

The complaint

Ms B complains about a car supplied to her using a conditional sale agreement taken out with Santander Consumer (UK) Plc trading as Santander Consumer Finance ("Santander").

What happened

In June 2022, Ms B acquired a used car using a conditional sale agreement with Santander. The car was less than a year old, the cash price of the car recorded on the agreement was £36,800, the agreement was for 49 months, made up of 48 regular, monthly repayments of £444.33, followed by a final payment of £16,013.29. The advance payment recorded on the agreement was £6,729. The mileage recorded on the vehicle order form for the car was 12,295 miles.

Ms B said she identified an oil leak with the car within 30 days of acquiring it, at around mid-July 2022. The car's mileage at the time was around 13,900 miles. Ms B said she reported the issue to the supplying dealership in July 2022 and the car was arranged to be inspected and repaired towards the end of August 2022. Ms B said the issue couldn't be resolved at that given repair, and was told the sump plug was fitted incorrectly during its last service, which is why the car was leaking oil.

The car was returned to the supplying dealership in October 2022, and Ms B said she was reassured by the supplying dealership that the issue was resolved.

Ms B said that despite two previous repair attempts, the issue with the car persisted when she returned the car back to the supplying dealership in October 2023 to investigate matters.

Ms B referred her complaint to our service in March 2024 as she wished to reject the car. She thought she had allowed several attempts for the car to be repaired, and she thought it still wasn't working as it should.

In May 2024, the car was booked in again for repairs to be carried out, but Ms B said the car continued to leak oil.

Santander commissioned an independent inspection to be carried out to the car in October 2024. The report concluded that there was an issue with the car in the form of an oil leak but couldn't conclude it was because of unsuccessful repairs, or that it was present or developing at the point of supply.

Santander relied on the findings of the independent inspection and in their final response, they explained they didn't uphold Ms B's complaint due to the report suggesting the fault wasn't present at the point of supply.

Our investigator considered all the information provided and issued her view, where she upheld Ms B's complaint. Among other things, she explained she thought there was a fault with the car, and was satisfied it was likely present or developing at the point of supply. The investigator thought there were several attempts to repair the issue which wasn't successful, and so, thought Ms B could reject the car.

Santander didn't respond to the investigator's view, so Ms B asked for it to be escalated to an ombudsman. Ms B also provided some further comments as to why she felt the level of compensation should increase. And so it has been passed to me to 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.

Having done so, I'm upholding this complaint, and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Ms B complains about a car supplied to her under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Ms B's complaint about Santander.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Santander here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car Ms B acquired was almost new, being less than a year old at the point of supply, with a recorded mileage of 12,295 miles, and the cash price of the car being £36,800. I think a reasonable person would expect it to be in very good condition, with no faults or issues. And I think they would expect trouble free motoring for a significant period.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

Ms B has explained that within a few weeks of acquiring the car she noticed an issue with oil appearing on her driveway, underneath the car. Ms B has provided a photo to show the oil stains that appeared.

Ms B also supplied our service with a screenshot of a text conversation with the supplying dealership for when the car was inspected by them in August 2022. The text message said:

"...We carried out the inspection on your vehicle and identified the oil leak from the sump plug. It looks like whoever did you [sic] Oil Service did not remove the old one and just put a new [sic] over the top so it has not sealed correctly..."

Ms B said she then took the car to the dealership on several occasions and was told the issue had been rectified. Ms B has supplied job sheets of those visits. A job sheet from October 2022, where the mileage recorded for the car was 16,622 miles, said:

“Investigate: Poss Oil Leak still noticing pools of oil on the floor after oil leak repair 25/08”

Another job sheet, a year later, in October 2023, where the mileage recorded for the car was 29,480 miles, said:

“Investigate: Oil leak – has come in twice for this before”

Ms B then complained to Santander who commissioned an independent inspection to be carried out to the car in October 2024. The mileage at the time was 36,184 miles. The report said:

“In our opinion based on the visible evidence we would conclude that we did observe an issue with the vehicle in the form of an oil leak from the offside front of the engine, which we could not pin point due to inaccessibility.”

Considering the above, I think it is likely there was a fault with the car. specifically in relation to an oil leak, which first became apparent within a few weeks of the car being acquired.

Was the car of satisfactory quality at the point of supply?

I now need to consider whether the fault was present or developing at the point of supply.

