

The complaint

Mrs B complains about the quality of a sofa she acquired under a fixed sum loan agreement (“agreement”) with Creation Consumer Finance Ltd (“Creation”).

Mrs B is represented in her complaint by a third party. But for ease I will simply refer to anything said and submitted by the third party as if it had been said and submitted by Mrs B.

What happened

In January 2019 Mrs B purchased a reclining corner sofa (“sofa”) from a company that I will call “H”. Mrs B funded the purchase with an agreement with Creation.

The cash price of the sofa was £1,546.00 and Mrs B also purchased an additional warranty at a cost of £260.00 – bringing the total cost ‘financed’ to £1,806.00.

Under the terms of the agreement, everything else being equal, Mrs B undertook to pay Creation 48 monthly payments of £37.62 – making a total repayable of £1,805.76 at an APR of 0%.

In May 2019 the sofa was delivered to Mrs B.

In May 2019 Mrs B says she complained to H that the sofa hadn’t been put together properly and one of the reclining seats had come with a lever mechanism rather than a button mechanism.

In April 2020 Mrs B says she complained to H about excessive movement of the middle (corner) section of the sofa and that this section was misaligned with the rest of the sofa (both left and right).

In October 2020 Mrs B complained to Creation that, in her view, she had been supplied with a sofa from H that wasn’t of satisfactory quality.

In November 2020 Creation wrote to Mrs B to ask her to get an independent inspection of the sofa undertaken and to provide it with a report of that inspection. Mrs B says she didn’t receive this correspondence.

In March 2021 Creation issued Mrs B with a final response letter. Under cover of this correspondence Creation said that in the absence of an independent report it wasn’t upholding Mrs B’s complaint and she could now refer matters to our service for investigation. Mrs B says she didn’t receive this correspondence.

In May 2021 Mrs B referred her complaint to our service for investigation.

In January 2022 Mrs B got an independent inspection of the sofa undertaken by a company that I will call "J". The report produced following this inspection said J had been able to rectify the excessive movement and misalignment of the middle (corner) section of the sofa but one of the seat cushions needed replacing due to a manufacturing fault. Mrs B says she had to pay for this inspection and report.

Mrs B's complaint was considered by one of our investigators who came to the view that it should be upheld, and that Creation should:

- repair, or replace, the cushion identified by J as being faulty
- pay Mrs B £75.00 for the distress and inconvenience she had been caused

Creation responded to say:

- it was unable to get the cushion, identified by J as being faulty, repaired or replaced itself, but it would meet the cost incurred by Mrs B in getting the same undertaken herself.
- it was prepared to pay Mrs B £75 for the distress and inconvenience she had been caused

Mrs B responded to say, amongst other things:

- she didn't feel it was fair that she should have to go to the trouble of sourcing a repair to, or a replacement of, the cushion identified by J as being faulty.

In July 2022 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs B has confirmed to our service that one of the reclining seats coming with a lever mechanism rather than a button mechanism, is something she doesn't require our service to investigate, so I make no further comment or finding on this particular point.

I would also add that currently I've seen no evidence that the warranty (purchased by Mrs B with the sofa) was mis-sold to her, or unsuitable for her. But I will consider anything Mrs B, in response to this provisional decision, might want to say or submit on this particular point for my further consideration.

Creation accepts that Mrs B was supplied with a sofa from H that was faulty. So other than saying I agree this is what happened, I make no further findings or comment on this particular point.

I will now turn to what I think Creation should do to fairly and reasonable compensate Mrs B for being provided, by H, with a sofa that was faulty.

Creation has confirmed that it's prepared to meet the cost Mrs B incurs in getting the cushion, identified by J as being faulty, repaired or replaced. I think this is a fair outcome, but this puts Mrs B to more inconvenience than Creation sourcing a repair or replacement itself (rather than Mrs B having to do so). And in my view I think Mrs B should be compensated for this additional inconvenience.

I also think that Mrs B has suffered a level of distress and inconvenience, even before taking into account the inconvenience of having to source a repair to, or replacement of, the faulty cushion herself, that warrants an award by me of more than the £75.00 recommended by the investigator. In coming to this view I've had regard to how long matters have been going on for and that Mrs B hasn't been able to have the benefit or enjoyment of the whole sofa for some considerable time because of the faulty cushion.

I also think that given a fault has been identified by J, Mrs B shouldn't have to bear the cost of getting the inspection and report from it that she did.

I then went on to explain what Creation should do to fairly and reasonably compensate Mrs B.

Both parties responded to my provisional findings to say that they accepted them.

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.

Given that both parties have confirmed that they accept my provisional findings I see no reason to depart from them and I now confirm them as final.

My final decision

My final decision is that Creation Consumer Finance Ltd must:

- meet the cost Mrs B incurs in getting the faulty cushion repaired or replaced, up to a maximum of £350 (evidence to be provided by Mrs B of the actual cost incurred)
- meet the cost Mrs B incurred in getting an inspection and report from J (evidence to be provided by Mrs B of the actual cost incurred)
- pay interest on the above inspection and report sum from the date of payment (by Mrs B) to the date it's refunded (by Creation), at 8% simple a year*
- pay Mrs B £150.00 for the distress and inconvenience this whole matter has caused her

*HMRC requires Creation to take off tax from this interest. If Mrs B asks for a certificate showing how much tax has been taken off this should be provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 24 August 2022.

Peter Cook
Ombudsman