

The complaint

Mr K has complained about the quality of a car provided on finance by Santander Consumer (UK) Plc trading as Santander Consumer Finance (“SCF”).

What happened

The circumstances of the complaint are well known to the parties, so I won’t go over everything again in detail. But, to summarise SCF supplied Mr K with a used car on a conditional sale agreement in November 2023. The cash price of the car was around £28,700 and it had covered around 19,800 miles since first registration in June 2021. The car was a plug-in hybrid electric vehicle (PHEV). The conditional sale agreement required payments of around £550 for 48 months followed by a final payment of around £11,300. Mr K paid a deposit of £1,000.

In February 2025, the manufacturer issued a safety recall notice advising Mr K not to use the PHEV function, but no fix was available at the time. Mr K complained to SCF and asked to reject the car as he had concerns about the car’s safety and its fitness for intended use.

SCF said that due to the time that had elapsed since the car was supplied Mr K needed to provide evidence that the faults were present or developing at the point of supply. Ultimately it did not uphold the complaint.

Mr K referred his complaint to the Financial Ombudsman. In June 2025, the manufacturer provided a software update to remedy the safety recall. The car subsequently passed an MOT in June 2025 with mileage of around 35,000.

An investigator considered the complaint and said that there wasn’t sufficient evidence to show that the car wasn’t of satisfactory quality. However, she accepted that SCF had supplied the car and there had been impaired use so she thought that SCF should pay Mr K £150.

SCF didn’t respond to our investigator. Mr K disagreed. In summary he said:

- Although the recall was technically classified as precautionary it had real and measurable consequences. He was explicitly instructed not to use the PHEV system due to a fire risk. The car was fundamentally altered in function to petrol only. The fix applied in June was not a repair but a software update to enhance monitoring, not to resolve the risk itself. He did not feel comfortable driving a car which has been deemed to carry an increased fire risk, particularly when the only action taken was to improve monitoring of that risk. It was not a minor fault or a short-term inconvenience. It was a serious loss of core function that significantly affected the car’s fitness for purpose.
- The car was chosen for its plug in capability, and the loss of this functionality for a significant period fundamentally undermined the value of the product.

- This was the second battery related recall with the same car. His confidence in the car's safety and reliability especially while transporting his family was undermined. He had attempted to engage with the manufacturer and SCF's stance that responsibility lay with the manufacturer added to his disappointment
- He asked if the ombudsman would consider whether the agreement should be partially unwound, the remaining balance should be reduced or alternatively that compensation should reflect the financial and practical impact more proportionately.
- Once the update had been completed the wording of the update conveyed the seriousness of the issue which substantiated his argument that the car was not fit for purpose during the period of the recall. The remedy did not eliminate the risk.

The case has been passed to me to make a 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.

Firstly, I'd like to say how sorry I am to hear of the difficulties that Mr K has described to this service. I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. SCF is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car's history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the car of unsatisfactory quality or otherwise not fit for purpose.

The manufacturer issued a product safety recall for the car in February 2025. The safety recall notice explains what might happen in the event of a high voltage battery internal short circuit. It also highlights the risks associated with that potential event. It set out that the car could continue to be driven until a remedy became available, but that it shouldn't be plugged in to charge the high voltage battery. It said that the car could be driven in a different mode.

The manufacturer later wrote to Mr K to let him know that a software update was available. It also set out that the battery would also receive an extended warranty which covered the car for 150,000 miles or 10 years whichever came first. But between February and June 2025 Mr K couldn't use the PHEV function and was reliant on the combustion engine and regenerative braking.

The difficulty here is that although the manufacturer has issued a safety recall, this doesn't necessarily mean that there was a fault with the car. The wording of the recall implies that it may have some battery cells that could potentially develop a fault, but it isn't definitive. I've thought about what this means for satisfactory quality. A recall doesn't automatically mean something is wrong with the car. And this seems to be reflected in the notice from February 2025. This explains:

"We have become aware of a number of [vehicles] on which the high voltage battery **may** have some cells that could **potentially** develop an internal short circuit". (Emphasis added by me).

Thinking about this, I don't think this is enough to persuade me the car wasn't of satisfactory quality.

Given the time the car had been in Mr K's possession it was for him to show that the car had an inherent fault which made it of unsatisfactory quality when it was supplied. But the recall notice he's received isn't enough to show that his car definitely had an inherent fault. I'm sorry to disappoint Mr K but I'm not going to direct SCF to allow him to reject the car.

But what is slightly clearer here, is that for a period of time, Mr K hasn't been able to use the car as it was intended. It was intended to be mainly a plug-in hybrid, and I'm persuaded that for several months Mr K was told not to use it in that manner by the manufacturer. But even that doesn't mean that it wasn't fit for the intended purpose *when it was supplied*. I think there would need to be something more definitive which points to an inherent defect in the car, rather than a precautionary measure limiting use of the car issued by the manufacturer.

I think Mr K has still been able to use the car and has covered around 2,300 miles during the period he was waiting for the software update. So, I'm not persuaded that waiting for the update has caused him significant inconvenience as he's still been able to use the car. But I accept that it may have cost him more than he expected due to having to use petrol and regenerative braking. He's supplied evidence to show that he's only been able to cover 822 miles in electric mode.

I've no doubt that the matter must be very worrying for Mr K, and I do understand his concerns. But the party that is responsible for the temporary issues with the car is the manufacturer and it hasn't yet been shown that this specific car wasn't of satisfactory quality or fit for purpose when it was supplied.

However, I think it is fair to say that SCF supplied him with the car, and his ability to use the car as intended has been impaired for a time. So, I think it would be fair for SCF to support Mr K by making a contribution towards this, as a means to resolve this complaint.

Our investigator set out that SCF should pay Mr K £150 to cover the costs of additional fuel. I don't have any clear evidence to show what loss Mr K incurred. He would have had to pay to charge the car, and I haven't seen that he's lost out more than £150. SCF haven't replied to our investigator's recommendations despite further prompts to do so, and I'm required to resolve matters with the minimum of formality. So, I think that is a fair and reasonable way to resolve the complaint.

I understand that Mr K has told us that he intends to Voluntary Terminate the agreement as he doesn't feel safe driving the car. I can understand that and would also encourage him to discuss this and other options with SCF. As a reminder he doesn't need to accept my decision, and then he'll be free to pursue the complaint by other means such as through the court after obtaining legal advice, as necessary.

My final decision

My final decision is that I uphold this complaint and direct Santander Consumer (UK) Plc trading as Santander Consumer Finance to pay Mr K £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 31 December 2025.

Caroline Kirby
Ombudsman