

The complaint

Ms P is unhappy with Santander UK Plc's (Santander) response to her claim made under s.75 of the Consumer Credit Act 1974 (CCA).

Ms W has been added as a representative on this complaint, but for ease of reading I'll mostly refer to Ms P throughout.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

"In February 2024, Ms P used her Santander credit card to pay a £1,000 deposit for a used vehicle from a dealership I'll call 'F'. The total purchase price was £16,995 and the sales invoice was in Ms W's name. On 24 February 2024, the vehicle was collected. At this point the vehicle had covered 53,407 miles. A six-month parts and labour RAC warranty was included with the purchase.

Following the collection, Ms P arranged for a full service to be carried out, as the vehicle was going to be used to tow a caravan for an upcoming holiday. This took place on 6 March 2024 at a garage I shall call 'R'. After the service, Ms P says an engine management light came on. Therefore, on 13 March 2024, she took the vehicle back to R. Upon inspecting the vehicle, R said the turbo was faulty and needed replacing. After initially trying to use the warranty, Ms P decided to pay for the repairs herself due to needing the vehicle in working order for her upcoming holiday.

The work was carried out at a cost of £2,325.91 and Ms P collected the vehicle on 26 March 2024. At that time the mileage recorded was 53,824 miles. On 30 March 2024, two tyres were changed due to advisories on the service previously carried out.

Ms P says shortly after she collected the vehicle from R, the engine was making a rattling noise. So, she again arranged for the vehicle to be inspected. Ms P has explained that R was busy and wouldn't be able to inspect the vehicle for some time. Therefore, Ms P took the vehicle to a second garage. Ms P says mechanics at the second garage listened to the engine and said the issue could be the cam chain, but that they would need to fully investigate. The vehicle was booked in for 24 April 2024. However, the day before the second garage cancelled the appointment. Unhappy with this Ms P approached a third garage which I shall call 'D'.

Ms P took the vehicle to D, and it carried out a diagnostic test. The test showed a timing chain fault as being detected. When D went to repair the issue a few weeks later, it discovered a more significant issue. D said fixing the cam chain wouldn't resolve the rattling noise and the vehicle needed a new engine. Ms P says she was quoted £10,500 for this. Ms P paid a recovery company to collect the vehicle and return it to her home address. The mileage at this point was 54,206.

Ms P tried to speak to F to explain what had happened since she purchased the vehicle. F sent an email explaining that it wasn't liable for any costs, as when the vehicle was sold there were no issues with the vehicle. The faults now present would be down to the garage that carried out the service, as they only occurred after that took place.

Ms P contacted Santander to raise a claim under s.75 of the CCA. Initially Santander said there wasn't the required debtor-creditor-supplier (DCS) arrangement in place for a valid s.75 claim. Santander said this was because while it was Ms P's credit card that had paid the deposit, the sales invoice was in Ms W's name.

Ms P responded and provided evidence to show she also benefited from the use of the vehicle and was a named driver on the insurance for it. Santander sent a further response still declining the s.75 claim. It said there was no evidence the engine noise was present at the time of purchase.

Unhappy with this Ms P raised a complaint explaining the vehicle she'd received wasn't of satisfactory quality. Santander issued its final response on 2 August 2024. In this Santander said it was unable to conclude a breach of contract had occurred as the engine noise only started after R had completed work on the vehicle.

Ms P referred her complaint to our service. One of our investigators looked into the matter and upheld it. They said the vehicle supplied to Ms P wasn't of satisfactory quality and therefore a breach of contract had occurred. Given this they recommended Santander cover the cost of the engine replacement, refund the cost of the turbo replacement and refund the vehicle recovery Ms P had incurred.

Santander didn't agree. In summary it reiterated the engine noise wasn't present until after the turbo repair. Santander added that Ms P hadn't allowed F a chance to repair any potential issues before arranging her own repairs and didn't have the vehicle repaired under the warranty. Lastly Santander added that the cost of the turbo replacement was not raised as part of Ms P's s.75 claim.

As Santander didn't agree, the complaint has been passed to me to decide.

What I've provisionally 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.

First, I would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In this case, I've firstly looked at how Santander handled Ms P's s.75 claim. S.75 allows consumers who've purchased goods or services using a credit card, to claim against their credit card issuer in respect of any breach of contract or misrepresentation by the supplier of those goods or services, so long as certain conditions are met.

One of these conditions is there needs to be a DCS arrangement in place. Santander initially said this wasn't present due to Ms P's credit card being used but the sales invoice being in Ms W's name. Upon receiving further evidence from Ms P that the claim could be looked at, as both her and Ms W would benefit from the vehicle and both were insured to drive it, Santander then concluded there was insufficient evidence of a breach of contract or misrepresentation.

I fully acknowledge how disappointing this will be for Ms P, but in this case, I'm satisfied the necessary DCS arrangement for a valid s.75 claim isn't in place. I'll explain why.

Ms P has provided evidence to show the vehicle was for both hers and Ms W's benefit. It was to be their family vehicle. However, the key issue here is not simply whether the vehicle was to be of joint benefit. What ultimately matters, is whether Ms P has a contractual agreement with F.

It was Ms P's credit card that was used to pay the £1,000 deposit. She is therefore the 'debtor' and she has a contractual agreement with Santander which is the 'creditor'. However, I don't think Ms P is contracting with F, which is the 'supplier'. Both the sales

invoice and deposit receipt are in Ms W's name. The vehicles logbook is in Ms W's name, as are all other invoices for repairs and warranty information. Lastly, emails to F regarding the faults were also sent from Ms W's email address.

