

The complaint

Miss W is unhappy that a car supplied to her under a conditional sale agreement with Santander Consumer (UK) Plc trading as Santander Consumer Finance ("Santander") was of an unsatisfactory quality.

When I refer to what Miss W has said and what Santander has said, it should also be taken to include things said on their behalf.

What happened

In April 2023, Miss W was supplied with a used car through a conditional sale agreement with Santander. The cash price of the car was £8,498. Miss W paid a deposit of £4,000 and the agreement was set to run for 60 months, payable in 60 monthly instalments of £102.54. At the time of supply, the car was over seven years old and had done 48,933 miles.

Miss W experienced several problems with the car soon after supply, all of which required repair.

- May 2023 – the battery light displayed on the dash and the car wouldn't restart. A new alternator fixed the problems.
- June 2023 - the car was jumping as it pulled away, the brakes squealed and there was a smell of fumes inside the car. The garage cleaned the brakes and carried out a fuel treatment. No fault was found relating to the car jumping.
- October 2023 - part of the exhaust fell off and the battery light appeared again.
- December 2023 – the garage confirmed the battery was damaged because of a faulty alternator and both were replaced. The invoice also noted there was an issue with the front steering bearings.

Miss W complained to Santander because she didn't think the car had been of satisfactory quality at the time of supply and she wanted it to refund the repair costs.

Santander instructed an independent inspection. The report concluded that there was a fault with the brakes but, because of the mileage covered since supply, it was due to wear and tear. The report stated the fault hadn't been present or developing at the time of supply. Santander issued its final response not upholding Miss W's complaint.

Miss W was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator said there was a fault with the car but as Miss W had been able to use it, she didn't think any part of the monthly payments should be refunded. However, our investigator thought it would be reasonable for Santander to reimburse the cost of repairs, plus interest, along with £150 compensation for the distress and inconvenience caused. Santander accepted, but Miss W didn't think it was enough. She said the car had developed a fault again and she wanted to reject it and also have her deposit back. Further, Miss W said she wanted more compensation and she provided invoices for other repairs done which she wanted Santander to pay.

Having considered the evidence, our investigator thought the car was of unsatisfactory quality and Miss W was entitled to reject it. Therefore, our investigator thought Santander should refund the deposit, reimburse the cost of all repairs, pay interest on the refunded payments, pay £150 compensation, take back the car and end the agreement at no further cost to Miss W. Our investigator remained of the view that the monthly payments shouldn't be refunded because Miss W had good use of the car.

Santander didn't agree. It said Miss W didn't raise her complaint until after nine months of usage, the repair invoices didn't include sufficient details, and the repairs were routine maintenance.

I issued a provisional decision in February 2025, where I explained my intention to uphold the complaint. In that decision I said:

I'm minded to uphold Miss W's complaint. However, I don't think there's sufficient reason to require Santander to end the agreement, and I think the repairs for which Miss W paid amount to reasonable wear and tear and/or maintenance.

The detail of the complaint has been set out by our investigator and both parties are aware of the circumstances. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view based on what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations. Miss W was supplied with a car under a conditional sale agreement. As this is a regulated consumer credit agreement, we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss W entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality - they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. Here, those relevant circumstances include the age, mileage and cash price of the car. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Miss W took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Santander to put this right.

Fault

The supplying dealership replaced the alternator a month after Miss W got the car, and again eight months later. I've noted that the second replacement was delayed by two months because a courtesy car wasn't available sooner. Therefore, the alternator was faulty twice within six months of the car being supplied to Miss W. Although Santander said Miss W didn't report the fault until nine months after supply, the worksheets issued by the supplying dealership demonstrate otherwise.

Based on this evidence, I'm currently persuaded that the car was faulty when it was supplied to Miss W.

Single Chance at Repair

Section 24(5) of the CRA says “a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.” This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it’s not a single chance of repair for the dealership AND a single chance of repair for Santander – the first attempted repair is the single chance at repair.

I understand that the dealership replaced the alternator both times without charge. The CRA is clear that, if the single chance at repair fails, as was the case here, then the customer has the right of rejection. This doesn’t mean that the customer is required to reject the car, and they can agree an alternative remedy. The evidence shows that the single chance at repair failed but Miss W accepted a further repair. I haven’t seen any evidence that Miss W asked to reject the car at this stage – instead, she asked Santander to reimburse other repair costs.

Independent Engineer’s Report

I’ve seen a copy of the independent engineer’s report, dated 18 January 2024. The engineer confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I’m satisfied that it’s reasonable to rely upon this report.

In this report, the engineer concluded that the brakes needed repairing, but the problems hadn’t been present or developing when the car was supplied. The engineer said the car had travelled over 10,000 miles since supply and the damage was due to wear and tear.

It’s worth noting that the engineer wasn’t required to, and didn’t, address the alternator fault.

This report persuades me that the problems with the brakes were due to wear and tear, and that Santander is not responsible for the repair costs. However, as the report doesn’t make any finding in respect of the alternator, I haven’t placed any weight on it in relation to that particular issue.

Other repairs

Some of the other problems Miss W experienced with the car were worn brakes, filter replacement, oil, exhaust, wheel nut removal, and wet belt. She supplied invoices from the repairing garage for these works. Santander challenged the validity of the invoices.

I’ve noted Santander’s concerns about the invoices. However, there’s little benefit in commenting on them further because, currently, I don’t think Santander should pay for any of the repairs. I’ll explain why.

