

The complaint

Mr S complains that Santander Consumer (UK) Plc trading as Santander Consumer Finance ("Santander") gave him incorrect information about the amount he was required to pay in order to voluntarily terminate his agreement.

What happened

In July 2022 Mr S was supplied with a car and entered into a conditional sale agreement with Santander.

On 8 July 2024 Mr S contacted Santander and asked whether he could voluntarily terminate the agreement. Mr S was advised that if he voluntarily terminated his liability would be zero.

On 11 July 2024 Mr S's direct debit payment of £350.44 was returned, due to Mr S having given an instruction to his bank to cancel the direct debit.

On 22 July 2024 Mr S emailed Santander and confirmed his intention to voluntarily terminate the agreement.

On 29 July 2024 Mr S received a letter advising him that he had a voluntary termination liability of £385.44.

Mr S complained to Santander. Santander didn't uphold the complaint. In its final response dated 15 August 2024 it said the advice given on 8 July 2024 was correct but in between providing the figure and Mr S confirming he was going to voluntarily terminate the July payment had been returned and a late payment fee of £35 had been applied. Santander said it wouldn't agree to waive the liability.

Mr S remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. He said he didn't think Santander had acted fairly and that it could've done more to provide the relevant information to Mr S to help him make an informed decision by explaining that any contractual payment due under the agreement would still be applicable until it received notification of the intention to voluntarily terminate the agreement. The investigator said this would've enabled Mr S to email notification of voluntary termination prior to the next contractual payment date or choose not to cancel his direct debit until the notification was sent. The investigator said that Mr S remained liable to the contractual payment but said that Santander should remove the late payment fee and amend Mr S's credit file.

Mr S didn't agree. He said he hadn't been advised that he needed to give written notice of his intention to voluntarily terminate prior to the next instalment date, or that there was any time limit or that he was required to continue paying his monthly instalments. Mr S said that having been told that his liability was zero, he didn't think he needed to make any further contractual payments. Mr S said he shouldn't have to pay the full monthly instalment because he voluntarily terminated on 23 July 2024 and should only be required to pay until that date.

Because Mr S didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr S, but I agree with the investigators opinion. I'll explain why.

Mr S has said that he accepts the reasoning for the investigators view. So, I won't go into as much detail as the investigator did when looking at whether Santander made any errors.

It's not in dispute that Mr S was advised on 8 July 2024 that he would have nothing further to pay if he voluntary terminated the agreement. I'm satisfied that this advice was correct, because if Mr S had voluntary terminated on 8 July, he wouldn't have been required to make his monthly contractual payment due on 11 July 2024.

I've reviewed the web chat, and I understand why Mr S thought he wouldn't need to make any further payments. So, I also understand why he cancelled his direct debit before it was taken on 11 July 2024.

Although Santander has stated in the web chat that Mr S was required to confirm the voluntary surrender request in writing, and that once he did so it would be in touch to discuss the return of the car, it wasn't made explicitly clear that if Mr S didn't confirm the voluntary surrender before the next contractual payment was due, he would become liable to make that payment in the normal way.

The rationale behind liability for the monthly contractual payment is the ongoing agreement and Mr S's possession and use of the car.

I can see that Mr S voluntary terminated the agreement on 23 July 2024 (email dated 22 July sent after close of business), which was after the date the contractual monthly payment was due.

As I've said above, I understand why Mr S cancelled his direct debit, and if Santander had provided a clearer explanation, then it might have been the case that Mr S left his direct debit in place whilst he decided whether to voluntary terminate, or he might have voluntary terminated prior to 11 July 2024.

Ultimately however, all the time the agreement was "live" and the car was in Mr S's possession, the contractual monthly payments were due. This is why I agree with the investigator when he says that Mr S remained liable for the July 2024 monthly payment which was returned due to the direct debit being cancelled.

I think it's fair that Mr S pays that monthly payment. But because I think Santander could've provided clearer information, I think they should waive the late payment fee of £35 and make sure that any adverse information recorded on Mr S's credit file in relation to the late payment is removed.

I've thought about what Mr S has said about only paying the proportion of the contractual monthly payment up to the date of voluntary termination. However, as I've said above, the contractual monthly payment reflects possession of the car. I don't know exactly when Mr S's car was returned but I've seen a letter dated 29 July 2024 which sets out the ways in which return can be arranged, so its reasonable to conclude that the car wasn't returned until early August 2024. It seems likely therefore that Mr S was in possession of the car for most if

not all of the period covered by the July monthly payment.

Putting things right

To put things right, Santander Consumer (UK) Plc must:

Remove the £35 late payment fee

Remove any adverse information on Mr S's credit file in relation to the agreement from July 2024

My final decision

My final decision is that I uphold the complaint. Santander Consumer (UK) Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 June 2025.

Emma Davy
Ombudsman