

## The complaint

Ms F complains about the administration of a conditional sale agreement she had with Santander Consumer (UK) Plc ('Santander'). Ms F says that Santander didn't tell her that it refinanced her loan, and altered the term and the amounts owed, after a period when she could not make the loan repayments.

## What happened

Ms F acquired a car using a conditional sale agreement that was started in March 2020. She financed £10,000. This agreement was to be repaid through 60 monthly instalments of £209.91. If Ms F made the repayments in line with the credit agreement, she would need to repay a total of £14,173.

After a period when she couldn't make the full loan repayments Ms F entered into a new loan agreement to repay the outstanding balance. In January 2021 Ms F financed £10,060.04. This agreement was also to be repaid through 60 monthly instalments. The first 12 were for £104.96 followed by 48 of £242.43. If Ms F made the repayments in line with this second credit agreement, she would need to repay a total of £12,896.16.

Ms F has complained about the sale and administration of the second finance agreement. She says that she wasn't told that she was taking a new loan in 2021, or that she would need to pay the new agreement for a further 12 months. She says she has found the higher repayments difficult to manage.

Ms F has complained to Santander about the terms of the rescheduled finance agreement. Santander has considered this complaint, and it didn't uphold it. It said that Ms F had agreed to the new finance terms, and it felt that it hadn't misled her.

Ms F didn't agree with this and brought her complaint to the Financial Ombudsman Service. Our Investigator didn't uphold Ms F's complaint. She didn't think that Ms F was misled by Santander when the loan agreement was changed. The options she had were clearly explained to her and she proceeded with the one that was most suitable for her.

Ms F didn't agree with the Investigator. She said that:

- She did not understand the new agreement ran for a further 60 months
- The new agreement did not have an end date on some of the documentation.
- The information she received from Santander was confusing.
- This was in the middle of a pandemic, and she also had some personal problems, so she was not able to understand it.
- The terms provided were unfair and excessive as the six month holiday led to her contract being significantly longer.
- She thinks she will pay significantly more than she would have done and the payments she made before the loan was refinanced have not been accounted for.

There was some further correspondence, and Santander provided an explanation of how the loan repayments were calculated. But because Ms F 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.

Shortly after the loan was started Ms F had some problems repaying it. This was due to the Covid 19 pandemic and the related financial problems this brought. Because of this it was agreed that Ms F could pay a lower amount for, I understand, six months. Ms F paid £52.48 a month over this period.

This temporary arrangement ended in November 2020. After the initial period where these lower payments were to be paid Ms F was in contact with Santander. Her circumstances had improved, and she was able to make the loan repayments again.

Ms F made a complaint to Santander at this point as she didn't think it was right that the information about the lower repayments she had made was recorded on her credit report. And that she was in arrears in respect of the payments towards the first loan and this would continue going forward as she couldn't repay these soon. And she was unhappy that this might affect a new mortgage she was trying to arrange.

During this complaint it was agreed that the existing loan would be refinanced and a new loan started. And part of this resolution was that her credit report would no longer reflect that she had been unable to fully repay her existing finance. Ms F's credit file was amended, and this issue doesn't form part of this complaint.

In December 2020, Ms F was given three options to change the finance. Santander said that it could add six months to the agreement, it could add twelve months to the agreement, or it could add twelve months to the agreement and also make some of the payments at a reduced rate at the start and then increase them after this. Ms F opted for the third option.

Ms F's complaint is partly about the information that has been provided to her. I've looked at whether she was given enough information to make an informed choice about the new loan agreement. As has been established the front page of the new loan schedule says that Ms F will repay:

*'12 consecutive monthly payments each of £104.96 starting on the date of the agreement. Followed by 48 consecutive monthly payments each of £242.43 starting 12 months after the date of this agreement.'*

I think it's clear that the new agreement was for five years (or 60 months) starting from 4 January 2021.

And this was reflected in the telephone calls Ms F had with Santander about the new finance terms. All of this was explained to Ms F in some telephone calls. There were several calls where the new finance arrangement was agreed and explained to Ms F in some detail. She was given the borrowing amount, the repayments and the term of the new agreement. There was a point when Ms F was given some incorrect information about the loan repayments

(partly due to her not returning the signed agreement in time) but this was rectified very shortly afterwards.

Having considered everything I don't think that Ms F was misled, and I think she was given enough information to make an informed decision about the lending. I have noted that Ms F did agree to these new terms both by signing the agreement and she agreed to them in the telephone calls she had with Santander at the time.

I can see that, as Ms F has noted, that not all of the documentation contains all the important information, such as the dates of the loan. But I don't think this detracts from where full information was provided to Ms F.

And having listened to the telephone calls I think it's reasonable to say that she understood in principle how long the new agreement she was entering into would last for. I'm sure this was difficult time for her, but I don't think I can reasonably say that Ms F wasn't provided with enough information to make an informed decision about the loan. I'm not upholding her complaint about the information she was given.

Ms F thinks that the new agreement is unfair as it doesn't take into account the amounts she has repaid in the first loan. I don't think this is the case. Santander has said that the first loan was treated as being surrendered and the remaining amount, plus any arrears, were refinanced in the new arrangement. I won't reproduce all of amounts and calculations here as all the parties to the complaint have been made aware of them.

Ms F did make some repayments to the first loan, but it was a very short time into it that she became unable to pay it, and she paid a lower amount for significant period after this. That is the £52.48 for six months for the first loan and the £104.96 for the first twelve months of the second loan. So, it isn't unreasonable that she is paying a higher amount for the later part of the loan, due to these lower payments at the start.

But I think the clearest way to show that the amounts already paid are taken into consideration is that the total amount to repay on the first loan was over £14,000 whereas for the second loan it was just under £13,000. So, Ms F is paying less overall. The interest rates on both the agreements are the same.

I've also not seen anything to suggest that the second loan agreement has been incorrectly set up.

Given everything, I don't think that Santander has done anything wrong here. And I'm not upholding Ms F's complaint.

### **My final decision**

For the reasons set out above, I don't uphold Ms F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 12 June 2025.

Andy Burlinson  
**Ombudsman**