

The complaint

Mr W complains about the way Mitsubishi HC Capital UK Plc trading as Hitachi Personal Finance has dealt with a claim he made to it in relation to replacement doors and windows supplied and fitted by a third party "P".

Hitachi provided finance for the work and Mr W brought his claim under the connected lender liability provisions of section 75 of the Consumer Credit Act 1974 ("section 75").

What happened

Mr W engaged P to fit replacement windows and a door at a cost of £6,987. He paid a deposit of £2,000 with the balance being covered by a fixed sum loan agreement from Hitachi, arranged through P.

Unfortunately, following installation Mr W started having problems with the combined window and door. Attempts to have P rectify the problems ultimately failed and Mr W lost faith in P. He subsequently turned to Hitachi to highlight the issues with the installation and claimed a refund on the basis that P hadn't performed its services to a reasonable standard.

After a short delay Hitachi responded to Mr W's claim. It attempted to resolve matters by liaising with P, with a view to carrying out further remedial work. This attempt was unsuccessful. In its final response letter Hitachi said it would consider a price reduction based on the cost of a third party rectifying the outstanding problems. Hitachi also said it would consider any out-of-pocket expenses Mr W could demonstrate he'd incurred. And it said it would pay Mr W compensation of £50 to reflect the delays he'd experienced.

Mr W had by that point already settled the loan and had referred his complaint to us. During our investigation, Hitachi offered to reduce the contract price by £350, which Mr W declined.

Our investigator noted the relevant provisions of section 75 and of the Consumer Rights Act 2015 ("CRA") meant that Mr W had a claim and that he could bring it against Hitachi. She also noted Mr W had obtained a third party inspection that supported his position, and concluded that Hitachi was likely to be liable to Mr W in his breach of contract claim. The available evidence indicated P hadn't carried out the installation to the required standard under the CRA. To settle matters she proposed that Hitachi apply a price reduction of 35%, refunding any resulting overpayment to Mr W with interest.

Mr W said that while the proposal didn't address all of his claim, he'd be willing to accept it as a way of resolving matters. Hitachi said it wanted to get comments from P before responding, and that it would reply by the date the investigator had specified. However, that date passed without any further submissions from Hitachi and the case has been passed to me for review and determination.

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.

As our investigator noted, the arrangements between Mr W, Hitachi, and P meet the requirements of section 75 in terms of both financial limits and structure. Mr W has a claim; he considers P to be in breach of contract because P failed to perform the installation with reasonable skill and care as required under the CRA and incorporated into the contract between them. Under section 75 he has a like claim against Hitachi. And he's provided evidence – in the form of photos, correspondence and the third party inspection – in support of that claim.

None of this is really in dispute. Hitachi has already said it would consider a price reduction in recognition of the costs of rectifying the problems caused by the installation. Our investigator made a proposal as to the amount of that price reduction, which Mr W indicated he'd be willing to accept. That sum (which for the avoidance of doubt equates to £2,445.45) seems to me to be a fair way to recognise Hitachi's potential liability and settle the dispute. In the absence of any further argument from Hitachi as to why another amount would be more appropriate, I've no reason to propose a different sum.

I'm conscious our investigator also proposed that Hitachi pay interest on the amount in question. That was to take account of the fact that Mr W settled the loan in April 2022, paying more than he would have needed to had the price reduction been in place at that time. I think it's fair that I include this in my award, to reflect the period Mr W has been without the use of that money.

In terms of the inconvenience Mr W has experienced due to Hitachi's handling of his claim, I note Hitachi has accepted it didn't deal with things as promptly as it could have. It suggested it would send him £50 in this respect. I think that amount, in addition to the interest proposal I've already outlined above, is a fair way for Hitachi to recognise Mr W's time and trouble. If Hitachi hasn't already paid the £50 to Mr W, it should now do so.

My final decision

My final decision is that I uphold Mr W's complaint. To settle it, I direct Mitsubishi HC Capital UK Plc trading as Hitachi Personal Finance to take the following steps. Noting Mr W's concern over getting the necessary remedial work done before the winter, it should do so within 28 days of receiving Mr W's acceptance of this decision.

1. pay Mr W £2,445.45, representing the value of the price reduction
2. pay interest on the amount in 1. at an annual rate of 8% simple, calculated from 25 April 2022 (being the date Mr W settled his loan) until the date it pays this settlement. If Hitachi deducts tax from this interest, it should provide Mr W with the appropriate tax deduction certificate, should he ask for one
3. if it hasn't already done so, pay Mr W £50 in recognition of the distress and inconvenience he experienced due to the delay in dealing with his claim, as set out in Hitachi's letter dated 5 April 2023

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 October 2023.

Niall Taylor
Ombudsman