

The complaint

Mrs J complains about Santander Consumer (UK) Plc trading as Santander Consumer ("Santander"). She says it's pursuing her for an outstanding debt after she part-exchanged the car with a third-party, and it's reporting adverse information on her credit file.

Mrs J is represented in her complaint. For ease of reading, the submissions and testimony of both Mrs J and her representative will be referred to as being from Mrs J.

What happened

Mrs J took out a fixed sum loan agreement in November 2021 to buy a used car. The cash price of the car was £8,250 and, under the credit agreement, Mrs J was required to make 60 monthly payments of £156.71. The total amount repayable under the agreement was £9,402.60.

Mrs J part-exchanged the car with a third-party dealer and was told that it would settle the outstanding finance owed to Santander. It didn't, and Santander is holding Mrs J liable for the outstanding balance, and it's also recorded missed payments on her credit file.

Mrs J says the person at the third-party dealership who was responsible for settling the outstanding debt has now vanished, and she's filed a report with the Police, and a criminal investigation is now underway.

Santander rejected this complaint. It said that irrespective of Mrs J part-exchanging her car with another party, the finance agreement was in her sole name, and she was liable for ensuring payments were made until the outstanding balance was settled.

Santander told this Service that as part of its investigations, it had looked at bank statements supplied by the third-party's bank and confirmed that no payments had been made to Santander.

Our Investigator looked at this complaint and said she didn't think it should be upheld. She explained that under the agreement taken out by Mrs J, Mrs J was responsible for ensuring all payments were made to Santander. She acknowledged the distressing situation that Mrs J had experienced but said she couldn't hold Santander responsible for what had happened. And she didn't think it had done anything wrong when it held Mrs J responsible for the missing payments, and when it then reported these missing payments to the credit reference agencies ("CRAs").

Our Investigator explained that Santander had an obligation to report a true and accurate reflection of the account to credit reference agencies, in line with the terms of the agreement, and as payment hadn't been received it was obliged to report this to the CRAs.

Mrs J disagrees so the complaint comes to me to decide.

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.

I hope that Mrs J won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mrs J should note, however, that although I may not address each individual point that she's raised, I have given careful consideration to all of her submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

Having done so, I've reached the same conclusion to that of our Investigator, and I don't think this complaint should be upheld – and I'll explain why.

I need to explain to Mrs J that I'm not considering the allegations she makes against the third-party dealership – the entity that Mrs J dealt with when she part-exchanged her car. And I'm not looking at the actions of the Police, or the ongoing investigation. I'm simply looking at Santander's actions and whether they were fair and reasonable in the circumstances.

In terms of Santander's actions, I'm only considering whether it was fair for it to hold Mrs J responsible for the payments due under the loan, and whether, in the event payments were not made, it was fair to report this fact to the CRAs. Having considered both these questions, I'm satisfied that Santander acted fairly.

Mrs J entered into a fixed sum loan agreement with Santander in November 2021. The agreement makes it clear that Mrs J owned the car immediately from the outset of the loan. And it says that Mrs J *"must repay the amount of credit and the total charge for credit shown"*. And the agreement sets out the payments due and when they're due. So I think it's fair and reasonable for Santander to hold Mrs J responsible for all payments due under the loan until such time as it's settled in full.

The agreement has a section that states *"...missing repayments could have severe consequences and make obtaining credit more difficult...We disclose your information to the following third parties...Credit reference agencies"*. So I think it was clear that there could be consequences if payments were missed. I understand that Mrs J was expecting a third-party to make that payment and settle the account, but Santander's contractual relationship was with Mrs J, and not the third-party, so it can hold Mrs J responsible for payments not made.

Moreover, the Information Commissioner's Office (ICO) places requirements on lenders when it comes to the data they report to CRAs. The ICO says *"Lenders that supply data to the CRAs are required to ensure that the data is accurate, up to date and meets agreed quality standards"*. So, on the basis that Santander must report accurate credit information to the CRA's, I'm satisfied that it has acted fairly by following the ICO's requirements.

Now, I do appreciate Mrs J may have concerns about her credit file and the effect this *may* have on future lending applications. Mrs J may be interested to note that she can place a *'Notice of Correction'* against her credit records. The purpose of such a notice is to allow someone the opportunity to add any explanatory circumstances that they would like prospective lenders to take into consideration when making lending decisions. And if she wishes to do this, she should contact the CRAs directly herself.

I know Mrs J will be disappointed with the outcome of her complaint, but I hope she understands why I've reached the conclusions that I have. I'm simply not persuaded that Santander did anything it shouldn't have done, or that it treated her unfairly in the circumstances.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 3 November 2025.

Andrew Macnamara
Ombudsman