

The complaint

Mr F complains about the way that Ikano Bank AB (publ) ('Ikano') handled his claim for money back in respect of carpets he bought using a loan from it.

What happened

In November 2019 Mr F bought carpets for his house from a supplier I'll call S at a cost of £2,651.15. He paid a deposit of £251.15 and paid the remainder using a fixed sum loan from Ikano.

Mr F arranged through S for a fitter to deliver and fit the carpets. Mr F said when the fitter arrived a few weeks later they had not been provided with enough carpet to complete the job. Mr F said the job was rescheduled for early December, but another problem meant the job could not be completed fully again. Mr F said the parts of the carpet that were fitted were laid poorly and came loose, the stairs were fitted with loose cuts that were coming away and not fully carpeted, there were stains on the carpet and the wrong underlay was used.

Mr F said S sent someone to look at the carpet that had been laid in December 2019 and they concluded both it and the underlay should be replaced. Mr F said another inspection took place in January 2020 with the same result.

Mr F asked Ikano for help in February 2020 having still not received any confirmation from S as to when the replacement carpets would be delivered and fitted.

S called Mr F in July 2020 to arrange the fitting of new carpets and presumably to complete the parts of the job that remained unfinished. It's internal notes say that Mr F couldn't talk and the call was terminated.

S's notes show it called Mr F again in October 2020 but there was no answer.

Ikano responded to Mr F's claim in January 2021. It said S had been trying to get in touch with him to put things right and was still willing to replace the carpets. So, it said he should contact F to arrange this.

Mr F and S couldn't agree the basis on which the rectification work should take place. Mr F said he'd furnished his house while he was waiting for the carpets to be replaced so this would need to be moved first but S wouldn't agree to do this for him. It said the terms of its contract with Mr F made clear that rooms should be cleared before carpet is delivered.

Mr F complained to Ikano. It again declined to meet his claim and said S had tried to arrange the replacement and fitting of missing carpet with Mr F but he had not co-operated with it. It did however offer to pay him £50 in recognition of the time it had taken to look into the matter.

Our investigator thought Mr F's complaint should be upheld. She said it was clear S had decided the carpets needed to be replaced and this had not happened in reasonable time.

She said given the stalemate that had been reached and the time that had passed, the fairest thing to do was to remove the carpets, cancel the loan agreement, refund everything Mr F had paid, pay him additional compensation of £150 and amend his credit file.

Ikano did not agree with the investigator. It said the time taken to complete the replacement had been affected by the government restrictions in response to the covid-19 pandemic. And it said Mr F's failure to cooperate with S when it was willing to replace the carpets had added significantly to this time also. It said S's offer to replace the carpets and complete the job subject to Mr F moving his own furniture was a fair offer to put things right

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 deciding what is fair and reasonable in this case, I am required to give consideration to relevant law. This includes Section 75 Consumer Credit Act 1974 (Section 75) which says that, in certain circumstances, the borrower under a credit agreement has an equal right to claim against the credit provider if there's either a breach of contract or a misrepresentation by the supplier of goods or services.

The Consumer Rights Act 2015 (CRA) is also relevant. This implies terms in consumer contracts that where goods are to be supplied they must be of satisfactory quality and where services are being provided they must be carried out with reasonable care and skill.

I have seen photos of Mr F's property showing his stairs are not fully carpeted. And although I have not been provided with the report that was completed by S's inspector (I asked Ikano for it but it didn't reply), there does not appear to be any dispute that the carpet needed to be replaced. S's internal notes and its emails to Ikano show a senior manager had agreed to the replacement in April 2020 having seen the report. All of this persuades me that S did not supply Mr F with everything it had agreed to and/or not to the appropriate standard.

So, overall and on balance it seems there was a breach of contract by S.

Where there is disagreement is in what should happen to put things right now. Ikano said Mr F could have had replacement carpets in 2020 when S was trying to get in touch with him. And it said it's Mr F's lack of cooperation with S that had prevented this from happening. It's given examples of this such as Mr F not agreeing to move his furniture so the rectification work could be completed, telling S some of his furniture was fitted when it turned out it wasn't and not getting back in touch with S when it was trying to arrange the rectification work.

Mr F on the other hand has said he'd always been willing to have the replacement carpets fitted but because S wouldn't move his furniture for him, no agreement could be reached.

There does appear to be a period of a few months where S was trying to contact Mr F to fit the carpets but without success. But I don't think Mr F was being evasive and I've seen enough in the available evidence to make me think he was keen to have the rectification work completed. And even if S had got in touch with Mr F earlier, it seems likely the parties would have arrived at the same stalemate as to what should be done with the furniture. So, I need to consider whether S's/Ikano's position on that matter was reasonable.

