

The complaint

Mrs D complains about the quality of a car supplied on finance by Santander Consumer (UK) Plc.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Santander supplied Mrs D with a second-hand car on conditional sale in September 2024.

Mrs D says she had numerous issues with the car (primarily a gearbox problem) from early on. She says the gearbox issue has continued and significant faults have now been identified which means she feels unsafe driving it. She wants to reject it.

Mrs D complained to Santander but after considering an expert report carried out on 3 March 2025 ('Report A') it was not persuaded it was liable for the issue with the gearbox. It pointed to the time that had elapsed since the point of sale and the mileage the car had done since.

Mrs D escalated the matter to this service. Our investigator upheld the complaint and said Mrs D should be fairly allowed to reject the car.

Santander did not agree so the matter has been passed to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Santander is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".

The Consumer Rights Act 2015 says the quality of goods are 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. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into

account might include things like the age and mileage at the time of sale and the vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

Santander supplied Mrs D with a second-hand car that was around three years old and had a recorded mileage of around 20,000 miles at the point of sale. The dealer priced it at less than what a new or newer model with less mileage would cost. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance than you might see on a newer, less road worn model. However, I note that the car was relatively young and had relatively low mileage at the point of sale. Furthermore, the dealer charged a notable amount of money for it (around £13,000) so a reasonable person would not expect a lot of issues at an early stage or significant problems for some time.

The main issue here appears to be a problem with the gearbox. So I will focus on that.

Here it does not seem to be in dispute that a report from a breakdown service in January 2025 (Report B) and Report A confirmed issues with the gearbox in the car. For example Report A says:

During our 8-mile road test up to 60mph, the gear changes were not smooth and somewhat erratic. The gearbox was also hanging onto gears for far too long before changing into the next gear. The gear changes were also occasionally too quickly. When the start / stop system activated the engine turned off, when restarting the engine there was a harsh judder evident. There was a slight knock and a chatter from the gearbox area on the nearside.

Mrs D says that due to the issues identified in Report B she has stopped driving the car. And I can understand why as they seem to be significant.

A gearbox is a major component in a car – so would be expected to be reasonably durable. At the time Report B was carried out the car had travelled around 30,800 miles. And the car was just over three years old. While I acknowledge that Report A is of the view that the car is durable – I don't see sufficient justification for that conclusion. The expert has not explained persuasively why a reasonable person would expect a car of this relatively young age and mileage to have significant gearbox issues already. And there is no persuasive evidence to show Mrs D is at fault here due to misuse or accidental damage. So on that basis I am satisfied that the gearbox issue renders the car not of satisfactory quality in the circumstances and is a breach of contract by Santander.

However, even if I were incorrect in this finding that a car of said age and mileage should not have a major gearbox problem. I note Report A's finding that the car as supplied is of satisfactory quality appears to be heavily reliant on the mileage Mrs D had covered since the point of sale. It says:

'The faults with the gearbox would not have been present or in development at the point of sale unless evidence can be supplied to suggest that the faults occurred shortly after purchase as the vehicle has covered approximately 11,000 miles....'

Its worth pointing out that both parties appear to accept this mileage is closer to 9,000 miles (rather than 11,000) due to a mistake recorded at the point of sale regarding the mileage on

the car (it was about 2,000 miles more than stated – which Mrs D is not complaining about here as she was compensated for that). However, Santander says the expert maintains the same findings in any event.

However, I don't think it's fair to say the issue with the gearbox transpired when Mrs D had used the car for this amount of mileage – or months down the line. I say this noting the following:

