took its toll on her already poor health. Miss F says no compensation award can make up for the stress and inconvenience she's suffered, and that the £150 SCF ultimately offered was insulting. I can understand Miss F's point, and I'm sorry to read she feels this way, but I don't see any other way for SCF to fairly compensate Miss F for the distress and inconvenience

suffered. And so, it follows that I agree with our Investigator that £600 seems fair in the circumstances of this complaint.

### **Putting things right**

As explained, I think there's more for SCF to do to put things right for Miss F. And I require SCF to carry out the below steps:

- End the agreement with nothing further to pay,
- Collect the car (if this has not been done already) at no further cost to Miss F,
- Refund Miss F's deposit of £796,
- Refund Miss F £563 which is the cost of the towbar she bought to be fitted to her family members car,
- Provide a pro rata refund of the monthly repayments on the following dates: from 28 March 2023 to 4 April 2023, 29 June 2023 to 10 July 2023 and 31 August 2023 when Miss F didn't have use of the car due to the faults and also a 50% refund of repayments made from 21 September to 4 December 2023,
- Reimburse all road tax and car insurance costs Miss F incurred when she stopped using the car due to the faults from 19 July 2024,
- Reimburse Miss F with the animal transport costs that she's provided an invoice for which was £850,
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement\*,
- Pay a total amount of £600 for the distress and inconvenience that's been caused due to the faulty goods. If SCF has already paid the £300 it offered, it should pay a further £300; and
- Remove any adverse information from Miss F's credit file in relation to the agreement.

*\*HM Revenue and Customs requires Santander Consumer (UK) Plc trading as Santander Consumer Finance to deduct tax from the interest payment referred to above. Santander Consumer (UK) Plc trading as Santander Consumer Finance must give Miss F a certificate showing how much tax they've deducted if she asks them for one.*

### **My final decision**

For reasons explained above, I uphold this complaint and I require Santander Consumer (UK) Plc trading as Santander Consumer Finance to carry out the actions as set out under the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 16 January 2025.

Leanne McEvoy  
**Ombudsman**