It is true to say that Mr F's contract with S said that rooms in which product will be placed should be cleared. I note however that Mr F said his house was a new build and clear of furniture when the carpet was originally delivered and fitted. And he said it's only because it

took so long for S to offer to put things right that he had no choice but to begin to furnish parts of the house. Mr F's decision to start to furnish his house in such circumstances was not an unreasonable one. And the suggestion that he should have waited the near eight months it took S to contact him to put things right before doing this is unrealistic.

S will not agree to move Mr F's furniture for him which means in order to have the replacement carpets fitted he will need to do it himself or pay to have someone else do it for him. I do note that Ikano has said S offered to cover the cost of this and Mr F still refused. But I've not seen any evidence of this (I asked Ikano but did not receive a response). The contact notes supplied only show that S offered to complete the rectification work over two days, not that it would cover the cost of moving Mr F's furniture.

I also note that S's contact notes show Mr F told it some of his furniture was fitted and I can understand how this might have affected its decision to help him move it. However, it has since been clarified the furniture is not fitted yet as far as I can see no offer has been made to move it for Mr F. So, the parties still appear to be at a stalemate on this point.

Ultimately, having to move his furniture is an additional inconvenience or cost Mr F must now meet that he wouldn't have had to if the carpets had been delivered in full and fitted when they were supposed to. I find therefore that in supporting S's position and refusing to cover the cost of moving the furniture Ikano has handled Mr F's claim unfairly. I don't find a reasonable offer had been made to put things right after S had breached its contract with Mr F.

Thinking about what Ikano needs to do to put things right, firstly S has said the carpets it had cut have now been sent back to the manufacturer. So, it could be a long time again before S is in a position to complete the work. Secondly the relationship between Mr F and S is at best now strained.

I take note also that the CRA implied terms in Mr F's contract with S that where the supply of goods did not conform to contract, and repair or replacement was an appropriate remedy under – as it likely was here – then that repair had to be carried out in reasonable time and without significant inconvenience. And where repair/replacement is not offered in reasonable time, a consumer is entitled to seek a price reduction up to the full amount of the price paid.

From when the carpets were first supplied to Mr F in an incomplete state in November 2019 it took around eight months for S to contact him to arrange the rectification work. And even then the offer came with conditions that I've found were not reasonable to attach. So, it's arguable that an appropriate offer of repair has yet to be made.

I know Ikano disagrees but I do not find this was a reasonable time in this particular case. In making this finding I've taken into account what Mr F said about his stairs being left in a dangerous state with carpet not fully laid and hanging loose. And there were other implications of the contract not having been properly fulfilled – such as Mr F not being able to furnish his property in the way he wanted.

I recognise some of the delay was caused by government restrictions in response to the Covid-19 pandemic. But S still had from November 2019 until March 2020 to carry out the necessary work and I think that was long enough, considering again the factors above.

So, with all things considered I think the fairest thing to do now is to place Mr F in a position where he can go and buy replacement carpets himself. This would involve refunding his payments and cancelling his liability under the loan as well as removing the existing carpets and underlay at no cost to him. Ikano may reasonably require proof of payment of an invoice before paying any fitting costs Mr F paid to a third party.

Mr F has had the benefit of whatever has been fitted in his house. However, I agree with the investigator that this was deemed by the supplier to require replacement as long ago as April 2020, and it seems it was clear from the start Mr F didn't get everything was supposed to. So I don't find any deduction should be made for use in this case.

Mr F did stop making repayments on his loan which of course is not ideal. However, he hadn't received all of what he'd paid for, so I don't think it's fair that his credit record is adversely impacted as a result. S should therefore make the necessary arrangements to remove all adverse information about the loan from his records with the credit reference agencies.

The investigator asked Ikano to pay a total of £150 (in addition the £50 it had already offered) to Mr F for the distress and inconvenience he'd been caused by S. I assess this at the same level. Ikano took nearly a year to deliver a claim outcome to Mr F. I accept this is likely because it was liaising with S but irrespective of this Mr F chose to bring his claim against Ikano so it should have handled it in a reasonable time. Mr F has had to live with unfinished and defective carpets in his house for all of that time so he's undoubtedly suffered inconvenience.

My final decision

My final decision is that I uphold Mr F's complaint. To put things right Ikano Bank AB (publ) must do the following:

My understanding is that the loan has been sold or passed on to a third party. I cannot make any directions as to what I think a third party should or should not do. If Ikano Bank AB (publ) can bring the debt back in-house or buy the debt back it must do that and action what I've said below. If it can't buy the debt back then it must liaise with the new debt owner to achieve the same result.

- cancel Mr F's loan and write off any existing debt attached to it;
- refund all payments made by Mr F towards the loan;
- pay Mr F the deposit sum of £251.15;
- pay the fitting costs Mr F paid to a third party (subject to proof of payment if required);
- remove the carpets from Mr F's house at no cost to him;
- arrange for the removal of any adverse information about the loan with the credit reference agencies, and;
- pay Mr F £200 for distress and inconvenience (less the £50 already offered to him if this has been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 December 2022.

Michael Ball
Ombudsman