

The complaint

Miss A complains about the quality of a vehicle that was supplied through a conditional sale agreement with Santander Consumer (UK) Plc (Santander).

Miss A has been represented on this complaint. But to keep things simple I'll only refer to Miss A in my decision.

What happened

In July 2024, Miss A acquired a used car through a conditional sale agreement with Santander. The car was about one year and four months old and had travelled around 1,650 miles when it was supplied to Miss A. The cash price of the car was £23,744. An advanced payment of £500 is listed. So, the total amount financed on the agreement was £23,244 payable over 48 monthly repayments of £365.80 followed by a final repayment of £11,925.50.

Miss A complained that when she collected the car she noticed she couldn't connect her phone to the car, through a specified App, to carry out remote operations. Despite returning the car to the dealership on three occasions the issue remained.

Miss A said the phone connection was the main reason for acquiring the car because it helps with her disability. Miss A believes the car is faulty rather than it being a problem with the App.

In October 2024, Santander issued their final response to Miss A's complaint which they partially upheld. In summary it said the issue required a new software update which the manufacturer was in the process of developing. It concluded there was no fault with the car, however in recognition of the stress caused, they arrange for a credit of £50 to be made to Miss A.

Unhappy with their decision, Miss A brought her complaint to our service where it was passed to one of our Investigators to look into.

Within their file submission, Santander offered to increase their offer of compensation by £200 to settle the complaint. However, Miss A rejected the offer as she wanted the issue repaired or the car returned.

In June 2025, the Investigator issued their view and recommended that the complaint should be upheld. In summary, the Investigator concluded that the car wasn't of satisfactory quality when it was supplied and so Santander should facilitate a rejection of the car and refund Miss A 10% of her monthly repayments for impaired use along with her deposit and £200 in compensation.

Santander didn't accept the Investigator's view, and responded to say, the car wasn't faulty and that it could be an issue with Miss A's phone. The software update was available, and they should be allowed the opportunity to fix the issue.

In July 2025, an independent inspection of the car was carried out. This was arranged by Santander. The inspection report concluded that they were unable to test the phone's connectivity to the car using Miss A's phone as the coverage in the area was poor. The report suggested this was the likely cause of the issue.

In September 2025, the Investigator issued a second view maintaining their position and earlier recommendation, however they increased their recommended compensation payment to £350 for the distress and inconvenience caused.

Santander didn't accept the Investigator's recommendation and asked that the complaint be referred to an ombudsman 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

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.

Miss A complains about a conditional sale agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss A's complaint about Santander. Santander is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described.*"

To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering 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 consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that Santander supplied Miss A with a used vehicle that had travelled 1,650 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage.

Having said that, the car was priced at £23,744 which isn't insignificant. It also wasn't a particularly old vehicle. So, I think it's fair to say that a reasonable person would expect it could offer a reasonable duration without any major issues.

From the information provided I'm satisfied a fault exists. I don't think this is disputed by either party. Miss A has maintained she believes there is an issue with the vehicle not

allowing her phone to connect to it, and Santander in their final response confirmed the dealership were working on a new software update which would resolve the issue.

Having considered there is a fault, and that both parties are in agreement with this, I've considered whether the car was of satisfactory quality at the time of supply.

Satisfactory quality

Miss A says that due to her disability the feature provided through the use of the App was a significant reason for her deciding to acquire the car.

Santander said they don't believe there is a fault with the car itself, rather a fault with the App, or even perhaps with Miss A's phone.

The independent inspection report advised they were unable to carry out a diagnostic of the vehicle or connect their phone to the car due to poor connectivity. Santander have said this doesn't prove the car was faulty. I acknowledge this point; however, the independent inspection gave the opinion that it was unable to confirm the fault.

I don't think this is sufficient grounds to say the issue lay with Miss A's phone. In addition, I've considered that three repair attempts were made by the dealership, they confirmed a software update was being processed, and later confirmed it was ready to install.

I think it's reasonable to conclude, particularly given the efforts the dealership went through to fix the problem, that a fault exists.

I recognise there's no confirmed mechanical issue with the car, however given this was a key feature that Miss A intended on using with the car, I think it's reasonable to say it wasn't of the quality that Miss A expected when it was supplied to her. And so, it follows that I don't consider the car was of satisfactory quality when Miss A acquired it.

As I've concluded the car wasn't of satisfactory quality when it was supplied, Santander will have to put things right for Miss A.

Miss A should be allowed to reject the car and receive a refund of her deposit along with a 10% refund of the monthly repayments she's made to reflect the impaired usage. The use of the remote features through the App, was a key benefit for Miss A that she wasn't able to take advantage of. So, I think the percentage refund is reasonable given the circumstances.

I'm also in agreement that a further £350 in compensation is fair in the circumstances to recognise the distress and inconvenience the situation has caused Miss A.

My final decision

My final decision is that I uphold Miss A's complaint about Santander Consumer (UK) Plc and instruct them to:

- collect the car at no additional cost to Miss A
- end the agreement and remove it from Miss A's credit file
- refund the deposit Miss A paid (if any part of this deposit is made up of funds paid through a dealer contribution, Santander is entitled to retain that proportion of the deposit)
- refund to Miss A 10% of all her monthly rentals paid to cover loss of use or impaired usage
- pay Miss A an additional £350 in compensation for the distress and inconvenience

caused

- remove any adverse information that may have been recorded with the credit reference agencies in respect of the agreement

Santander Consumer (UK) Plc should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Santander Consumer (UK) Plc considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss A how much it's taken off. It should also give Miss A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 6 February 2026.

Benjamin John
Ombudsman