

## The complaint

Mrs M complained about the quality of a car provided on finance by Santander Consumer (UK) Plc trading as Santander Consumer Finance.

## What happened

Santander supplied Mrs M with a used car on a conditional sale agreement in November 2021. The cash price of the car was around £37,700 and it had covered around 16,400 miles since first registration in January 2020. The conditional sale agreement required payments of around £590 for 36 months followed by a final payment of around £19,900. Mrs M paid a deposit of around £2,200.

Mrs M said she started experiencing problems in around November 2023 as the engine management light was illuminated (EML). An appointment was made with a manufacturer approved garage who'll call L who diagnosed the issue as a faulty Diesel Particulate Filter (DPF). L said that a new DPF and Exhaust Gas Recirculation (EGR) cooler were required. Mrs M didn't instruct repairs at this point, but she started discussing a warranty claim and needed further evidence on what had caused the issue. She said she contacted Santander and told it there was an inherent defect, and she needed support to pay the balance, and it refused to help. Mrs M said she then instructed the repair because she needed to get the car fixed.

Mrs M said she tried to mitigate her losses by trying to find a garage with lower labour costs, but when she was unable to do so she continued with the repair. Most of the repair costs were covered by the warranty. But she was left to pay around £1,100 herself. She subsequently made a complaint to Santander.

Santander said that their responsibility as a finance provider was to ensure that the goods were satisfactory quality at the point of sale. They said that any fault found outside of the first six months is not assumed to be present or developing at the point of sale.

Santander said that as Mrs M had the car for more than two years it was her responsibility to show that the faults were present or developing at the point of sale. Santander said that the diagnostic didn't show when the faults developed. Unhappy with this response Mrs M referred her complaint to the Financial Ombudsman.

An investigator here looked into what happened. He said that there was evidence that confirmed the DPF failed due to a manufacturing defect. He recommended that Mrs M be reimbursed the amount she had paid towards the significant repairs.

Mrs M broadly agreed with the outcome, but she thought that she was due some compensation for Santander's customer service, which she had hoped might ensure that it changed its practices.

Santander didn't agree with the investigator's recommendations. In summary it said:

- The DPF was a serviceable and consumable component and not a durable item. Its functional lifespan depends on multiple variables such as driving style, journey

length, load and maintenance. It is not a durable component guaranteed for the life of the car.

- DPFs require regular intervention, including active regeneration, cleaning, or replacement and deterioration over time is expected. In the absence of confirmation that regeneration procedures were followed appropriately, it is unreasonable to infer a manufacturing defect from failure alone, especially more than two years post-sale.
- The CRA provides the trader with a right to inspect and repair faults before liability may be determined, or other remedies pursued. In this case the supplying dealer was not notified before third party diagnostics and repairs were carried out. As a result, Santander were denied an opportunity to conduct its own diagnostics to verify the nature and extent of any fault, assess the condition of associated components and consider or provide a remedy. This undermines the fairness of any finding of liability against the dealership.
- There was insufficient evidence of a fault present or developing at supply. The email from L cannot be considered conclusive or determinative expert evidence in the absence of diagnostic reports or physical teardown inspection results, batch traceability or known manufacturer defect alerts, or methodology confirming how other causes such as how the car was used were ruled out. There was no verification of the consumer's adherence to regeneration driving best practices.
- The fault manifested over two years after the car was supplied, which was a timeline far more consistent with normal service-related wear, not an inherent or latent defect.
- It emphasized the role of third-party intervention in this case. The initial and subsequent repairs, some undertaken by non-manufacturer specialists, deprived it of the chance to determine fault progression or root cause.
- Procedures such as forced regeneration if performed incorrectly can overheat and damage the DPF leading to knock-on failures such as backpressure related EGR cooler issues, as seen here. This makes it plausible that third party actions contributed or accelerated the component failure, thereby severing the chain of causation between it as the supplier and the ultimate mechanical condition.
- The implication that a post-sale failure of a serviceable item supported only by a general opinion that the failure was not due to driver error to establish liability under the CRA was concerning. And the reasoning risks reclassifying normal wear items as durable goods, making finance providers liable for faults unrelated to initial quality, and encouraging retrospective claims based on unsupported assertions rather than substantive diagnostics.

As an agreement couldn't be reached the complaint was 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.

When considering what is, in my opinion, fair and reasonable, I must take into account relevant law and regulations; regulator's rules including Consumer Duty, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

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.

I want to set out that it's not my role to fine and punish a business when it makes a mistake. That's the role of the regulator the Financial Conduct Authority (FCA). My role is to look into the individual complaint, so Mrs M can contact the FCA if she has concerns more generally about Santander's conduct. I also appreciate Santander's comments about the role of the DPF and durability, but again I'm looking into the individual circumstances of this case, and I don't think ombudsman decisions set precedence in the way court action does.

