

The complaint

Miss W complains about the balance owed under a conditional sale agreement with Santander Consumer (UK) Plc, trading as Santander Consumer Finance.

What happened

In October 2023, a conditional sale agreement with Santander was taken out in Miss W's name. The agreement was used to buy a brand new car from a dealership, with a cash price of £62,990. Under the agreement, Miss W was scheduled to make an advanced payment of £7,000 and then monthly payments of around £900 over a four year period. When the monthly repayments end, the remaining balance of the loan is then due in one lump sum.

Miss W says she was unaware of the agreement, until the first payment came out of her current account. She says the owner of the dealership was a close family member, who I'll call 'X'. So, Miss W says she approached X to raise her concerns.

However, Miss W says that she was unable to sort things out directly with X. And in April 2024, she asked Santander to look into what had happened. Miss W told Santander that she didn't take out any borrowing with them. Santander didn't respond to Miss W's concerns, so she raised a complaint.

In their final response to Miss W's complaint, Santander explained that she had made several repayments towards the loan since its inception. Santander also said that Miss W hadn't previously contacted them about any fraudulent activity, and that they couldn't find any evidence to suggest Miss W didn't agree to the loan. So, Santander continued to hold Miss W responsible for the repayments due under the conditional sale agreement. Miss W didn't accept Santander's response and brought her complaint to us.

One of our investigators looked into Miss W's case and found that Santander had treated Miss W fairly. He saw that Miss W had taken out other agreements previously with the same dealership and said that Miss W had made significant payments towards the loan, for more than five months. So, the investigator was persuaded that Miss W had authorised the start of the conditional sale agreement.

Miss W didn't agree and said X had paid funds into her account to mask the payments coming out of it. She told us that she didn't make the advance payment to the dealership and that X had used her identification to fraudulently take out borrowing in her name. Miss W also told the investigator that X had done the same thing to other family members and that she had tried to report the matter to the police.

The investigator didn't change his conclusions and so Miss W's complaint has now been passed to me to make a final 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'm very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did Santander treat Miss W fairly when the conditional sale agreement was put into place?

If there's something I've not mentioned, then I haven't ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

I also want to point out that where the evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The application for the conditional sale agreement

This case is about an application for a conditional sale agreement, which is a regulated financial product. As such, we are able to consider complaints about it.

There are a few possibilities that might give Santander a proper basis for holding Miss W responsible for the balance due under the conditional sale agreement. They are:

- Miss W took out the agreement herself.
- A third party took out the agreement on Miss W's behalf, with her actual or apparent authority.

On the one hand, Miss W says due to her previous dealings with X and the dealership, they had access to the very specific personal and financial details needed to apply for borrowing with Santander. She says Santander's identification verification process is flawed, in that a third party could take out a high value loan without her knowledge.

On the other hand, Santander say that the application in Miss W's name was completed with her correct postal and email address, as well as her correct telephone number. Santander have also shown us where other information such as Miss W's employer, date of birth, driving licence and bank account details were also used in the application.

During our investigation, Miss W has provided us with a copy of her credit file. From that information, I can see where Miss W had taken out previous borrowing for vehicles at X's dealership. Indeed, the records suggest Miss W was given three separate lending agreements from 2020 to 2023. The third of those loans ended on the same day as the start of the agreement central to this complaint.

Miss W has also told us that her family was closely associated with the running of the dealership for many years. And that it wasn't unusual for her to have use of vehicles provided by that dealership from time to time.

From looking at Miss W's credit file and after thinking about what she has told us, I'm persuaded there were arrangements in place in the past, whereby the dealership supplied vehicles to Miss W. She has explained that any such arrangement was more on an informal basis. However, I think where Miss W has previously taken out regulated credit agreements to pay for the vehicles, it shows the arrangements were more formal than she has suggested.

After considering the application process for the agreement taken out in October 2023, I think it's likely the dealership had some of Miss W's personal details retained on their files. With that in mind, I can understand why Miss W might say X had used her details, without her permission. However, I'm also aware that Santander had Miss W's correct contact details, meaning they could call and speak to her at any point, before or after approving the application for finance.

Overall, I don't think the evidence about the application process shows if Miss W was the victim of identity theft and application fraud. I think the information used in the lending decision, isn't typical of a third party attempting to get finance without the victim knowing. But, I don't think this information alone, is sufficient to decide whether it's likely Miss W took out the agreement herself, or gave her authority to X to act on her behalf.

So, I've considered the other evidence we have to decide if Santander have treated Miss W fairly, by holding her responsible for the debt accrued under the conditional sale agreement.

The repayments due under the loan agreement

The conditional sale agreement in Miss W's name includes details of an advance payment of £7,000. Miss W says she didn't make this payment and that this supports her argument that she didn't authorise the start of the loan.