When she brought her complaint to us, Miss W had been in possession of the car for around a year. Looking at the MOT completed four months after supply, the car had done another 5,000 miles. The second MOT, completed 17 months after supply, shows the car had done almost 20,000 miles in that time. This suggests that, despite the faulty alternator, Miss W had above average use of the car. I think it’s reasonable to conclude that the car would’ve suffered wear and tear as a result of its age and the distance travelled during this time, so I can’t reasonably say that the repairs were due to an existing fault. Therefore, because Miss W had significant use of the car, I think it’s fair to say that she would’ve been responsible for the maintenance and repairs. I see no reason to ask Santander to reimburse what appear to be routine maintenance costs.

Thinking specifically about the exhaust, I note that part of it fell off in October 2023. The car passed its MOT the month before with no advisories. I think that if a fault with the exhaust

had been present, it would likely have been picked up at MOT. I understand Miss W's mechanic said the exhaust fault would've been developing when the car was supplied to her. However, as an MOT can only be completed by approved test centres, I'm satisfied that I can place reliance on the test result. So, based on this evidence, I can't reasonably conclude that the exhaust was anything other than wear and tear for a car of this age and mileage.

Other matters

At the time our investigator issued her view on Miss W's complaint, the alternator needed replacing again and I understand the cause was identified and fixed. I also understand that Miss W was without her car for about eight days. As these events happened after Santander issued its final response to Miss W's complaint, I haven't considered them here. I understand our investigator explained that Santander would first need an opportunity to address any further concerns Miss W had in relation to these events.

Conclusion

Overall, I'm currently persuaded that the car supplied to Miss W had a fault with the alternator. Had Miss W asked to reject the car when the repair first failed, I think it would've been reasonable for Santander to end the agreement. But, given the significant use Miss W had of the car, and that the fault present at supply was subsequently repaired, I'm not persuaded that rejecting the car at this stage would be a fair and reasonable outcome. As Miss W has paid for the general maintenance and wear and tear repairs, it may be more beneficial for her to keep the car so she can benefit from that work.

Based on the evidence, I'm not intending to ask Santander to refund the deposit or pay for any wear and tear related work. However, it's clear that Miss W was inconvenienced by the fault with the alternator and, for that, I'm satisfied that compensation is warranted. Thinking about the repeated nature of the fault, the distress, and the inconvenience caused, I'm minded to require Santander to pay £300 compensation.

Responses

Miss W didn't agree. She said:

- Nearly all of the major work fell within the extended warranty cover and, because she paid over £800 for the warranty, she doesn't think £300 compensation is enough.
- The Consumer Credit Act 1974 (CCA) provides for the right to withdraw from the credit agreement within 14 days. This period had passed, and Santander didn't tell her she had the right to reject because of the fault.
- Santander contradicted itself when relying on the garage's work, but later saying the invoices were vague.
- The mileage increased because she needed to use the car.
- As a minimum, she would like her full deposit back.

Santander hasn't said anything to the contrary, so I've taken that to mean it didn't object to my provisional 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.

I'll respond directly to the points Miss W made in her comments about my provisional decision.

I'm aware Miss W paid over £800 for the 3-year extended warranty when she first bought the car, and I have no reason to doubt that it covered the majority of repairs. Miss W now compares the warranty cost to the compensation proposed. When Miss W bought the extended warranty, it would've been to protect herself from unexpected repair costs. It seems that it has done exactly that. Moreover, the warranty is still in effect, so Miss W still has the benefit of it. I see no reason to link the cost of the warranty with the compensation for the inconvenience caused.

The part of the CCA to which Miss W referred is about her right to withdraw from the *agreement*. Essentially, it's giving Miss W the opportunity to change her mind about the agreement and, rightly, Santander provided her with the relevant information.

Miss W's right to reject the *car* is a separate matter and is covered under separate rules - the CRA. I mentioned in my provisional decision, and I think it's worth repeating here, that there is an implied term that the car would be of satisfactory quality. I think a reasonable person would expect a car to be of satisfactory quality taking into consideration all relevant factors, so the agreement wouldn't expressly set out the options available to Miss W should that turn out not to be the case. It would've been up to Miss W to seek to reject the car in line with her consumer rights.

I've noted what Miss W said about Santander's contradictory comments regarding the invoices. When Santander responded to our investigator, it said the invoices Miss W supplied didn't have sufficient detail. In my provisional decision, I explained that I wouldn't go into detail because it didn't affect what I thought was the right outcome. The detail to which Santander referred was administrative rather than a challenge regarding the repair work completed. For example, the invoices all had the same date but they were for work carried out at different times. I remain of the view that this doesn't affect the outcome.

I understand that Miss W continued to use the car and I agree that she was entitled to do so. But it's relevant in that the mileage shows Miss W had good use of the car, so it's only fair that she should pay for that use. The car was repaired, albeit after some inconvenience, so I'm not persuaded that Santander should return her deposit or end the agreement now.

As Miss W's comments don't change my view, I see no compelling reason why I shouldn't now adopt my provisional view as my final decision.

My final decision

For the reasons explained, I uphold Miss W's complaint and Santander Consumer (UK) Plc trading as Santander Consumer Finance must:

- pay £300 compensation for any distress or inconvenience that's been caused due to the car fault.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 3 April 2025.

Debra Vaughan
Ombudsman