



If you use credit to buy goods or services you could be protected legally if things go wrong. The Financial Ombudsman last year dealt with more than 30,000 such complaints

# Give credit where credit's due

**W**ith Christmas just around the corner, you may be buying a gift for a loved one or booking a holiday to escape the cold weather. And if you are considering a substantial purchase you may be using credit to spread the cost.

Credit is widely used, so it is perhaps not surprising that last year more than 30,000 people contacted the Financial Ombudsman Service about a wide range of credit-related problems.

Set up by law, the Ombudsman Service is a free service with the power to sort out problems between consumers and financial businesses.

**Keep covered with credit**  
If you decide to use credit to buy goods or services you could be protected legally – by something called section 75 of the Consumer Credit Act – if something goes wrong with your purchase.

Section 75 only applies in certain circumstances, but if

these are met, and you don't receive the goods or services or they are not of the required standard, you may be able to get your money back from the company that provided you with the credit. Sometimes consumers are wrongly told that they have to first try and get their money back from the supplier of the goods or services – however this is not necessarily the case.

Many of the section 75 complaints that the Ombudsman Service deals with are where the supplier of the goods or services has gone out of business. For section 75 to apply a number of conditions need to be met, including:

- The total price of the purchase made on credit must be more than £100 but less than £30,000. You may still be covered if you paid for some of the goods with cash.
- Not all credit agreements are covered so check your contract – debit and prepaid cards are not covered.
- If the company who takes the payment is not the supplier

of the goods or services, it might not be possible to use section 75 to get your money back.

**Buy now, pay later?**

Many retailers offer loans sold at the 'point of sale' as a way to spread the cost of purchasing a variety of goods – from a new computer to double glazing. The loans can be arranged through large retailers and department stores, car showrooms or even online. Though sold by the retailer, the loan itself is usually provided by a separate lender. Sometimes the loans come with extended 'interest-free' periods.

The Ombudsman Service received more than 1,700 complaints about point of sale loans last year. Often problems can arise when the focus of the sale is on the item being bought rather than the credit agreement that is being used to pay for it.

**Kitchen tops and patchy carpets**

In a recent case seen by the Ombudsman Service, Mr Hammond was unhappy with the worktops he purchased using his credit card from a specialist in designer kitchens. He spoke to his credit card company to say that the worktops did not fit properly and had been badly finished. The business rejected his claim, saying that the poor workmanship was not a 'breach of contract' – the work had been completed to a satisfactory standard.

Mr Hammond contacted the Ombudsman, who agreed that the work had been badly completed and told the credit card provider to pay the cost of putting the worktops right.

In another case, Mrs Kim contacted the Ombudsman to say that her credit card provider had declined to refund her for the cost of a new carpet. She said that it was 'patchy' and had been misrepresented by the salesman.

The Ombudsman Service was satisfied from the evidence provided that the carpet was

not faulty. It was just that the shade of the pile would vary depending on how light fell on it. The Ombudsman Service didn't agree that the carpet had been misrepresented and did not uphold the complaint.

**Using credit? Here are some tips from the Ombudsman**

- Always take a good look at the terms and conditions and make sure you understand how much you will be paying over the period of the credit agreement.
- Credit card interest rates can change, so make sure you're aware of the rate on your card, the circumstances under which it might change and when special deals like interest-free balance transfers end.
- If the contract is unclear, don't sign up until the lender or retailer has fully explained how the agreement works.
- If you take a 'buy now, pay later' offer with an interest-free period, make sure you know the date that the offer ends if you intend to pay the agreement before interest is

applied. Interest rates can be high if you miss the final payment deadline.

- Remember, if you're looking to make a significant purchase don't feel pressured to sign a contract there and then.

Hopefully, you won't need to complain about a problem with a credit provider, but if you do, you should find the problem is dealt with quickly and efficiently. However, if things don't go smoothly, the Financial Ombudsman Service may be able to help.

To find out more visit [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or telephone 0300 123 9 123.



**Financial Ombudsman Service**

# The Ombudsman's tips for getting a financial problem sorted out

*If you have a problem with a financial product or service, here are a few tips to help get things sorted out:*

## 1. What are you unhappy about?

Before you get in touch with the business, be clear in your own mind exactly what you think the problem is and how you would like things put right

## 2. Try to stay calm.

No matter how upset you are, being abusive or angry won't help. Keep calm and polite - and you'll get your points across more clearly and effectively

## 3. Write or phone?

If you get in touch by phone, make sure you keep a note of when you called and the full name of the person you spoke to. If you write, put "complaint" clearly at the top of your letter - and include important details like your policy or account number

## 4. Keep it brief.

It's always best to keep things short and to the point. Say what you are unhappy with and what you want the business to do to resolve the problem

## 5. Taking things further.

The business has to follow an official complaints procedure. So if the member of staff you are dealing with seems unwilling to help, say you want to take things further. And remember - if you aren't able to resolve matters, the Financial Ombudsman Service may be able to help.

**To find out more, visit:**

**<http://www.financial-ombudsman.org.uk>**

**or phone 0300 123 9123**