Considering the oil leak presented itself shortly after the car was acquired, and the text message from the supplying dealership also concluded it was from an incorrectly installed sump plug during a service (which Ms B didn't carry out – as any service likely occurred prior to her acquiring the car), I'm satisfied the fault was likely present or developing at the point of supply.

Remedies under the CRA

What I now need to consider is whether Santander needs to do anything to put things right.

One of the remedies available to Ms B under the CRA is repair. And from job sheets supplied, I'm satisfied a repair, or at least an attempt to repair the car has been carried out in relation to the oil leak.

However, Ms B believes the oil leak is still present after repairs had been carried out. On the other hand, the independent inspection, while it concluded that there was an oil leak, didn't think it was present or developing at the point of supply.

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. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

In this case, there was an attempt to repair the oil leak which was first identified within a few weeks of the car being acquired in June 2022. And then another oil leak identified in October

2024 when an independent inspection was carried out. The crux of the issue here is, whether the latter oil leak is due to a failed repair or the car having an underlying fault that was never put right. Or whether, the oil leak identified in October 2024 is due to poor maintenance since the car was acquired and not in relation to the quality of the car at the point of supply.

It's worth pointing out that I'm not an expert mechanic. Having said that, from a general search online, I have looked at the impact an incorrectly installed sump plug seal can have to a car. I found that, if there is an issue with the sump plug, it could mean oil will drip from the plug slowly. This might be a very minor drip, but over time it may cause oil levels to drop and collect on the undertray of the car. So, my understanding is that the car could be driven for several thousands of miles, for example, before enough oil may collect on the car's undertray, for it to then overspill, for example, onto a driveway.

I'm also mindful that my findings from a general search online is consistent with Ms B's testimony and the findings made in the independent inspection. Ms B has provided several photos and videos to show various oil spills underneath the car, throughout having possession of it. This is also consistent with comments made on job sheets for investigations carried out to the car. And the independent inspection report also said:

"...there was oil residue on the offside front of the engine and oil residue on the undertray. The nearside front of the upper undertray was saturated with oil..."

I appreciate the independent inspection didn't conclude the oil leak identified in October 2024 was present or developing at the point of supply. However, I'm not persuaded by the comments made here. I say this because, I'm not satisfied the independent inspector had all the information to hand when making their findings. I say this because, it isn't clear from what I have seen that the independent engineer had sight of all the job sheets, and was aware of the sump plug issue the car previously had.

Considering things here, I'm satisfied Santander have already had the opportunity to repair the car and I think it failed, or the car had an underlying fault that was never put right.

Ms B wishes to reject the car. The CRA says in relation to the final right to reject:

"There has been a repair or replacement for the purposes of subsection (5)(a) if—

(a) the consumer has requested or agreed to repair or replacement of the goods (whether in relation to one fault or more than one), and

(b) the trader has delivered goods to the consumer, or made goods available to the consumer, in response to the request or agreement."

As I'm satisfied Ms B has had a repair, and the car still has a fault, it follows that I think it is fair and reasonable for Ms B to be allowed to now reject the car.

Distress and Inconvenience and other losses

Considering the mileage that has been covered in the car, evidenced by the mileage recorded on various job sheets and inspections, I'm satisfied Ms B has had reasonable use of it. And I think it is likely that Ms B continues to have reasonable use of the car. So, I don't think Santander need to reimburse Ms B any monthly instalments made towards the agreement, while Ms B has had continued use of the car.

I've also thought carefully about the distress and inconvenience Ms B has suffered. Ms B has had the issue with the car from around the time she acquired it and from my understanding, the issue persists. Ms B had to take the car for repairs on occasions, and I think it must have been frustrating for her to have to deal with the issue the car had, and it impacting her ability to work. I can see how this would have been distressing for Ms B, considering the value of the car and how she has explained she lost faith in the leak getting resolved. I have thought carefully about Ms B's further comments she has provided. However, I think it is fair given the circumstances that Santander should pay Ms B £500 for the inconvenience caused.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Santander Consumer (UK) Plc trading as Santander Consumer Finance to put things right by doing the following:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Ms B.
- Refund Ms B's advance payment towards the agreement of £6,729. If this advance payment was made up of funds through a dealer contribution, Santander do not need to refund this amount. *
- Pay Ms B £500 to reflect the distress and inconvenience caused.
- Remove any adverse information from the customer's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Santander considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Ms B how much it's taken off. It should also give Ms B a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 5 June 2025.

Ronesh Amin
Ombudsman