

The complaint

Mr S is unhappy with Ikano Bank AB (publ) ("Ikano's") response to his claim brought under s.75 of the Consumer Credit Act 1974 relating to furniture he purchased using a fixed sum loan.

What happened

In February 2022 Mr S bought furniture from a supplier I'll call D at a cost of £2,376. He paid using an interest free fixed sum loan from Ikano repayable over 36 months.

Mr S contacted D in February 2023 as he was unhappy with the quality of one of the items. He said the material was splitting and bobbling and the back cushions were sinking.

D arranged an inspection of the sofa. Mr S said the inspector told him the issues with the fabric were likely caused by clothes rubbing or sticking to it. And he was told he needed to plump the cushions regularly to keep them in shape. Mr S wasn't happy with this so D arranged another inspection. Mr S said D gave him different instructions verbally this time about how he should maintain the cushions but found no fault again.

Unhappy with D's assessments, Mr S submitted a s.75 claim to Ikano in May 2023.

Ikano responded to Mr S's claim in July 2023. It said it had spoken with D who had told it the furniture had been inspected twice and no faults were found. It said on this basis it would not meet Mr S's claim.

Mr S complained about Ikano's refusal to meet his claim but it said it stood by its decision.

Mr S then referred his complaint to this service.

An investigator didn't think Ikano had treated Mr S unfairly by declining his s.75 claim. She thought that based on the evidence Mr S had presented, there had not been a breach of contract by D.

Mr S did not agree with the investigator's assessment and asked an ombudsman to look at his complaint.

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 doing this, I've considered the actions of Ikano and how it responded to Mr S's claim as well as what happened with the furniture and the actions of D. I am also required to consider relevant law, which I think in this case includes s.75 Consumer Credit Act 1974 and the Consumer Rights Act 2015 ("the CRA")

S.75 provides 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

misrepresentation by the supplier of goods or services. So, given Mr S's complaint here, for me to find that Ikano should reasonably have met his claim, I'd need to be satisfied based on the available evidence that there was a breach of contract by D.

The CRA implied a term in Mr S's contract with D that the goods it supplied him would be of satisfactory quality. So, if D supplied goods to Mr S that were not of satisfactory quality, that would likely be a breach of contract.

The CRA sets out that goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account things like price and description. durability is also a relevant aspect of satisfactory quality.

Mr S has provided photographs of the furniture which he says support his view that it was not satisfactory. From these photographs I can see some loss of shape on the back cushions. However, the photographs alone do not tell me whether that loss of shape is the result of something inherently wrong with the furniture given Mr S had owned it for at least a year before the issue was reported.

I can also see the loose threads on the other photographs Mr S has provided. Again it's difficult to conclude just from the photographs that this is the result of a fault or poor manufacturing rather than external factors after a year of ownership.

On the other hand, D arranged an inspection of the sofa which concluded that there were no faults with it and that the cushions required regular attention and maintenance to keep them in shape.

I do recognise that the report was carried out by D and not by someone more independent. But even if I were to give less weight to the report for that reason, there is still not enough within the available evidence to convince me the furniture is faulty given its age.

So, while I do understand Mr S's concerns, I don't think Ikano unreasonably declined his s.75 claim based on the evidence that was presented to it. It's not clear enough to me that D was likely in breach of its contract with Mr S.

Mr S is also unhappy that Ikano didn't tell him it would instruct the credit reference agencies ("CRA") to record a dispute on his account when it said it would pause his repayments until the matter was resolved. He said this made his credit score drop. The report like the one Mr S provided, including the credit 'score' is an interpretation by a third party of the data held by one of the CRAs. And because it hasn't come from the CRA directly it doesn't necessarily show the data recorded on his actual credit report with that agency. What Mr S has provided also doesn't show it was his Ikano account alone that impacted on his 'score' in any event.

Ikano said it did report a 'query' marker to the CRAs for a couple of months as Mr S had an open claim on the account and wasn't required to make payments for two months. It said it did however report the account as 'up to date' throughout this time, which I think means it did not record that payments were late or missing.

That doesn't seem like an inaccurate reflection of the situation to me and I've not seen anything that makes me think this has impacted Mr S's ability to obtain credit. So, while I do understand Mr S's concern that he wasn't made aware of what would be reported, I don't think the impact of this was detrimental such that Ikano needs to do anything further.

Final decision

For the reasons I have explained, my final decision is that I do not uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 June 2024.

Michael Ball
Ombudsman