DRN-5620170

The complaint

Mr A complains that Santander Consumer (UK) plc, trading as Santander Consumer Finance, collected the final payment due from him under a fixed sum loan agreement when a third party had also made that payment.

What happened

Mr A electronically signed a fixed sum loan agreement with Santander Consumer Finance in June 2022 to pay for his purchase of a car. He sold the car to the dealer when the loan agreement ended and he says that it agreed to make all the necessary settlements to Santander Consumer Finance but Santander Consumer Finance collected the payment from him.

He complained to Santander Consumer Finance in January 2025 but it said that hadn't received the settlement payment from the dealer by the due date so it automatically took payment from Mr A as per the term and conditions of the agreement. It said that if he provided proof of payment from the dealer, any overpayment would be refunded to him.

Mr A wasn't satisfied with its response so complained to this service. He says that the payment was reversed later that day but that Santander Consumer Finance didn't handle it well, didn't investigate his complaint and didn't show the timing of the payments but asked him to provide proof of payment. He says that he wants compensation of £200 from Santander Consumer Finance for the inconvenience and problems and an apology for its complete lack of customer service and poor working practices.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She said that Santander Consumer Finance requested the balloon payment on its due date as per the agreement terms and wasn't liable to reverse the payment until it received the required funds, which happened later that day.

Mr A didn't accept the investigator's recommendation and asked for his complaint to be escalated to an ombudsman. He says that he took the agreement with the dealer and told Santander Consumer Finance that he would be returning to the dealer but it took the payment before the business day started and he was unable to get anyone to look at it and was just stonewalled. He says that Santander Consumer Finance didn't actual refund the payment but didn't process it as it received the payment from the dealer and that he can't get any evidence from Santander Consumer Finance about the timing of when it took the payment against when it received the payment. He says that it made no attempt to resolve any issue at the time and didn't advise him that it had received the payment and he just wants Santander Consumer Finance to be responsible for its lack of customer service and actions.

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.

Mr A had electronically signed the loan agreement in June 2022 and had agreed that he would repay the amount of credit and the total charge for credit by 30 consecutive monthly payments of £266.95 and a payment of £10,263.75 payable 31 months after the date of the agreement. Santander Consumer Finance says that the agreement wasn't settled by the end date so its system automatically took the payment of £10,263.75 that was due from Mr A by direct debit. It says that if the dealer had made settlement by the end date, the balloon payment wouldn't have been taken from Mr A. Mr A says that the payment was reversed later that day after Santander Consumer Finance received the payment from the dealer.

I've seen no evidence to show that Mr A had told Santander Consumer Finance that the dealer would be settling the outstanding balance of his loan and, although he says that he took the agreement with the dealer, the loan agreement wasn't made with the dealer but was made with Santander Consumer Finance and he'd agreed to make the payments to Santander Consumer Finance.

I'm not persuaded that there's enough evidence to show that Santander Consumer Finance acted incorrectly in collection the payment of £10,263.75 from Mr A by direct debit on the due date and Mr A says that it refunded the payment to him later that day. He says that he was unable to use his bank account for anything on that day and that he was on the phone for nearly three hours trying to resolve the issue. Mr A has also described the issues that he had with Santander's customer service.

I can appreciate that this must have been a difficult and frustrating experience for Mr A, but as I'm not persuaded that it's acted incorrectly, I don't consider that it would be fair or reasonable for me to require Santander Consumer Finance to pay any compensation to Mr A or to apologise to him. Mr A is also unhappy about Santander Consumer Finance's response to his complaint but complaint handling isn't a regulated activity and I'm unable to consider a complaint about the way that it has dealt with his complaint.

It's clear that Mr A feels strongly about his complaint so I appreciate that my decision will be disappointing for him. I find that it wouldn't be fair or reasonable in these circumstances for me to require Santander Consumer Finance to pay any compensation to Mr A or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 September 2025.

Jarrod Hastings
Ombudsman