

## **The complaint**

Mr and Mrs W complained to Santander UK Plc (Santander) about the quality of a caravan they acquired. Mr and Mrs W took out a personal unsecured loan with Santander and then later used this money to pay for the caravan.

## **What happened**

At the beginning of September 2019, Mr and Mrs W were approved for an unsecured personal loan in the amount of £20,000. This money was deposited to Mr and Mrs W's joint bank account. About two weeks later, Mr and Mrs W made a Faster Payment from a Santander branch to a supplier of the caravan.

Mr and Mrs W said the caravan wasn't as described and not the one that they had had chosen. They also weren't happy with the quality of the caravan and they questioned some of the safety in relation to how the caravan has been manufactured. They said that there were a few issues with the caravan including, among others, problems with the axle and a cracked window. As a resolution they wanted to be supplied with a new caravan. And as they weren't happy with the caravan, they complained to Santander in July 2022.

In October 2022, Santander wrote to Mr and Mrs W and said that because the loan they were provided with was an unsecured personal loan, it is not secured against the caravan and that Santander have not had any involvement with the purchase they made. In this correspondence Santander explained that they simply provided Mr and Mrs W with the £20,000 loan on an unsecured basis, so they explained that they need to contact the company/seller of the caravan as this is not a transaction that Santander are involved in.

Mr and Mrs W were not happy with Santander's response, so they referred their complaint to our service.

Santander have told our service that although they sympathise with the position that Mr and Mrs W find themselves in, this isn't something that Santander would be able to assist with. They explained that the purchase was made via Faster Payment, which doesn't offer protection like a chargeback or Section 75 of the Consumer Credit Act 1974 (Section 75), therefore this wouldn't be something that the bank are able to claim back.

Our investigator was of the opinion that the complaint shouldn't be upheld. In summary, she said that Santander couldn't consider raising a chargeback or a Section 75, as the payment came from Mr and Mrs W's bank account using money that was in their account and not purchased with linked credit.

Mr and Mrs W disagreed with the investigator. So, the complaint has been passed to me to decide.

## **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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I'm very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there's something I've not mentioned, I haven't ignored it. I've not commented on every individual detail. But I've focussed on those that are central to me, reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

Also, I would like to express my considerable sympathy for the position Mr and Mrs W are in and the health issues they have told us about. I know this has been a very difficult time for them. With that in mind, I know that what I am about to say will be unwelcome news to Mr and Mrs W, and I'm truly sorry if my decision adds to their distress. But I'm unable to uphold their complaint.

This decision is not about the company from which Mr and Mrs W purchased the caravan or about its manufacture. In this decision I'm only considering the question of whether Santander have treated Mr and Mrs W fairly.

In some cases, a bank may be able to request a refund from the supplier through the chargeback scheme or by raising a Section 75 claim.

A chargeback is a voluntary scheme which looks to resolve payment disputes between cardholders and suppliers/merchants. These disputes are dealt with under the relevant card and scheme rules. There is no obligation for a card issuer to raise a chargeback when a consumer asks for one, but I would consider it good practice for Santander to pursue a chargeback, as long as it were possible to do so (within the scheme rules and criteria), and provided there is a reasonable prospect of success. This would include cases where goods or services aren't supplied or are not as described. But in Mr and Mrs W's situation the voluntary chargeback scheme doesn't apply as they didn't pay with their bank card.

A Section 75 claim allows, in limited circumstances, someone buying goods and/or services on credit to claim against their credit provider over the actions of a third-party supplier for breach of contract or misrepresentation by the said merchant/supplier. But Mr and Mrs W don't have Section 75 rights as they didn't purchase the caravan using a credit facility that would've provided them with Section 75 rights. Instead, they took out a personal unsecured loan and then later made a payment for the caravan via a Faster Payment method. I've not seen any evidence to suggest that the unsecured personal loan that Mr and Mrs W had taken out with Santander, was credit that was provided by Santander in the course of their business and under an arrangement between them and the supplier. As such, the loan was unconnected to the transaction, and the necessary relationship between the consumer, the credit provider, and the provider of the goods or services was not present.

Overall, this means that the voluntary chargeback scheme doesn't apply, and Mr and Mrs W have no Section 75 rights to bring a claim under that legislation either. Also, I've not seen any evidence that Santander have made an error, or that they breached any of the terms and conditions of Mr and Mrs W's bank account or of the loan in question. So, I can't say that Santander needs to take any further action in relation to Mr and Mrs W's complaint.

I know that Mr and Mrs W think that Santander should still be able to help them, regardless how they paid for the caravan. So, I've considered this, but they did authorise the Faster Payment from their account and I understand that they are not disputing the transaction

itself. As such, the laws, rules, and guidance around scams don't apply to this situation. This is purely a dispute between the supplier and Mr and Mrs W regarding the quality of product purchased. And in this specific case Mr and Mrs W may be able to pursue the supplier or the manufacturer by other means, such as through the courts, but considering the circumstances of this complaint, there's no fair and reasonable basis for me to direct Santander to help them with this faulty caravan, especially as I'm satisfied Santander has done nothing wrong here.

I sympathise with Mr and Mrs W for the difficulties that they are experiencing but, taking all the circumstances of the complaint into account, I think Santander has acted fairly and reasonably when dealing with their complaint. So, it's not fair or reasonable for me to require Santander to take any further action in response to Mr and Mrs W's complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 20 September 2023.

Mike Kozbial  
**Ombudsman**