

The complaint

Mr P complains that Santander Consumer (UK) Plc didn't do a credit check on his car before financing it. He later discovered that there was outstanding finance on the vehicle.

What happened

In June 2019 Mr P was supplied with a car and entered into a conditional sale agreement with Santander.

In or around November 2022 Mr P decided to sell the car. He then discovered that as well as Santander, there was a second financial interest noted on the car.

Mr P complained to Santander that the vehicle was subject to an existing finance agreement when it was supplied to him.

Santander hasn't issued a final response as it says its investigations are ongoing.

Mr O brought his complaint to this service.

Our investigator didn't uphold the complaint. They said that Santander had provided a copy of a history check dated around 2 weeks before the finance agreement was signed and that this showed that there was no finance outstanding on the vehicle. The investigator said that the other finance company had registered an interest in the vehicle sometime after the Santander finance agreement was signed and had likely backdated it. The investigator said that the checks completed by Santander were reasonable and showed the vehicle to be free of finance, and that she didn't think Santander had done anything wrong when it agreed to finance the car in 2019.

Mr P didn't agree. He said that Santander should've checked the car's history on the day he purchased the car and signed the finance 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.

I've reviewed the car's history report. Santander completed a history check on 23 May 2019, around 2 weeks before Mr P purchased the car. The check shows that there was no outstanding finance registered against the vehicle at that time.

Mr P obtained a car history report on 14 November 2022. This shows two registered interests in the car, one in favour of Santander and one in favour of another finance provider. The other provider registered a finance marker in relation to a finance agreement dated 18 June 2018.

Looking at the two reports, I'm satisfied that the other provider's interest wasn't registered at the time when Santander completed its history check. It follows that the other provider must've registered its interest sometime after 23 May 2019 and backdated it to 18 June

2018. I can't tell from the reports the exact date when the other finance provider registered its interest.

Mr P has said that Santander should've completed a check on the day he purchased the vehicle. He's said that if Santander had done this, it would've discovered the interest of the other finance provider. Based on what I've seen, I think it was reasonable for Santander to carry out its checks when it did. I haven't seen any evidence to suggest that the other finance providers interest would've been discoverable on the date that Mr P purchased the vehicle. In other words, I don't think the situation would've been any different if Santander had completed its checks on 7 June 2019.

I've thought about whether Santander has treated Mr P fairly here. As I've already said, I'm satisfied that Santander completed reasonable checks. In terms of what Santander has done to try and resolve things, I can see that Santander has contacted the other finance provider several times to try and get to the bottom of what's happened here. It appears that the other finance providers position is that it has an interest in the vehicle which wasn't properly registered when it should've been. And when the other finance provider discovered the error, it took steps to register its interest.

Based on what I've seen, it seems that the previous owner of Mr P's vehicle failed to settle their finance with the other finance provider. I appreciate that this leaves Mr P in a very difficult position, because he's unable to sell the car and remain liable for the shortfall on a balance which I understand he is struggling to pay due to a change in his financial circumstances.

I have sympathy for Mr P. That said, I'm unable to say that Santander has made an error or done anything wrong here. The checks carried out by Santander showed the vehicle to be free from finance. I can't see what more Santander could've done in the circumstances.

I'm aware that Santander is continuing to try and resolve things with the other finance provide and that it has taken advise from its legal department. I think its reasonable for Santander to do this. I appreciate that Mr P will be disappointed but I'm unable to uphold the complaint and I won't be asking Santander to do anything further.

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 P to accept or reject my decision before 5 September 2023.

Emma Davy
Ombudsman