DRN-5390965

The complaint

Mr C complains about the quality of a car that was supplied through a conditional sale agreement with Santander Consumer (UK) Plc (Santander).

What happened

In March 2024, Mr C acquired a used car through a conditional sale agreement with Santander. The car was about nine years old and had travelled 65,200 miles when it was supplied. The cash price of the car was £14,950. An advanced payment of £3,000 is listed. So, the total amount financed on the agreement was £11,950 payable over 60 monthly repayments of £267.

Mr C complained that soon after collecting the car he noticed an issue with the four-wheel drive. A local garage diagnosed a failure with the rear differential and Haldex. Mr C said when he took the car to the dealership they only repaired the differential. On collection of the car Mr C said the engine management light illuminated, so he asked to reject the car. Mr C said he received £300 in compensation.

An independent inspection report, arranged by Santander identified further issues, which included an oil leak.

In September 2024 Santander issued their final response to Mr C's complaint which they upheld. In summary, it addressed issues relating to engine misfire and noise when reversing. It said an independent inspection report, completed in August 2024, concluded there was no misfiring of the engine, and a road test found the engine and gearbox was performing as it should. However, the fault codes identified would need to be investigated by the dealership for repairs, which they were arranging.

Mr C said the dealership wouldn't provide him with a courtesy car which has delayed the repairs as he needed to commute to work. He said the four-wheel drive stopped working during this time, so he'd lost faith in the dealership and wanted to reject the car.

Unhappy with the situation, Mr C brought his complaint to our service where it was passed to one of our Investigators to look into.

The Investigator recommended that Mr C's complaint should be upheld. The Investigator concluded that the car was of unsatisfactory quality, and as the dealership already had an attempt at a repair Mr C should be able to reject the car. The Investigator recommended that Santander:

- End the agreement and collect the car
- Refund Mr C his deposit of £3,000
- Refund instalments made from 14 May 2024 – 27 June 2024 as Mr C didn't have use of the car
- Pay 8%simple interest in all refunds and remove any adverse information from Mr C's credit file relating to the agreement

Mr C responded to say that he'd returned the car to the dealership in November 2024 and was told the differential had failed again, so Mr C arranged for them to buy the car back from him and end the agreement. He said he didn't receive his full deposit back as he was charged for excess mileage.

Santander didn't accept the Investigator's assessment, they said they weren't given their opportunity to repair the car and confirmed that the agreement had ended.

The Investigator's opinion remained unchanged, although it was acknowledged that Mr C had already received part of the recommended refund.

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've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mr C complains about a Conditional Sale Agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr C's complaint about Santander. Santander is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that Santander supplied Mr C with a nine-year-old vehicle that had travelled 65,200 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage; and that there may be visual signs of wear and tear due to its usage.

Having considered the circumstances of this complaint, I find that the quality of the vehicle when it was supplied to Mr C isn't in question here. Both parties agree that it wasn't of satisfactory quality.

In their final response, Santander upheld Mr C's complaint and arranged for the issues with the car to be investigated and repaired. So, what appears to be in dispute here is how best the complaint should be resolved.

Mr C told us that the car had already been into the dealership during May 2024 to repair the issues, and when it was returned to him in June 2024, he asked to reject it because he noticed the engine management light was illuminated and that it was only the differential which had been repaired.

The independent inspection report, which was completed in August 2024 identified '*numerous'* fault codes that it said required further investigation under workshop conditions, and commented that the issues would have been developing at the point of sale. In consideration of this, I'm satisfied that the dealership had an opportunity to repair the car when it was brought into them in May 2024. And given the car was with them for over a month, for repairs, I don't think it's reasonable to expect the issue with the engine's fault codes would have presented itself within three months of the initial repair. Under the CRA, Mr C should be able to reject the car.

However, in January 2025, Mr C confirmed to the Investigator that he'd sold the car back to the dealership. He explained that he only received £2,103.05 after he'd handed the car back. Mr C provided a screen print of the payment to evidence it.

Given I think Mr C should have been able to reject the car, I'll be instructing Santander to pay to Mr C the difference between his initial deposit of £3,000 and what he's already received. Santander should also refund to Mr C his monthly repayments for the period 14 May to 27 June 2024 to reflect when he was without the car.

Mr C initially told us that he was being charged around 45p per mile for excess mileage, despite many of the miles being going back and forth to the garage, however, in July 2025 Mr C advised that Santander increased the amount he received in consideration of his disagreement with the excess mileage charges. In the circumstances I've not made any further consideration in regard to the mileage as I've not been provided with any information or evidence that Mr C is expected to pay any unreasonable charges for miles travelled.

My final decision

My final decision is that I uphold Mr C's complaint about Santander Consumer (UK) Plc.

Given both parties have confirmed the car was returned to the dealership in November 2024 and that Mr C had received a part refund of his deposit, I instruct Santander Consumer (UK) Plc to:

- refund to Mr C the difference between the deposit Mr C paid (£3,000 as listed), and the amount Mr C received (£2,103.05 as evidenced by Mr C) as the final offer from the purchase of the car.
- refund instalments for the period 14 May – 27 June 2024, for when Mr C didn't have use of the car (if not already done so)
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the damage.

Santander Consumer (UK) Plc should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Santander Consumer (UK) Plc considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 September 2025.

Benjamin John
Ombudsman