

complaint

Mr G complains that Santander Consumer (UK) Plc sent him a letter which he says led him to believe that he didn't need to make any further repayments under his car financing agreement. Santander later told Mr G it had sent the letter by mistake, and that his finance agreement was still in place.

Mr G wants Santander to honour the letter it sent and write off the remaining balance of his car finance loan. He'd also like compensation for the upset its error has caused him.

background

In March 2015 Mr G entered into a five year conditional sale agreement with Santander to buy a used car. On 20 November 2017 Santander sent Mr G a letter saying it had no further interest in his car.

Mr G rang Santander within days of receiving the letter to ask why it had been sent. Santander said it had been sent by mistake, it still had an interest in his car, and that Mr G had a balance of around £2,700 owed to Santander under the car financing agreement.

Mr G complained to Santander. He considers the letter to be legally binding and that it has led to the early termination of his financing agreement. Mr G cancelled his direct debit to stop further payments being made. Santander apologised for sending the letter in error but it said the financing agreement was not affected by the letter. It offered £50 for any upset its mistake had caused Mr G.

Mr G was unhappy with Santander's response and brought his complaint to us. Our investigator looked into the matter. Her view was that Mr G knew he had a remaining balance to pay on his finance agreement. And that a letter sent in error should not mean that Mr G no longer has to pay the balance owed to Santander. She thought that Santander's offer of £50 compensation to Mr G was fair and reasonable in the circumstances.

Mr G disagreed and asked that an ombudsman make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I haven't been able to see a copy of the letter that Santander sent Mr G dated 20 November 2017. But I have listened to the call recordings between Mr G and Santander after the letter was sent. In one of these calls, Mr G reads out the letter so I'm aware of at least some of its content. I believe Mr G when he says the letter said Santander no longer had an interest in his car, and I note the letter referred correctly to Mr G's car registration number.

At the time the letter was sent, Mr G still had around £2,700 to pay on his finance agreement with Santander. He was less than two years into a five year finance agreement. Mr G hasn't said that he thought he had no further balance to repay on his car financing with Santander. His complaint is that he believes the letter sent by Santander 'invalidated' his remaining obligations under the finance agreement.

I've looked at the conditional sale agreement. I think the agreement makes it reasonably clear that the car would not become Mr G's property until he had made all the payments due

to Santander. So I think, having established that Mr G knew he had around £2,700 still to pay to Santander, that he might reasonably have known that Santander had sent the letter saying it had no further interest in the car in error.

On 30 November 2017 Mr G called Santander to ask about the letter. Mr G confirmed in the call that there was a balance to be repaid, but he tells Santander that he considers the letter he's received to be legally binding. Mr G considers that because Santander has sent him the letter, he now has nothing further to pay to it.

The call recordings show that as soon as Mr G brings the letter to Santander's attention, Santander says it's been sent by mistake. And Santander makes it clear that the finance agreement is still 'active' and Mr G should not cancel his direct debit to make repayments.

We typically look to put consumers back in the position they would have been in if a business had not made a mistake. If Santander had not made the mistake of sending the letter, Mr G would still have had approximately a further £2,700 to repay on his car finance agreement. If I were to direct Santander to write off that debt, Mr G would not be in the position he should have been in but for the error. He would actually benefit from a relatively minor administrative error and I don't think this would be fair to Santander.

Santander sent the letter to Mr G by mistake. While Mr G may briefly have hoped that Santander was willing to accept no further interest in the car, or ask that any further repayments be made, this was corrected as soon as Mr G called Santander.

Santander has offered £50 of compensation to Mr G. I think that's fair and reasonable having taken into account the inconvenience and any loss of expectation caused to Mr G by its mistake. I make no further award.

my final decision

My final decision is that this complaint shouldn't be upheld to the extent that I think the offer of compensation made by Santander Consumer (UK) Plc is fair and reasonable to settle the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 June 2018.

Emma Peters
ombudsman