

The complaint

Mr S complains that Ikano Bank AB (publ) won't compensate him for the consequential losses that he's incurred due to issues with a boiler that he paid for using a fixed sum loan agreement.

What happened

Mr S entered into a fixed sum loan agreement with Ikano Bank that he electronically signed in April 2019 to pay for a replacement boiler. The boiler that was installed was a "*combi-boiler*" that Mr S says was recommended by the supplier. He says that his existing boiler was a conventional boiler and that he got other quotes for replacing it with another conventional boiler.

He says that the higher pressure from the "*combi-boiler*" caused his existing pipes to leak in November 2019 which damaged a floor. He says that he had to pay more than £3,000 to re-pipe his whole house and to replace the damaged floor. He complained to Ikano Bank about the mis-selling of the product and that the goods weren't fit for purpose.

It said that the installation had been inspected by the boiler manufacturer and the supplier and it was found that the existing pipework, some of which was plastic, hadn't been installed correctly and wasn't fit for purpose. It also said that it had found no evidence to show that Mr S was coerced or mis-led into purchasing a "*combi-boiler*". Mr S wasn't satisfied with its response so complained to this service.

Our investigator didn't recommend that his complaint should be upheld. He wasn't persuaded that there had been a breach of contract or misrepresentation by the supplier so he couldn't say that Ikano Bank was liable for the costs that Mr S had incurred as a consequence of the new boiler being installed.

Mr S has asked for his complaint to be considered by an ombudsman. He has responded to our investigator's recommendation in detail and has explained why he considers that Ikano Bank is liable for the consequential losses that he's incurred.

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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- Mr S used credit in the form of a fixed sum loan agreement with Ikano Bank to pay for the boiler;
- in certain circumstances, section 75 of the Consumer Credit Act 1974 gives a consumer an equal right to claim against the supplier of goods or services or the provider of credit if there's been a breach of contract or misrepresentation by the supplier;

- to be able to uphold Mr S's complaint about Ikano Bank, I must be satisfied that there's been a breach of contract or misrepresentation by the supplier of the boiler and that Ikano Bank's response to his claim under section 75 wasn't fair or reasonable – but I'm not determining the outcome of Mr S's claim under section 75 as only a court would be able to do that;
- the “combi-boiler” that was supplied to Mr S is working correctly and his heating system operated for more than five months after the boiler was installed before the leak occurred;
- Ikano Bank says that the existing pipework, which included some plastic pipes, hadn't been installed correctly and wasn't fit for purpose and that the supplier wasn't responsible for checking Mr S's existing pipework;
- the leak damaged Mr S's floor and he's provided a quote for replacing his pipework, which says that it's: *“never good practice to put new pressurised boilers onto pipework that is buried in floors”*, but it also says that Mr S's pipework: *“... would never have been adequate for a new boiler to work properly”*;
- Mr S received quotes for a conventional boiler but it was his choice to buy a “combi-boiler” – and I'm not persuaded that there's enough evidence to show that the “combi-boiler” was mis-sold to him;
- I consider it to be more likely than not that Mr S would have had issues with his existing pipework and would have needed to replace it whether he'd chosen a conventional boiler or a “combi-boiler”;
- I'm not persuaded that there's enough evidence to show that the boiler wasn't fit for purpose or that there's been a breach of contract or misrepresentation by the supplier;
- I sympathise with Mr S for the issues that he's experienced with the leak and the costs that he's incurred in replacing his pipework and floor - but I consider that Ikano Bank's response to his complaint has been fair and reasonable in the circumstances; and
- I find that it wouldn't be fair or reasonable for me to require Ikano Bank to reimburse Mr S for the consequential losses that he's claimed, to pay him any other compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 May 2021.

Jarrold Hastings

Ombudsman