

The complaint

Mr L is unhappy with the service he received when he returned a car he had been financing through an agreement with Santander Consumer (UK) Plc (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.

Mr L entered into a fixed sum loan with Santander for a car. In September 2025 he decided to return the vehicle. He expected his agreement would be settled and closed within a short period. However, he began receiving correspondence from Santander stating that his account was in arrears, and he later received a default style notice which caused him concern about the impact on his credit file. Mr L also raised concerns about the information he was given by Santander's customer service agents, including inconsistent explanations about the end of agreement process, inspection of the vehicle, and timescales for settlement. He said Santander failed to close the agreement promptly, failed to provide a closing statement, and continued to send incorrect correspondence which required him to spend time resolving matters and caused him distress.

Santander investigated Mr L's complaint and upheld it. It accepted that a system error had caused incorrect arrears correspondence to be issued and the service had fallen below the expected standard. Santander agreed to waive £180 of wear and tear charges and offered Mr L £100 compensation for the distress and inconvenience caused.

Our investigator thought Santander had not done enough to put things right. They recommended that Santander ensure the agreement was properly closed, confirm no money was owed, stop any ongoing correspondence, and pay a total of £200 compensation for the distress and inconvenience caused.

Mr L did not accept the outcome. He said Santander's handling of the account was significantly worse than recognised and that the compensation was insufficient. He explained that the £100 already offered related only to poor customer service rather than the wider administrative failings. Mr L 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 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.

Santander made errors in the way it administered Mr L's agreement after the vehicle was returned. It incorrectly recorded the account as being in arrears, issued correspondence to that effect due to a system error, and provided inconsistent and unclear information about the end of agreement process.

These failings would reasonably have caused Mr L concern, especially given the potential implications for his credit file, and they required him to spend time and effort contacting Santander to resolve matters. I also note that Santander did not provide clear reassurance at an early stage, which meant the distress and inconvenience continued for longer than it should have done.

Santander has already accepted that it got things wrong and has taken some steps to put matters right by waiving £180 of charges and offering £100 compensation. I do not consider that this fully reflects the overall impact of the errors on Mr L. Considering the nature of the mistakes, the period over which they occurred, and the level of distress and inconvenience caused, I am satisfied that a total award of £200 is fair and reasonable in this case.

I thought about Mr L's concerns about his credit file. Based on the evidence available I have not seen sufficient indication that any adverse information has been recorded and left in place in a way that has caused lasting detriment. I do not consider it appropriate to make a separate award for credit file damage although Santander should ensure that no adverse information has been recorded incorrectly.

I recognise that Mr L believes a higher award is warranted. However, awards for distress and inconvenience are intended to be proportionate to the impact of the error, and in cases of this nature, where there is no clear evidence of lasting financial loss, an award in the region of £200 is consistent with what I would consider fair and reasonable.

Santander should, if it has not already done so, confirm in writing that Mr L's agreement is closed and that no further sums are owed, ensure that no further incorrect correspondence is issued, and pay Mr L a total of £200 for the distress and inconvenience caused inclusive of any amount already paid.

My final decision

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

- Confirm in writing to Mr L that his agreement is closed and that no further sums are owed.
- If Santander still has technical issues with stopping ongoing correspondence to Mr L it should let him know formally that he can ignore the content of these and that no further action is required from him.
- If it hasn't already done so, it should remove the wear and tear charges of £180 that it agreed to waive.
- Pay Mr L a total of £200 for the distress and inconvenience caused. If Santander has already paid him £100 then Mr L is due a further £100. But if the original offer hasn't yet been paid, he would receive £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 May 2026.

Phillip McMahon
Ombudsman