- Mrs D has maintained with credible testimony that the gearbox was having issues since she took delivery of the car.
- There are job sheets showing that as early as November 2024 the car was looked at by the dealer in relation to gearbox noise and a knocking sound when reversing. Santander says following inspection it confirmed the '*noise described is considered normal for this particular make and model*' and the job sheets are consistent with that conclusion. However, while I acknowledge this finding:
 - What Mrs D reported does not seem normally expected noise – and this conclusion suggests things were not investigated fully at the time (I note that the conclusion of the technician is that Mrs D should continue to monitor– which is not ruling out that this is potentially an early sign of a developing issue).
 - Report A also confirms a knocking sound in respect of the gearbox problems and does not persuasively cover the previous history of Mrs D reporting the same noise associated with gearbox issues in November 2024. I think this previous history is important – as on the face of it the facts suggest the gearbox problem was developing at an earlier stage than the expert concludes – and goes some way to undermining his finding on satisfactory quality. However, it is worth recognising that the expert did say his view could change if evidence came to light of earlier issues.
 - It's also clear from November 2024 Mrs D was attempting to have the car booked in with the dealership due to the ongoing problems with the gearbox. The reason for delays in a further report appear to be due to cancellations (not all of these due to Mrs D) rather than a period of unproblematic gearbox use over specified miles.

So in summary, I am not persuaded that gearbox related problems which were diagnosed in Report A were recent or only identified after Mrs D had travelled around 9,000 miles in the car (as the findings of the expert who prepared Report A seem to indicate). It seems they occurred much closer to the point of sale. And Report A does not persuasively cover this in its findings. I acknowledge the later gearbox issues are not definitively linked to the earlier reports. But my findings are on the balance of probabilities. And I don't think there is expert evidence which persuasively shows they are not linked and why. So, considering the other evidence on balance I am satisfied the later gearbox issues are related to the issues Mrs D says were occurring soon after the point of sale– even if they were not as bad and worsened over time. It follows that considering what appears to be a significant fault with the gearbox developing relatively shortly after supply a reasonable person would likely deem the car of unsatisfactory quality.

For completeness I note Santander has cited the CRA's burden of proof as a reason Mrs D's complaint fails. However, I do not consider this applies here as Mrs D reported the issues with the gearbox noise within the first six months since supply.

Because I consider the car is of unsatisfactory quality it would mean Mrs D is entitled to a remedy. In deciding a fair remedy I have considered the provisions of the CRA. Repair can be a fair and practical remedy however after one attempt at repair a consumer has a final right to reject. I think rejection is fair here because:

- Santander already had an attempt to fully diagnose and repair the gearbox issue in November 2024.
- It is not disputed that very soon after supply Mrs D reported faults with the car that would render it of unsatisfactory quality including a fault with the electric door mirror and damage to the tyres. Records show that repairs were carried out to remedy these issues. So Santander has already had one attempt to repair the car in any case.

Santander should arrange to collect it without charge to Mrs D, end the finance agreement with no adverse impact on her credit file (for example marking the agreement as settled) and no further amounts owed. It should also refund her deposit.

Mrs D says she stopped driving the car from January 2025 after Report B. I can see the mileage of the car on Report B is the same as when Report A was carried out in March 2025 so I am satisfied that Mrs D has stopped using the car when she says. I can see why she did due to safety concerns, and her actions are consistent with rejection. So I think it fair Mrs D is refunded all monthly payments she made relating to the period after January 2025.

Our investigator has recommended compensation for Mrs D for what has occurred here. Considering the multiple issues with the car from early on, the multiple garage visits (or failed appointments) how long the issues with the gearbox have been going on for – and the fact Mrs D was left without the car from January 2025, I think this is broadly fair and reasonable to reflect the long-term inconvenience and distress. I note our investigator did not specify a separate award for impaired usage. And considering the ongoing gearbox noise and issues with the car while it was being used a small award for this would arguably be fair. However, in the round I am satisfied £400 is a fair amount to tell Santander to pay in compensation to cover everything.

My redress is also decided noting that Mrs D appears broadly happy with the investigator's finding – and has not indicated that she is claiming any other costs. Furthermore, Santander has not persuaded me it is unfair.

Putting things right

As set out below.

My final decision

I uphold this complaint and direct Santander Consumer (UK) Plc to:

- collect the car without charge and end the finance agreement without adverse impact on Mrs D's credit file;
- refund her deposit of £250;
- refund all monthly payments relating to the period after January 2025;
- pay 8% simple yearly interest on all refunds from date of payment to the date of settlement; and
- pay £400 compensation.

If Santander considers it is required to deduct tax from my interest award it should provide Mrs D with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 12 February 2026.

Mark Lancod
Ombudsman