

## **The complaint**

Mr H complains that furniture he bought with the help of finance from Creation Consumer Finance Ltd was not of satisfactory quality. He says that Creation is equally liable with the retailer.

## **What happened**

In July 2019 Mr H bought a suite of furniture from a retailer, R. The suite comprised a 2-seater sofa, a chair, and a footstool. R's invoice priced the sofa at £2,298 and the chair at £1,598; the footstool was not separately priced. After various discounts and a deposit of £229 had been deducted, there was a balance of £2,055.50. Mr H paid the bulk of this with a loan from Creation, arranged by R. Under the loan terms, he was to make 46 monthly payments of just over £40.

In or about July 2020, Mr H complained that the furniture had developed faults. By this point, R was in administration. Because of that, it said that it could not deal with Mr H's claim. He therefore referred the matter to Creation and in April 2021 an inspection of the furniture was arranged. That inspection concluded that: (i) buttons were coming loose on the footstool and sofa; (ii) a foot on the chair was cracked; and (iii) the chair frame was damaged because of a manufacturing fault.

Creation agreed to repairs, but Mr H said that, because it had taken so long to address the complaint and arrange the inspection, he wanted to reject the furniture. He referred the matter to this service.

Our investigator agreed that the return of the sofa was a reasonable way to resolve Mr H's complaint. She recommended that Creation arrange to collect the furniture, end the credit agreement and refund the deposit and 15% of any monthly payments made – reflecting the fact that, whilst the items were not perfect, Mr H had been able to use them. She also recommended a further payment of £100 to reflect the inconvenience to which Mr H had been put.

Creation did not respond to the investigator's recommendations, so the case was passed to me for further consideration.

I considered what had happened and issued a provisional decision.

In my provisional decision I explained that the effect of section 75(1) of the Consumer Credit Act 1974 was that Creation was liable in the same way as R for any breach of the sale contract. And it was not in dispute that the furniture was not of satisfactory quality, as required by the Consumer Rights Act 2015. It was not sufficiently durable.

The main issue I had to consider was that of the appropriate remedy. The investigator thought that Mr H ought to be able to return the furniture to Creation. I noted however that the inspection report indicated that the furniture could be repaired. I thought that would be a fair remedy. I noted too that it was not entirely clear that returning the furniture would be a practical solution, given that Creation is the finance company, not the retailer.

I thought however that a lump sum payment would better compensate Mr H for the fact he had had to use imperfect furniture than a refund of part of the monthly payments he had made. I suggested a figure of £300.

Creation agreed to reimburse the cost of repairs, which could be arranged by the company which carried out the inspection. It thought however that the suggested further payment of £300 was too high and suggested a figure of £150 instead.

Mr H said that he had lost faith in the furniture and still wanted to be able to reject it, as the investigator had recommended. He said that the problems with the furniture had come to light rather sooner than I had suggested in my provisional decision – and certainly within six months of delivery.

Because no agreement could be reached, I considered the complaint again.

### **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 that, however, I have not changed my overall view from that set out in my provisional decision.

The main issue is whether Creation should fund repairs to the furniture or accept its return. I explained in my provisional decision that the inspection report indicated it could be repaired. A repair should put Mr H in the position in which he would have been if the contract had been performed – that is, he will have functioning furniture which is two-and-a-half years old and which he is paying for through the Creation loan. I think that a repair, if successful, would be a fair and reasonable resolution.

The second issue is whether Mr H should receive any additional compensation in recognition of the fact that his use of the furniture has been impaired for some time, and, if so, how much. Creation offered £150 towards the loan balance. I remain of the view, however, that a higher payment of £300 is merited; I think too that it should be paid direct to Mr H, rather than being credited to the loan account. If Mr H wants to use some or all of it to reduce the loan balance, he can do so, but he should have the option not to.

### **My final decision**

For these reasons, my final decision is that, to resolve Mr H's complaint in full, Creation Consumer Finance Ltd should fund the cost of carrying out the repairs recommended by the inspection report (by reimbursing Mr H) and pay Mr H a further £300 in recognition of the distress he has suffered by not having a suite which was of satisfactory quality.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 March 2022.

Mike Ingram  
**Ombudsman**