

The complaint

Mr G complains Santander UK Plc, didn't do enough to help get a refund for a transaction made on his credit card.

What happened

In April 2024, Mr G bought a car for £3,700, paying with his Santander credit card. Mr G says he experienced problems with the car almost straight away, but the seller declined to help or take the car back.

Mr G therefore contacted Santander for help in getting a refund. Mr G initially tried to raise a chargeback, which is a means of asking for a refund via the card scheme provider – Mastercard. However, Santander failed to action Mr G's request in time.

Santander then said it may be able to consider a claim under Section 75 of the Consumer Credit Act 1974 "Section 75", whereby a credit provider may become liable if there's a breach of contract or misrepresentation by the supplier of the goods.

Through this process, the seller offered to refund £2,300, with Santander offering a further £700. Santander said this was fair on the basis that Mr G had use of the car for a few months, covering approximately 4,000 miles. Santander therefore said it was reasonable to make a deduction of £700 to recognise the use Mr G had of the car.

Throughout this process, Mr G complained to Santander about the support it had offered, including losing his submissions for the chargeback claim. Santander acknowledged that it had misplaced Mr G's documents, meaning it hadn't been able to raise a chargeback dispute. For this it offered £120 compensation to apologise. Santander said the offer it had made under Section 75, was a fair resolution to Mr G's dispute about the car.

Unhappy, Mr G referred his concerns to our service. One of our Investigators looked into what happened and didn't think Santander had treated Mr G fairly. Setting out the following:

- Santander hadn't reviewed Mr G's chargeback submission in a timely manner and should pay £100 compensation to acknowledge this.
- It was reasonable that Mr G pays an amount towards fair usage, but £700 was too high. Our Investigator said £250 was a fairer amount, so Santander should reimburse Mr G a further £450.
- Section 75 also allows for additional costs. Mr G had provided evidence of £180 incurred for repairs, so Santander should pay this.

Through further discussion, Santander then agreed to refund the £450 deducted for fair use, the £180 for repairs and to pay 8% interest on these amounts to acknowledge the time Mr G was without the funds. Alongside this, Santander increased the total offer of compensation to £250.

Mr G asked that the complaint be reviewed by an ombudsman, saying the service he'd received from Santander had fallen shockingly short of what was expected and therefore

didn't think the compensation fairly recognised the inconvenience caused. The complaint has therefore been passed to me 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.

Refund for the car

Having reviewed the proposed resolution to Mr G's request for a refund for the transaction, there's little more I can helpfully add beyond what our Investigator previously set out. Santander has accepted Mr G has a valid Section 75 claim and that the car wasn't of satisfactory quality.

Santander and the seller have now agreed to refund Mr G the cost of the car, with a deduction of £250 for the time he used it. Mr G was able to use the car for approximately two months, covering 4,000 miles. While it's clear he experienced problems during that period, I do find a deduction of £250 reasonable to acknowledge that Mr G had and made use of the car during this time.

Similarly, Santander has agreed to reimburse Mr G £180, for the repairs he had to carry out before returning the car, which is fair.

While Mr G says he also incurred storage costs, without evidence to show how much this was and confirm it was paid, it wouldn't be reasonable that I ask that Santander pay this.

On these amounts Santander has now agreed to pay 8% interest, to recognise the time Mr G was without the funds. This is in line with our service's approach to compensation. My understanding is Santander paid the first portion of the Section 75 claim on 28 October 2024, so it would be reasonable that it calculates the interest from that date until the date of settlement.

So, in relation to the proposed settlement to Mr G's request for a refund for the purchase of the car, I think this is fair. While Mr G isn't receiving a full refund for the transaction, I find the deduction of £250 reasonable for the time he had use of the car.

Customer Service

I think it's important to set out that it isn't for me, nor this service to punish or fine financial firms such as Santander. Rather, my role is to review the circumstances of individual complaints and if I find something's gone wrong, I'll look to put the customer back in the position they would have been, had the problem not occurred, so far as this is possible. In saying this, when things do go wrong, I'd expect firms such as Santander to learn from this, to ensure it provides a better service going forwards.

Santander has accepted the service it provided should have been better. After Mr G submitted evidence to raise a chargeback, this wasn't acted upon with the bank saying it couldn't find the documents. This consequently meant it said Mr G was out of time to raise a chargeback.

While I don't doubt this would have been frustrating for Mr G, I haven't found this led to a direct loss. I say this as I don't think Mr G would have received a greater refund through the chargeback process, than the proposed redress above.

I say this as the seller of the car hadn't agreed a refund was due to Mr G when he contacted them directly. Therefore, I think it's likely to have defended the chargeback, which means it wouldn't have agreed a refund was due. Alternatively, the seller of the car would only have agreed to refund what it offered in the Section 75 claim and as a chargeback doesn't make Santander jointly liable, the bank wouldn't have then been required to compensate Mr G the remainder of the transaction. Added to this, a chargeback can only be raised for the transaction and not associated costs, so Mr G wouldn't have been able to recover the cost of the repairs via a chargeback.

I do, however, acknowledge that the service Mr G received should have been better. While the issues with the car weren't Santander's fault, the further problems he encountered would have only added to the frustration and distress of the situation. Mr G has detailed the impact this had on him and his family, which I'm sorry to hear of.

While it doesn't take away from the mistakes that occurred, I do think compensation is an appropriate way to acknowledge the failings and, in the circumstances, I find the offer of £250 to be fair. This is again in line with our service's approach to compensation and recognises that Santander made errors which had a negative impact on Mr G. While it did review Mr G's claim, this took longer than it should have causing avoidable distress and inconvenience.

Conclusion

In conclusion, I agree things have gone wrong and the service Santander provided could have been better. In saying that, I do find the proposed settlement of the Section 75 claim to be fair alongside Santander's offer of £250, so I won't be directing it to do anything further than this.

My final decision

My final decision is that I uphold this complaint and direct Santander to pay Mr G the following:

- £450 as part of the Section 75 claim;
- £180 for the repair costs Mr G incurred;
- 8% on these amounts from 28 October 2024 until the date of settlement; and
- Any of the £250 compensation that hasn't already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 June 2025.

Christopher Convery
Ombudsman