

The complaint

Mr P complains about the quality of a car he has been financing through an agreement with Santander Consumer (UK) Plc, trading as Santander Consumer Contract Hire ('Santander').

What happened

I issued my provisional decision on this complaint in December last year. An extract from that provisional decision is set out below.

Mr P took receipt of a brand-new car in September 2023. He complained to Santander about paint defects on the car.

After the car was independently inspected Santander upheld Mr P's complaint but wouldn't agree to pay the £5,885 quote Mr P had provided to get the work done. They thought that quote was inflated, and they suggested that Mr P should contact a local dealership to determine if they would cover the repair under warranty. They explained that if the local dealership declined that request Mr P should contact the manufacturer and ask for assistance sourcing an approved retailer to rectify the issues.

Mr P referred his complaint to this service. He explained that the local dealership he had referred the car to had suggested the damage wouldn't be covered under warranty. Our investigator thought Santander should arrange the repair on Mr P's behalf, ensure he was kept mobile while the repair was being carried out and provide a pro-rata refund of any rental payments made for the days he didn't have access to the car while it was being repaired.

Santander didn't agree. They explained that they had agreed not to charge any end of contract charges in relation to damaged paintwork when the car was returned at the end of the lease and that while the car could be repaired at the supplying dealership, due to the distance it would be easier for Mr P to have the car repaired at a franchised dealership closer to him. They explained that the local franchised dealership would be able to submit a warranty request to the manufacturer even though they weren't the supplying dealership.

They asked for a final decision by an ombudsman.

What I've provisionally 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.

I agree that this car wasn't supplied in a satisfactory condition, but I don't agree with the redress our investigator has proposed. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on

board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr P acquired his car under a hire agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Santander, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

There's no longer a dispute that the paintwork on this brand-new car was of unsatisfactory quality. The independent inspector has confirmed that, but it seems there are lingering doubts that the damage may not be covered by the warranty. Regardless of whether a valid warranty claim can be made, the car should have been supplied in a satisfactory condition and as it wasn't Santander are responsible for repairing it.

I've thought about how that repair should be instructed. Santander should organise it for Mr P as it's their responsibility to put things right and it would minimise any inconvenience he may experience. They should provide a courtesy car of at least a comparable standard to keep Mr P mobile while this hire car is being repaired. It wouldn't be fair to tell Santander to also provide a pro-rata refund of instalments while the car was being repaired but if a courtesy car of an equivalent standard isn't supplied, they should do so.

I don't think it would be reasonable to insist that Santander approve the work to be done at the body shop Mr P obtained a quote from. Organising it themselves will mean that they keep costs in control and that Mr P is protected from any future claim that repairs were inadequate when the car is returned at the end of the lease.

Mr P has been inconvenienced by these issues. He's had to obtain a quote for repair, and he's had to complain and to refer a complaint to this service. He's also been supplied with a car that wasn't in the prime condition he would have expected, and I think that would have spoilt his enjoyment a little, especially as the issue has now been ongoing for over a year. In the circumstances I think Santander should provide him with £200 in compensation.

My provisional decision

For the reasons I've given above, I am expecting to uphold this complaint and tell Santander Consumer (UK) Plc to:

- Arrange to have the car collected and repaired at no cost to Mr P.*
- Provide a courtesy car of at least a comparable standard to keep Mr P mobile while this hire car is being repaired.*
- Pay Mr P £200 to compensate him for the distress and inconvenience caused.*

The parties' responses to my provisional decision

Mr P accepted my provisional decision and Santander didn't respond.

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.

I've found no reason to change my provisional decision and that now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint and tell Santander Consumer (UK) Plc to:

- Arrange to have the car collected and repaired at no cost to Mr P.
- Provide a courtesy car of at least a comparable standard to keep Mr P mobile while this hire car is being repaired.
- Pay Mr P £200 to compensate him for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 February 2025.

Phillip McMahon
Ombudsman