

The complaint

Mrs H complains about the quality of a car she has been financing through an agreement with Santander Consumer (UK) Plc trading as Santander Consumer ('Santander').

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs H took receipt of a used car in November 2022. She financed the deal through a conditional sale agreement with Santander. The car was four years old and had already completed 38,731 miles.

The car broke down in January 2025 and Mrs H was told that it would need a new engine.

Mrs H complained to Santander but as they didn't think Mrs H had demonstrated the fault that caused the failure was present when she took receipt of the car, they didn't uphold her complaint.

Mrs H referred her complaint to this service, and our investigator thought the timing chain had failed prematurely and that the car hadn't proven durable. He suggested that Santander should either repair the car or allow Mrs H to reject it. Santander were unhappy with that suggestion. They said Mrs H had had the car for over two years when it failed and if the car had been sold with a faulty timing chain it would have been evident much earlier. They asked for a final decision by an ombudsman.

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 know it will disappoint Santander, but I agree with our investigator's opinion and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

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.

Mrs H acquired her car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Santander, who are also the

supplier of the car, are responsible. The relevant law also says the quality of goods is 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. It also says that when we consider whether goods have been supplied in a satisfactory condition we should think about whether they've been durable.

The mechanics Mrs H has sought opinions from agree that it's likely this car has failed because the timing belt has stretched. My research suggests that there is no scheduled replacement interval for a timing chain on this petrol engine and that it would be expected to last the lifetime of the engine if the engine was serviced in line with manufacturing guidance. Mrs H has provided evidence that she has serviced the car correctly, but the chain has failed on the vehicle after only about 73,000 miles. So, it seems more likely than not that the timing chain on this car has not been as durable as could have been expected. In those circumstances, the relevant legislation gives Santander one opportunity to repair the vehicle, and I think that's what they should now do. If the cost of the repair is uneconomical Santander may choose to allow Mrs H to reject the vehicle and to end the finance agreement with them.

Mrs H hasn't been able to use the car since it broke down in January 2025 and it's unfair for her to have been paying for a car she hasn't been able to use. Santander should therefore refund any payments that have been made towards the finance agreement from, and including, January 2025. They will need to add 8% interest to that refund as Mrs H has been deprived of that money.

Mrs H will have been distressed and inconvenienced by these issues. She's had to buy a replacement vehicle and to borrow money to fund that; she's had to store the vehicle at home, and she's had to seek expert advice. Mrs H has also had to wait for several months to get a resolution when I think Santander could have resolved this earlier. In those circumstances, I think Santander should pay Mrs H £300 in compensation.

Santander will need to collect the car at no cost to Mrs H to get it repaired. If they decide to allow Mrs H to reject the vehicle, they should also collect it at no cost to Mrs H, end the finance agreement and refund any deposit that was paid and any finance instalments paid since January 2025 adding 8% simple interest. They'll still need to pay the £300 compensation.

My final decision

For the reasons I've given above, I uphold this complaint and tell Santander Consumer (UK) Plc to:

- Either arrange for repairs to be carried out or pay Mrs H for the repairs to the car. If Santander find the repair cost to be uneconomical, they may allow Mrs H to reject the car.
- Pay a refund of rentals as directed in my findings (above), to cover any loss of use, or impaired use, of the car because of the inherent quality issues.
- Pay 8% simple yearly interest* on the refunded amounts from the date of payment until the date of settlement.
- Pay a further amount of £300 for the distress and inconvenience caused.
- If allowing rejection, refund the customer's advance payment/deposit and arrange collection at no cost to Mrs H.
- Remove any adverse reports they may have made to Mrs H's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 November 2025.

Phillip McMahon
Ombudsman