

The complaint

Mrs M complains that a central heating and boiler installation was not carried out to a satisfactory standard. Because the supply and installation were financed by Honeycomb Finance Limited, she says it is liable to make good the work or to pay for remedial work.

What happened

In or around August 2018 Mrs M took out a fixed sum loan agreement for £7,700 with Honeycomb to finance the supply and installation of a boiler and central heating system. The system was to be supplied and fitted by a company, W, which also arranged the loan.

Mrs M was not happy with the work that had been done. It took longer than she had expected and elements of it had not, she said, been carried out to a satisfactory standard. Amongst other things, she said the water tank had been damaged and installed incorrectly; radiators were damaged; leaks had caused damage; there were safety issues; the installer had asked for an additional cash payment; and valuable materials – including copper pipe – had been removed.

W offered to carry out remedial work, but Mrs M was not prepared to allow that, being unhappy with the work it had already done. W has since gone out of business.

The work was inspected by Gas Safe, which identified some areas of concern. Mrs M also obtained a quote from Scottish Gas for the work that she felt needed to be rectified. It submitted a quote of just over £5,000.

Mrs M referred the matter to Honeycomb, but it felt that W's offer was reasonable in the circumstances. When she then referred the case to this service, one of our investigators considered what had happened and recommended that Honeycomb pay the costs of any remedial work (including decoration) and pay Mrs M £500 in recognition of the inconvenience to which she had been put. He indicated that further quotes for the work could be obtained.

The investigator's recommendation did not however lead to a resolution, and so the complaint was passed to me. Having reviewed what had happened, I indicated that it would be helpful to have a more detailed quote for the remedial work – showing what parts of the original work were not satisfactory and the costs of correcting it. I said that I thought Honeycomb should pay for such a report. I was not however provided with any new information, other than a quote for decorating work.

Honeycomb indicated that it would be prepared to pay Mrs M £2,500 to resolve the complaint. She did not accept that offer. I therefore carried out a review of the case and issued a provisional decision.

In my provisional decision I accepted that some of the work had been carried out to a poor standard and that, as the finance provider, Honeycomb was liable to compensate Mrs M. I indicated however that I was concerned that the Scottish Gas quote of more than £5,000 was a quote for work that Mrs M had requested; it was not a quote to put right the work that

W had carried out to an unsatisfactory standard. I invited further submissions and evidence on the likely cost of necessary remedial work.

The reasons which I included in my provisional decision are below:

Because the work carried out by W was financed under arrangements it had with Honeycomb, if Mrs M has a claim for breach of contract against W, she has a like claim against Honeycomb. It was a term of the contract with W that the work would be carried out with reasonable care and skill.

I do not believe that there is any real dispute that some aspects of the work were not carried out with reasonable care and skill. That is evidenced by, amongst other things, the Gas Safe report. However, that report only really identifies safety issues; and it does not give any indication of the work needed to put things right, or the cost of doing so.

The Scottish Gas quote is no more than that – a quote for work that Mrs M has requested. I do not believe that it identifies and links the work quoted for with the work that was not carried out to a satisfactory standard. Whilst it is possible to cross-reference some of the work quoted with the Safe Gas report, the quote also includes, for example, a replacement tank and radiators. The evidence that they need replacing is however not particularly persuasive in my view.

Honeycomb's offer of settlement is based on the elements of the Scottish Gas quote that can be linked to the Safe Gas report, together with compensation for the cost of decorating work. Based on the evidence I have, I believe it is reasonable in the circumstances.

Mrs M has said too that the installer asked for an additional payment, which was made in cash. W explained that this was because the pipework was more complex than had been anticipated. In any event, I do not believe that was covered by the finance provided by Honeycomb. In addition, she says that copper piping and other items were removed. Again, I don't believe that is a matter covered by the finance agreement. But in any event, it would be unusual if a contract for the installation of a heating system were to include a term that the customer could keep old components; it is more likely to include a provision that the installer arrange for their removal.

I can include as part of any money award I make compensation in recognition of any distress Mrs M has suffered and any inconvenience to which she has been put. However, Mrs M's claim here arises under section 75 of the Consumer Credit Act 1974. The effect of section 75 is that Mrs M can bring against Honeycomb any claim for breach of contract she might have had against W. The circumstances in which a claim for breach of contract can include compensation for distress or inconvenience are very unusual, and I do not believe they apply here. And I do not believe that any distress or inconvenience here has been added to by Honeycomb's handling of the complaint.

As I have indicated, it may be possible to obtain more expert evidence about the problems with the work carried out by W and the costs of putting it right. If any such evidence is provided, I will of course give it proper consideration. But, based on what I have seen to date, I believe Honeycomb's offer is fair. I will, if necessary, make an award in similar terms – so that Mrs M can enforce it if necessary.

Mrs M did not accept my provisional decision.

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.

In response to my provisional decision Mrs M provided photographs of damage to two radiators and of the installation of the boiler. She did not however provide any further indication of the likely cost of remedial work. I had already commented on the radiators and the boiler in my provisional decision. I said it was not clear that they needed replacing. Two radiators had some fairly minor paint damage. The boiler was fitted the wrong way round (so the controls are almost inaccessible) and had suffered burn damage. It appears too that the wiring has been routed incorrectly. But it is not clear that a replacement is needed, rather than re-installing the boiler correctly. The burn damage is no doubt evidence of poor workmanship but does not appear to have damaged the integrity of the boiler – which is in any event installed out of sight in a loft space.

The further submissions that Mrs M has made in response to my provisional decision certainly support Mrs M's case that the work was not carried out with proper care and skill. But my provisional decision broadly agreed with her on that in any event. There remains however a lack of evidence about the reasonable cost of rectifying the problems. As I indicated in my provisional decision, I do not believe that the Scottish Gas quote did that, for the reasons I explained.

There is therefore no further evidence available to me about the cost of remedial work in this case. Nor, beyond the Gas Safe report (which is limited in its scope), is there any more evidence of the work needed to bring W's work to a satisfactory standard or the likely cost of doing so. For these reasons, I am not persuaded that I should change my view from that set out in my provisional decision.

Putting things right

As I have indicated, Honeycomb offered £2,500 to resolve Mrs M's complaint. That is, I think, a fair offer in the circumstances. I will however make a formal award, so that Mrs M can enforce it if she needs to.

My final decision

My final decision is that Honeycomb Finance Limited should pay Mrs M £2,500 to resolve this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 October 2021.

Mike Ingram
Ombudsman