Given this, I think it's clear that the contractual position is that Ms W is the customer of F and not Ms P. While I don't dispute the vehicle was to be used by both Ms P and Ms W, there isn't anything in the contract or otherwise that leads me to believe that Ms P is jointly contracting here. So, I don't think there is the required DCS arrangement in place for a valid claim to be made under s.75 is present.

I believe Santander acted reasonably in firstly looking at a s.75 claim to try and assist Ms P with her dispute against F. While £1,000 had been paid using her Santander credit card, the total claim value was £16,995. Only a successful s.75 claim would've possibly permitted for this full amount to be refunded. The other means available to try and help Ms P would've been by raising a chargeback dispute. Had Santander tried this first, any potential refund via it would've been limited to the £1,000 paid on the credit card.

So given I think looking at s.75 first was reasonable in the specific circumstances of this case, I've gone onto look at whether I think Santander should've considered raising a chargeback, after it concluded that no DCS arrangement was in place for a s.75 claim.

Chargeback is the process by which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. For Ms P's credit card, the relevant card scheme is MasterCard.

There is no right to a chargeback. But where grounds for one to be raised are evident and importantly the chargeback has a reasonable prospect of success, it is good practice for one to be raised by the card issuer.

I've looked at the MasterCard chargeback rules which gives the full list of dispute reasons that can be used for a chargeback and the criteria needed for one to be raised. The relevant dispute code that Santander could've used here is goods or services were either not as described or defective.

This rule explains the time limits under which a dispute of this nature can be raised. These state a dispute must be raised:

- "Between 15 and 120 calendar days from the transaction settlement date.
- Between 15 and 120 calendar days from the delivery/cancelation date of the goods or services."

The transaction date on Ms P's statement is 14 February 2024. The vehicle wasn't collected until 24 February 2024, so I think this can be used as the date of delivery. Therefore, Ms P had a maximum of 120 calendar days from 24 February 2024 for a chargeback to be raised under the goods or services were either not as described or defective reason code.

Ms P contacted Santander on 23 May 2024 to raise her dispute over the quality of the vehicle F had provided. Santander's system notes show that evidence was received from Ms P on 17 June 2024. After reviewing this, Santander declined the s.75 claim due to the necessary DCS arrangement not being in place. Ms P was informed of this on 28 June 2024 which I'm satisfied was within a reasonable time from when the s.75 claim was first logged and evidence provided by Ms P. I appreciate Santander then went on to consider whether a breach of contract and misrepresentation had occurred. But I don't believe it needed to do this given its position on there being no DCS was correct.

Had Santander then looked at chargeback after correctly explaining the DCS situation, this would've been after 28 June 2024. 120 days from the date of delivery is 23 June 2024. Therefore, any chargeback attempt at the point would've been raised outside of the permitted time frames. I appreciate Santander could've raised a chargeback before 23 June

2024, but as I've said above, given the circumstances here I don't think Santander acted unreasonably in looking at s.75 first.

I understand both Ms P and Ms W will be really disappointed with my decision. But I'm satisfied here Ms P wasn't contracting with F and so the required DCS arrangement isn't in place here for a valid s.75 claim. And when one could reasonably have been raised, any chargeback attempt would've been outside the allowed timeframes."

I invited both parties to respond with new information they wanted me to consider before I made my final decision.

Ms P responded and explained she didn't agree. In summary she said her and Ms W are married and therefore the vehicle is owned 50:50, regardless of whose name is on the registration document. Ms P said she was a beneficiary of the vehicle, and it was intended for them both to use.

Regarding the chargeback, Ms P said legally her and Ms W didn't own the vehicle until 21 March 2024. This was because F didn't notify the DVLA of the change in ownership until then. Therefore, the chargeback could've been raised in time had Santander offered it.

Santander didn't reply to the provisional 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.

There isn't any dispute here that Ms P and Ms W are married and I believe they both did envisage using the vehicle. I also acknowledge that you can't have more than one name on a V5 document.

But as I said in my provision decision, the question here isn't just whether the vehicle was purchased to be used by both Ms P and Ms W, but was it a joint purchase in the sense that Ms P was a party to the contract of sale with F. Ultimately, I remain persuaded that it was only Ms W that was the contracting party with F. As she is the only person named on the sales invoice. This means she is the person who would have a claim against F for breach of contract or misrepresentation, not Ms P. Given this my view remains that Ms P isn't able to make a s.75 claim against Santander for the vehicle being of unsatisfactory quality, because the necessary DCS arrangement isn't in place here.

I understand Ms P believes the chargeback timeframe should start when the ownership of the vehicle formally changed from F to Ms W. But the MasterCard chargeback rule, that Santander are bound by, talks about days from delivery and its isn't in question here that the car was delivered on 24 February 2024. So while I acknowledge there were delays in the V5 being issued in Ms W's name, I remain satisfied it's the date of delivery that the 120-day chargeback time frame should start from in this case.

I do empathise with Ms P and Ms W situation here. I know this decision will come as a bitter disappointment to them both. But ultimately there isn't the required DCS arrangement in place for a valid claim to be considered under s.75. And for the reasons mentioned, any potential chargeback attempt would've been raised outside the permitted MasterCard timeframes.

My final decision

I don't uphold Ms P's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 3 September 2025.

Paul Blower
Ombudsman