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

I understand that Mrs M is also unhappy about Santander's refusal to accept her request to Voluntary Terminate (VT) the agreement. That doesn't form part of this complaint so I'm not dealing with that in this decision.

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, and safety. Satisfactory quality also covers durability. So, with cars, this means that its components must be durable and last a reasonable amount of time. Exactly how long a reasonable period of time is will depend on a number of factors.

Based on what I've seen, I'm satisfied that the car had a fault. This is evidenced by the diagnosis from L dated July 2024, which indicated:

*"Investigated EML on dash. Carried out diagnostics and code read. Confirmed DPF faulty, requires new DPF and EGR cooler filter".*

Mrs M asked L to provide evidence on what had caused the fault, initially so that she could explain to the warranty company that the fault wasn't excluded by the terms of the warranty. She received an email from L which said:

*"I have spoken to my workshop team to identify why your DPF has failed. The part has failed internally and has had a consequential knock-on effect to your EGR filter, causing to block up with soot. This is not down to driver error or lots of short journeys, this has failed due to a manufacturing defect".*

I can't ignore this evidence, which was provided by a manufacturer specialist garage. I don't think Mrs M acted unreasonably by getting this diagnosis in order to limit her losses.

Mrs M has shown that she called Santander but after being on hold for 45 minutes she couldn't get through. Mrs M explained that the warranty company would only cover a set

amount of labour costs per hour which was much less than that charged by L. She tried unsuccessfully to find a local alternative.

Mrs M tried to contact Santander again but having been unable to get through on the telephone she tried the live chat on 9 October 2024. She's shown that the agent said that it wouldn't help with the balance payable, even though she made it sufficiently clear there were manufacturing defects.

Mrs M felt that Santander had been clear that it wouldn't assist in paying for the repairs, so she went ahead with the warranty claim, and the car was booked in on 23 October 2024. The repairs cost £2,750 but she was left to pay the excess of £1,139.42.

The lifespan of the DPF is affected by multiple factors, most of which are unknown here, or at least we don't have a lot of information about. I would have expected a DPF to have lasted significantly longer than 34,905 miles however, but there is a lack of evidence about the history of the car and how it was driven. So, I'm somewhat reliant on the expert that saw the car, who confirmed that the fault was as a result of a manufacturing defect which would have been present when the car was supplied, and therefore rendered it not of satisfactory quality.

I have to reach a decision on the available evidence and sometimes the issues aren't clear cut. And it seems key to me that part of Santander's argument is that it thinks it was denied an opportunity to conduct its own investigation in order to rebut the evidence from L that there was a manufacturing defect, which made the car not of satisfactory quality.

But I've seen that Mrs M did in fact seek support from Santander, after the initial diagnosis but before any repairs had been completed. In the chat on 9 October 2024, she clearly advised that there was an engine fault which was a manufacturing defect. The advisor gave Mrs M a clear answer that Santander would not assist. I don't think Mrs M was acting wholly unreasonably by taking the action she did after that point. She had failed to get any support from Santander, and she needed to fix the car she was paying for so that it could be returned. The further diagnosis and repair only happened at the end of October 2024, and Mrs M had also tried to mitigate by trying unsuccessfully to find another garage with lower labour costs. So rather than Santander being denied an opportunity to do its own diagnostics and rebut Mrs M's evidence, I think it failed to seize that opportunity to advise her of her rights and caution her as to appropriate next steps. I think because of Santander's lack of action Mrs M went ahead with the repair without a full appreciation of her rights or the risks involved. So, it seems unfair to me that she should lose out because of that.

We'll never know what the results of further diagnostics, or interrogation of the existing diagnostics or warranty process might have uncovered. It's possible that the fault might have been caused by something other than a manufacturing defect. Or it might have supported the diagnosis that it was indeed a manufacturing defect. But in considering this complaint I'm looking at how Santander handled things and I think the live chat was the perfect opportunity for it to take action to support Mrs M. It's now too late to look into the fault and further determine liability.

But I think that Santander's lack of action has led to this unfair situation, so I agree with our investigator's assessment that a refund of £1,139.42 would be a fair way for it to resolve this complaint.

### **My final decision**

My final decision is that I uphold the complaint. Santander Consumer (UK) Plc trading as Santander Consumer Finance must:

- Reimburse the £1,139.42
- \*Pay 8% simple annual interest on any payments and refunds from the date of payment to the date of settlement.

\* If Santander Consumer (UK) Plc trading as Santander Consumer Finance considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mrs M how much it's taken off. It should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 16 February 2026.

Caroline Kirby  
**Ombudsman**