I accept that Miss W may not have made the advance payment and I cannot see the transaction documented on the segments of the bank account statements she has sent to us. However, I'm also aware that it's not unusual for a payment of this type to come from another source.

In Miss W's case, I can see where a different vehicle was used in part exchange to be put towards the cost of the car financed by the agreement with Santander. Additionally, a third party may make an advance payment on a customer's behalf. So, I don't think the origin of the initial £7,000 instalment adds weight to Miss W's side of the dispute.

I've also thought about the monthly repayments used to service the conditional sale agreement with Santander. I can see where a monthly Direct Debit was set up to take payments of around £900 and that this was in place for around six months. While I note that Miss W had raised her concerns with Santander before the most recent payment was made, I still think the value of the repayments is relevant. I say this because Miss W has told us about how she needs to closely monitor her financial circumstances. So, I think it's likely the regular payment to Santander formed a significant part of her monthly expenditure.

Furthermore, Miss W has explained that X made arrangements to pay funds into her bank account to cover the Direct Debit to Santander. I can see from the current account statements Miss W has sent to us where this happened. It seems that Miss W's bank account was being used by a X, in way that would ordinarily cause concerns to be raised. But, I cannot see where Miss W approached her bankers, or Santander about the substantial payments that had left her account.

Against this background, I think the repayments made under the conditional sale agreement show where Miss W didn't raise her concerns about possible fraudulent activity, until the loan had been paid down by nearly £5,000. I accept where Miss W may have raised her concerns directly with X and where she may have given them time to sort things out, because X was a close family member. But, on balance, I think the frequency and value of the loan repayments, support Santander's view that Miss W had authorised the lending application.

The other evidence available

The details held about the application for the conditional sale agreement and its repayment history, are persuasive in showing where Miss W may have given her apparent authority for Santander to provide the borrowing. But, I've also considered the other evidence we have, to decide if it's fair for Santander to hold Miss W liable for the outstanding balance of the loan.

Apart from potentially raising her concerns about fraud sooner with her bankers and with Santander, Miss W had an opportunity to report what had happened to the police. I say this because I think it's reasonable that Miss W would be very alarmed at discovering a third party may have successfully applied for borrowing of around £60,000 in her name.

I've seen evidence from Miss W that she approached the police and a relevant national fraud reporting service in July 2024. Therefore, I acknowledge where Miss W took reasonable steps to report the dealership's actions as a possible crime. I can see from the copy of correspondence Miss W has provided that she took this action several months after she says she became aware of the agreement with Santander.

Based on everything provided to us, I don't think Miss W reported the dealership's actions as soon as she says she discovered that her identity had been used to take out borrowing. This was despite the value of the loan and where she says she didn't take ownership of the vehicle the loan was used to purchase. It then follows that I think Miss W's steps to report the matter as a crime took longer than could reasonably have been expected.

While we review every case we look at on their own individual merit, I've also considered where Miss W has brought complaints to us on behalf of her other family members. I empathise with all that Miss W has told us about how all the instances combined have impacted her close family. Nonetheless, I think the wide ranging concerns Miss W had about the dealership, may have also prompted her to have contacted the police sooner.

Miss W has also sent us copies of documents showing where other customers of the dealership have taken legal action against X. Although I can see that action is ongoing, I cannot see where Miss W has taken action herself, to try and recover funds from the dealership.

In all the circumstances, I don't think the other evidence available supports Miss W's argument that the conditional sale agreement was taken out without her authorisation. I do not doubt that Miss W's relationship with X has broken down because of the borrowing with Santander. This is clear from looking at the correspondence she has shown us from between family members. But I don't think the evidence demonstrates where Miss W was dissatisfied with any arrangement she may have had with the dealership in October 2023.

Summary

I acknowledge what Miss W has explained about her family's feelings towards X and the difficult personal, health and financial circumstances they are experiencing. While I understand the very worrying situation Miss W has described, I'm not persuaded that X applied for the borrowing without her knowledge or authorisation.

Having considered all the evidence, I don't think Santander are acting unfairly by deciding that the most likely thing to have happened, is that Miss W gave her authority, or apparent authority for the opening the conditional sale agreement. Therefore, I don't find I have the grounds to direct Santander to stop pursuing Miss W for the outstanding debt owed.

From what I've seen, it seems that Miss W has made only some of the repayments to

Santander since the start of the loan. So, it's likely that a balance remains owed by Miss W. I recognise this will likely add to the difficult financial position, that Miss W has told us she's been dealing with for several years.

In this instance, I remind Santander of their responsibility to treat Miss W's current financial circumstances with due consideration and forbearance. This will mean working with Miss W to make sure she is able to make affordable repayments to any outstanding debt, if she's unable to make a lump sum payment.

My final decision

My final decision is that I don't uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 4 December 2025.

Sam Wedderburn
Ombudsman