

The complaint

Mr A has complained about how Santander UK Plc (Santander) handled a refund claim he made.

What happened

Mr A purchased a car in November 2023 from a supplier I shall call 'T' with a deposit of £500 paid by his Santander credit card. The further payments to complete the purchase were then made by direct bank transfer.

However, Mr A noticed several issues with the car following delivery such as faults with the on-board system. As the matter wasn't resolved satisfactorily with T, he contacted Santander to raise a refund claim in June 2024.

Santander considered the claim and discussed the matter with T to reach an appropriate outcome. They then contacted Mr A on 3 September 2024 stating that T had agreed to buy back the car for £21,500 and that Santander agreed to contribute to the vehicle depreciation to the sum of £8,500 under a Section 75 (S75) Consumer Credit Act 1974 claim for breach of contract.

Mr A agreed to the outcome and to speak to T to arrange for the vehicle return. However the return only took place five months later in February 2025 which meant the vehicle value had depreciated further. T applied a deduction due to this and only refunded £19,400 upon the vehicle's return. Santander then offered the additional £8,500 as previously agreed but refused to cover the depreciation shortfall.

Mr A said this was unfair as he hadn't received any follow-up written confirmation of Santander's proposal and in addition he had further queries following discussions with T which Santander didn't address. He says he then returned the vehicle in February 2025 when he managed to re-engage with Santander.

Mr A also said that Santander's delays in responding to him meant he wasn't able to return the car until the later date and therefore he shouldn't be penalised for this. Santander didn't agree and said T's usage deductions were correct and they were only liable for the £8,500 previously agreed in September 2024.

As Mr A didn't agree, he referred the matter to our service to consider. Our investigator reviewed the available evidence and while they felt that Santander's service should've been better in responding to Mr A, they thought he was sufficiently aware he needed to arrange a return of the car to T in September 2024.

As this didn't occur, our investigator didn't feel that Santander needed to cover any further sum beyond the amount agreed prior. They did think however that £100.00 compensation for the customer service issues was fair to address what'd happened.

Santander agreed to the investigator's findings but Mr A remained of the position that this wasn't fair. He therefore asked for an ombudsman to issue a final decision on the matter.

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've read and considered the evidence submitted by the parties but won't comment on it all – only the matters I consider to be central to this complaint. This isn't intended as a discourtesy but reflects my role in resolving disputes informally.

It's important to note that Santander aren't the provider of the goods here – so in deciding what is fair and reasonable, I'm looking at their role as a provider of financial services. In doing so I note that because Mr A paid for this transaction using a Santander credit card, both chargeback and a S75 claim could possibly help him. So in deciding what is fair and reasonable I've focused on this.

Regarding the chargeback claim however, this would only be appropriate for a full refund of the amount paid on the credit card. As this was only for £500, this wouldn't have been an appropriate avenue of redress here for what'd happened. I'll therefore only be looking at Santander's handling of the S75 claim for breach of contract and whether they addressed this fairly.

S75 provides that in certain circumstances the borrower under a credit agreement has an equal right to claim against the credit provider if there is either a breach of contract or misrepresentation by the supplier of goods and services.

To assess a valid claim, Santander would've needed to consider all relevant evidence for the alleged breach of contract or misrepresentation. But for there to be a valid claim under S75 there are certain technical requirements and I'm satisfied they've been met here.

I won't be commenting on what happened prior to Mr A's conversation with Santander on 3 September 2024 as the complaint issue seems to stem from the events following this. Having listened to this call I'm persuaded Santander made it clear that following discussions with T, they had reached an agreement where T would buy back the vehicle at £21,500 and Santander would pay an additional £8,500. Mr A advised he would speak to T in the next three weeks and so the matter should be resolved by the end of the month.

As this didn't occur as expected, I've considered whether I can reasonably attribute the follow up delays to Santander to the point that they'd be responsible for the further depreciation of the vehicle.

I see Mr A contacted T on 14 September 2024 following his conversation with Santander asking how the return of the vehicle could be arranged. I've reviewed the following correspondence with T and while they do suggest the car could still be retained by Mr A, with a software upgrade by a local retailer free of charge, they also asked for Mr A's bank details to start the process of their re-purchase.

Mr A then only responded on 12 December 2024 stating that Santander hadn't been forthcoming on the next steps until then and asked again about a pick-up of the vehicle. It was then that T said that the vehicle would need to be revalued due to the fact three more months had elapsed. The new offer was then £20,000 for the car to be returned by 23rd December 2024, however Mr A said as this left him with little time to arrange for an alternative vehicle, he asked for an estimate if he returned the car on 31 January 2025.

T told Mr A the valuation would be at £19,400 and while there were further delays, the return eventually occurred in February 2025.

With all of this in mind, I can't agree that Santander were responsible for any delays here between September 2024 and the eventual vehicle return in February 2025. I think the call on 14 September 2024 was clear and even though T did suggest he keep the car, they still were open to re-buying the car as agreed with Santander.

I therefore can't say the delays in returning the car were a result of Santander's lack of correspondence to Mr A's further queries. While I appreciate he may have wanted further clarification as T were suggesting other options, Santander's proposed solution remained and Mr A could've proceeded with this as soon as possible.

I can see there were some delays on T's end in January 2025 and I note that Mr A accepts that Santander can't be held liable for this. The valuation of £19,400 agreed at the end of 2024 remained nonetheless and was refunded to Mr A – and while I appreciate he is disappointed at the depreciation, this would've been reasonable to apply considering the further age and mileage of the car in the months following.

I do agree however that it would've been helpful for Santander to respond to Mr A's further queries and consider that the £100.00 offered by them is fair to address this.

I note Mr A has provided further calculations for the amount he thinks remains outstanding from Santander for the period from October 2024 to January 2025. While I appreciate his comments, I do think this matter boils down to the fact that a settlement offer under S75 was agreed in September 2024 with Mr A.

I can't say Santander were unreasonable here in not extending the offer further for the vehicle depreciation and while I know this'll be disappointing to Mr A, I can't agree that he was prevented in returning his car sooner.

I therefore won't be asking Santander to pay anything further beyond the £100.00 offered for not responding to Mr A's further queries.

My final decision

My final decision is that Santander UK Plc must:

- Award £100.00 compensation to Mr A for the distress and inconvenience suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 January 2025.

Viral Patel
Ombudsman