

## The complaint

Miss L complains that Ikano Bank AB (publ) rejected her claim under s 75 Consumer Credit Act 1974 in respect of faulty furniture.

## What happened

In August 2020, Miss L purchased two sofas funded by an interest free point of sale loan. The sofas were delivered several weeks later and subsequently Miss L complained that they were faulty. An independent inspection was carried out in December 2020 and the inspector said that the furniture was in excellent condition, but also noted that the *“seat interiors have lost excessive resilience to the centre”*. He suggested that both interiors be replaced.

Miss L wanted the sofas to be replaced, but Ikano didn't agree. It didn't let Miss L see a copy of the report, but it said that under consumer law it was entitled to make a repair. Miss L brought the complaint to this service where it was considered by one of our investigators who suggested that a repair be made if that was viable. He did so in part, because Ikano failed to respond to request for a copy of the independent report. As Ikano didn't agree the matter has been referred to me.

I issued a provisional decision as follows:

I said that in considering what is fair and reasonable, I needed to have regard to the relevant law and regulations, regulator's rules, guidance and standards and codes of practice and (where appropriate) what I consider to have been good industry practice at the time.

I noted the finance agreement in this case is a regulated consumer credit agreement. As such this service is able to consider complaints relating to it. Ikano is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The relevant law says that under a contract to supply goods, there is an implied term that *“the quality of the goods is satisfactory”*.

The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

Under the relevant law the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods.

I pressed Ikano for a copy of the report and eventually it was provided. I said it wasn't clear why it had taken so long for this to be submitted. However, it meant, that unlike our investigator I have had the benefit of being able to review the report and to consider the photographs Miss L has helpfully sent to this service.

It seemed to me that the sofa cushions were filled with soft density foam which has meant that the edges have settled and this shows when someone is sitting on one side. I understood that where low or soft density foam is used such an effect can happen.

As the independent expert had said, that apart from this the sofa(s) were in excellent condition and from what I had seen I had no reason to disagree. The only issue was the cushions and the type of filling used. I wasn't aware of what Miss L saw when she made the purchase, but it was clear she was expecting a firmer cushion.

I noted that regardless of what she saw or was expecting the expert had agreed they are faulty and need to be replaced I thought it would be appropriate for that to be done. Miss L didn't bring the fault to the attention of either the retailer or the bank until after 30 days had passed and under consumer law the merchant is entitled to one attempt at a repair. I didn't think the condition of the sofas was such that I could override this and say that a repair would not be appropriate.

I considered that the best solution would be that the seat cushions be replaced with a firmer type of foam, something like HR40. That was likely to address the issue, but given it is firmer it may not be to Miss L's liking. As such, I suggest that Miss L and Ikano agreed the type of filling to be used and agree that before the repair is carried out. But I considered the repair option to be the most reasonable solution to the problem.

Miss L stopped making payments while this matter has been in dispute and much of the delay has been down to the bank failing to supply the report so I also thought the interest free period be extended for another year from the date the repair is completed. Furthermore, I said Miss L should not be subjected to any interest or penalties for stopping payments up to the point of repair. Nor should her credit file be affected.

Finally, I think Miss L has encountered unnecessary trouble and upset and she should be compensated with payment of £150.

Ikano said that the account wasn't interest free and so there was no period to extend. It thought my provisional decision agreed with its original proposed solution. It said Miss L should have maintained payments despite the matter being referred to this service. And it wouldn't be fair to amend her credit file. It didn't think compensation was merited when the matter could have been resolved in April 2021.

Miss L didn't agree with my provisional decision. She said she had suffered from stress due to the worry about the furniture. She said the merchant was selling faulty furniture at high prices and she should be allowed to reject the sofas.

### **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.

There have been two main elements to this complaint. Firstly, the furniture was faulty and secondly the delays caused by Ikano when it refused to share the expert report with Miss L and this service. It was only recently that it did so after I made yet another request.

Consumer law allows a merchant one attempt to effect a repair if the fault is not identified within the first 30 days. In the circumstances of this complaint the matter wasn't raised until after 30 days and I have to recognise the merchants rights. There are circumstances where a replacement is a more suitable solution but having seen the report I am satisfied that a repair can be made and it is not necessary that the furniture be replaced. I appreciate that

Miss L will be disappointed with this, but the repair should be carried out in such a way as to fix the problem.

I will leave it to Miss L, Ikano and the supplier to agree the type of foam to be used to ensure a satisfactory repair, but I would expect all parties to deal with the repair in a constructive manner.

Ikano considers that it had proposed this solution in 2021, but they did not allow Miss L to make an informed choice since it refused to share the report with her. I consider that failure to be the main contributor to the delay and it is why I consider compensation of £150 should be paid.

On the matter of the interest free loan the agreement states that it is a fixed sum loan repayable over 36 months with an interest rate of 0%. It states that *“If the full Amount of Credit is not paid back on or before the end of the 'Deferred Period', an administration fee is not payable but interest will be calculated on the balance at the end of the 'Deferred Period' (Amount of Credit minus any payments) and charged from the date the application is accepted.”*

That means that Ikano can charge interest after the 36-month period is up. I do not consider that to be fair and I believe that interest should only be chargeable if the debt is not cleared within 36 months of Miss L accepting this decision.

I also think it is fair and reasonable that Miss L's credit file be unaffected by this dispute and so Ikano should remove any entries it has placed since the account was opened.

### **Putting things right**

The furniture should be repaired, Miss L be compensated and her credit file be amended.

### **My final decision**

My final decision is that I uphold this complaint and I direct Ikano Bank AB (publ) to:

- Arrange for the furniture to be repaired at no cost to Miss L and to ensure a suitable type of foam is used.
- Remove any entries it has made on Miss L's credit file. If Miss L fails to make the required monthly payments after this date it is open to Ikano to report this as appropriate.
- Pay her £150 compensation for the distress and inconvenience she has suffered.
- For the purposes of imposing interest charges and fees or penalties treat this agreement as commencing on the date Miss L accepts this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 June 2022.

Ivor Graham  
**Ombudsman**