

## **The complaint**

Mrs B complains that Creation Consumer Finance Ltd failed to fully honour her claim under section 75 Consumer Credit Act 1974.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute so instead I'll focus on giving the reasons for my 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.

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

This complaint has been submitted as a claim under section 75 of the Consumer Credit Act 1974. Section 75 offers protection to customers who use certain types of credit to make purchases of goods or services. Under section 75 the consumer has an equal right to claim against the provider of the credit or the retailer providing the goods or services if there has been a misrepresentation or breach of contract on the supplier's part.

For section 75 to apply, the law effectively says that there has to be a:

- Debtor-creditor-supplier chain to an agreement *and*
- A clear breach of contract or misrepresentation by the supplier in the chain.

The chain is in place and it is accepted by all parties that the TV which Ms H bought was faulty. She reported a fault the day after purchase and the vendor tried to repair it but decided to write it off.

The issue is whether a credit note for the value of the TV is sufficient. The faulty TV cost £1,999, but when the merchant agreed it was faulty the cost of that model had reduced by £400 so it issued a credit voucher for £1,599.

Mrs B entered into a contract under which she agreed to pay £1,999 for the TV. This was funded by a finance agreement with Creation. She made a claim under section 75 in February 2021 a few days after the vendor offered the credit note. However, under the Consumer Rights Act a consumer can reject faulty goods and request a refund. It is usual for the original cost to be refunded subject to any deduction for fair use. In this complaint Mrs B had no use of the TV and so she is entitled to a full refund of the cost.

I note that Creation has not responded to the view issued by our investigator and I can only presume it has no further arguments to put forward.

**Putting things right**

Mrs B should receive a full refund of the cost of the TV.

**My final decision**

My final decision is that I uphold this complaint and I direct Creation Consumer Finance Ltd to:

- cancel the credit agreement in full.
- return any money she has paid plus 8% annual simple interest from 5 February 2021 to the settlement is paid,
- cancel the credit note should be cancelled, as it hasn't been used by Mrs B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 August 2022.

Ivor Graham  
**Ombudsman**