

The complaint

Mr D complains about the way in which Santander UK Plc handled his claim under section 75 of the Consumer Credit Act 1974 ("section 75") after an immersion heater was poorly installed at his property.

What happened

In March 2023 Mr D arranged for the supply and installation of an immersion heater. He paid the supplier using his Santander credit card.

Mr D says that the decision to install the heater was the worst he has ever made. It leaked (causing damage to the property below his) and caused a small fire. The costs of running it were extremely high.

Mr D contacted Santander for a refund. Initially, it declined his request and asked that Mr D obtain a report showing that the installation was defective. When it received that report, it accepted that Mr D might have a valid claim against the supplier – and, therefore, against it as the credit provider.

In December 2023 Santander offered to settle Mr D's claim for £2,418.27, an offer which it says he accepted.

Mr D later contacted Santander again. He explained that he had incurred additional costs in trying to rectify the problem, so he wanted to continue with his section 75 claim. Santander did not agree to reopen the claim, referring to the settlement which it said Mr D had agreed to several months earlier.

Mr D referred the matter to this service, where one of investigators considered what had happened. He issued a preliminary assessment, in which he did not recommend that the complaint be upheld. He concluded, in summary, that Mr D had agreed to settle the claim in December 2023.

Mr D did not accept the investigator's findings and asked that an ombudsman review the case.

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.

Because Mr D paid for the supply and installation of the heater using his Santander credit card, he could bring a claim against Santander in much the same way as he could bring a claim against the supplier. Santander accepted that, so I do not need to discuss the various conditions which need to be met for that to be the case.

The bank's case here is fairly straightforward. It is that Mr D has accepted a settlement of his claim and so he cannot now revive it.

There were various exchanges between Mr D and the bank in 2023 about what was needed to rectify the problem with the heater and what the cost would be. Following telephone conversations in early December, Santander wrote to Mr D on 8 December. Its letter included:

Our decision

We've investigated your claim and have reasonable grounds to believe that a breach of contract took place when you purchased a heater for supply and fitting. Since fitting you have had numerous faults occur and have obtained an independent report advising the fitting was not completed correctly or to the required standards. Therefore, we're upholding your claim.

Next steps

We'll make a payment of £2428.27 (the payment) to your nominated account in the next five working days.

The payment is made in full and is the final settlement for any claim arising from this breach of contract (the Claim).

Acceptance of the payment shall constitute your agreement to full and final settlement of the claim and any related further or future claims arising against Santander UK Plc or its group companies. If you do not wish to accept the payment in full and final settlement of the claim, please contact us urgently, and no later than 14 days from the date of this letter.

If you are happy to accept the payment in accordance with this letter, there is no need to contact us again as we will consider the claim as closed.

We reserve the right to disclose the nature and amount of the payment to any third party, including the Supplier, for the purpose of enforcing our statutory and contractual rights.

The payment covered the cost of the heater, the cost of removing it, and the cost of an expert's report. On 6 December 2023 Mr D obtained an estimate of £3,840 for rectification work; he had sent that to the bank, indicating he thought he could obtain a more favourable quote.

Mr D did not tell Santander that he did not wish to accept the offer until several months later. He says that he had been away from February 2024 and had not been in a position to deal with the issue during that time.

I have considered carefully the effect of the bank's letter of 8 December 2023. In my view, it was clear that it was an offer to settle Mr D's section 75 claim. It did not place any undue pressure on him to accept that offer, and it made very clear what Mr D needed to do if he was not prepared to settle his claim on the terms set out. I think it also made clear that, if he did accept the offer, Mr D would not be able to make any further claim or to reopen the existing claim. Whilst the meaning of the term "full and final settlement" may not always be obvious to people without legal knowledge, I think the letter – when read as a whole – explained things clearly to Mr D.

I accept that, in the event, the payment may not have compensated Mr D in full for his losses, but I believe he knowingly accepted the payment on the terms it was offered. In the circumstances, it would not be fair to require Santander to review or to reopen the claim.

I make no comment on the fairness of the offer itself. It may have been less than I would have awarded, but equally it may have been more. It is, however, what D agreed to accept.

My final decision

For these reasons, my final decision is that I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 June 2025.

Mike Ingram
Ombudsman