

The complaint

Mr U complains that Santander Consumer (UK) Plc took the final balloon payment under his finance agreement despite him saying that he wanted to extend the agreement.

What happened

In March 2019 Mr U was supplied with a car and entered into a finance agreement with Santander. The cash price of the car was £57,834. Mr U made an advance payment of £21,000 and the balance was financed over 37 months by 36 monthly payments of £242 with an optional final balloon payment of £33,301.13 if he wanted to keep the car.

In February 2022 Santander wrote to Mr U explaining that the agreement was coming to an end and setting out his options. The three options were:

Retain the car and pay the final balloon payment of £33,301.13

Return the car

Renew the car

Santander said that if Mr U wanted to retain the car, the final balloon payment would be taken on 29 April 2022. It asked Mr U to complete a form indicating which option he wanted.

In March 2022 Mr U called Santander to discuss his options. He says that during the call he asked whether he could extend the agreement and that he was advised he could extend it for another year.

Following the call, Mr U sent the form back to Santander having selected option 1 (retain the car and pay the balloon payment). He made a handwritten note on the form as follows:

“as per the conversation over the phone with your representative, I may extend the contract for one more year with the present monthly pay of £242”.

Santander received the form from Mr U on 11 March 2022.

On 29 April 2022 Santander took the final balloon payment of £33,301.13 from Mr U's account. Mr U subsequently contacted Santander to complain and said he'd made it clear that he wanted to extend the agreement.

Santander said it had listened to the telephone call with Mr U dated 7 March 2022 and that no arrangements had been made to extend the agreement.

Mr U remained unhappy and complained to this service. He wants Santander to refund the balloon payment and extend the agreement for one year.

Our investigator didn't uphold the complaint. They said there was no evidence that Santander had agreed to extend the agreement and that Mr U had selected the option which said he would retain the car and make the balloon payment. The investigator said that Mr

U's handwritten note on the form didn't make it clear that he wanted to extend the agreement.

Mr U didn't agree. He was unhappy that Santander hadn't provided the call recording dated 7 March 2022 and said he'd made it clear on the form that he wanted to extend the agreement.

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.

Mr U has said that during the call dated 7 March 2022 Santander agreed to extend the agreement by one year.

In its final response to Mr U, Santander said it had listened to the call and had found no indication that the agreement had been extended.

This service asked Santander for the call recording, but Santander was unable to provide it. It said that it only retains calls for a period of 6 months and was no longer able to locate this call. Santander confirmed to this service that it had listened to the call in May 2022 when Mr U made his complaint and said that Mr U had been taken through the available options. Santander said that during the call, Mr U had asked to extend the agreement for a period of more than 6 months and had been advised that this wasn't possible.

I understand that Mr U feels frustrated that the call recording is no longer available. However, although I can't be certain of exactly what was discussed during the call, I don't think it's likely that an agreement was reached to extend the agreement. If such an agreement had been reached, I think Santander would have sent paperwork to Mr U to confirm this, because an extension of the agreement would represent a change to the existing contractual agreement.

I've taken account of what Mr U has said about his handwritten note on the options form. He's said he made his intention to extend the agreement clear. I'm not persuaded that this is the case because the wording used by Mr U isn't clear. He wrote "...I may extend the contract" (my emphasis added). This suggests that Mr U was considering extending the agreement but it doesn't amount to a definite statement of intention. And even if Mr U had been clearer about his wish to extend the agreement, there's still no evidence that Santander agreed to do so.

Taking everything into consideration, I'm unable to uphold this complaint. I haven't seen enough evidence to persuade me that Santander agreed to extend the agreement for another year. So, I can't say that Santander made an error when it put into effect the option which Mr U had selected, which was to retain the car and pay the balloon payment.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 23 October 2023.

Emma Davy
Ombudsman