

The complaint

Mr T complains about delays in the processing of his voluntary termination and about a charge Santander Consumer (UK) Plc, trading as Santander Consumer Finance (Santander) asked him to pay.

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.

Mr T took receipt of a new car in April 2023. When he experienced financial difficulties, he told Santander about them and agreed to voluntarily terminate the conditional sale agreement he'd entered into with them.

He subsequently complained to Santander. He said they'd delayed the effective start date of his voluntary termination, that a charge they'd asked him to pay for damage to a bumper was unreasonable and that they shouldn't have reported missed payments to his credit file in relation to delays in terminating the agreement.

Santander explained that they couldn't come to a payment arrangement with Mr T as the income and expenditure form he'd supplied suggested he didn't have sufficient disposable income. They thought the damage charge had been fairly applied.

When Mr T referred his complaint to this service our investigator didn't think Santander had done anything wrong. But as Mr T continued to contest the decision his complaint has been referred to me, 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 agree with the investigator's view of this complaint and for broadly the same reasons.

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.

Mr T acquired his car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

The damage charge

The industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA).

I've reviewed the damage identified in the inspector's photograph and considered that against the BVRLA guidance. The lacquer has peeled around a parking sensor, and the paintwork is therefore discoloured. The BVRLA guidance says "discolouration on any painted area" is not acceptable. I'm persuaded, as our investigator was, that the damage to the bumper has been fairly charged.

The voluntary termination

Mr T was able to voluntarily terminate his agreement when he'd paid half of the amount due under it. As he hadn't done so before the car was returned and the agreement was terminated, the delay in applying the voluntary termination hasn't financially impacted him.

When Santander learned about Mr T's financial difficulties, I would have expected them to be supportive and to show some forbearance. They asked him to provide income and expenditure information so they could assess whether a payment arrangement was possible. But the information he provided showed he didn't have enough disposable income to make sustainable repayments. In those circumstances, it would have been irresponsible for Santander to agree to a payment arrangement, so I don't think they acted unreasonably by refusing one.

Similarly, they weren't required to accept the £1,000 Mr T offered as a settlement — that was a commercial decision for them to make. Santander must also report account performance accurately to the credit reference agencies. As Mr T's account was in arrears, I don't think it was unreasonable for them to report this.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 February 2026.

Phillip McMahon
Ombudsman