

## **The complaint**

Mr S complains that Nationwide Building Society failed to pay out on a claim he made to it about the failure of a supplier to provide and install a fit for purpose solar panel system, the deposit for which he paid for with credit Nationwide provided.

## **What happened**

In January 2022 Mr S provided his Nationwide credit card details to a supplier I'll refer to as 'F' in order to pay the deposit for a solar panel system it was to install. In August 2022 F installed the system, but Mr S swiftly experienced problems with it.

Having failed to get any response from F about his concerns, in June 2023, Mr S approached Nationwide to make a claim under Section 75 (S.75) of the Consumer Credit Act 1974 (CCA) to cover his losses. It would appear that F has, in fact, gone out of business.

Nationwide looked into things, but declined Mr S's claim as it quickly found that the deposit in January 2022 had not been paid to F, but to an unconnected third party, an electrical wholesaler I'll refer to as 'E'. So it explained that there was no basis for a claim under S.75 as the necessary circumstances for that were not in place.

Unhappy with that response, Mr S came to our service. One of our investigators looked into things and thought that Nationwide's handling of, and response to, Mr S's claim under S.75 was fair. So he didn't uphold the complaint. Mr S doesn't accept that, insisting that there is effectively a clear link between F and E; that his contract was with F; and that the deposit was ultimately paid to F – regardless of what the transaction on his statement says. So he asked an Ombudsman to review his case, and it has come to me for that purpose.

Mr S also raised concerns with Nationwide about how long it took it to deal with his claim. Nationwide accepted it could have done better and offered Mr S £200 by way of compensation. As I understand it, that matter is no longer in dispute, and I will not be commenting on it in any way in this 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'm not upholding it, and I'll explain why.

I know my decision will be extremely disappointing for Mr S, whose strong feelings on the matter are easy to understand. However, I want to explain from the outset that I can only consider this complaint on a relatively narrow basis – i.e. whether it was fair and reasonable for Nationwide to reject his claim under S.75 of the CCA. I cannot hold it responsible for Mr S's experience with the supplier, or the undoubted inconvenience and stress this situation has caused him.

S.75 enables Mr S to make a claim against Nationwide for breach of contract or

misrepresentation by the supplier of the goods/service in question. But certain criteria apply to S.75 in respect of things like the cost of the goods or services and the parties to the agreement.

Those criteria say that the supplier of the goods or service (F) has to have been paid by Mr S using credit provided by Nationwide before it is required to consider a claim under that particular piece of legislation. This is known as a debtor-creditor-supplier (DCS) agreement. Where there is no DCS agreement, then S.75 does not apply.

At a high level, in this case, there is no DCS agreement between F, Nationwide and Mr S, in that the payment in question did not go to F. It went to an entirely separate entity, E, with whom Mr S has no concern or, indeed, relationship.

However, I have thought carefully about the particular circumstances and whether there are grounds to say that a DCS agreement does nonetheless exist between the relevant parties. I accept that there could be, and have been in other S.75 cases previously. For example, if E was simply acting as what's called a 'payment processor' for F.

Mr S did not expect the deposit to be paid to E, and says he did not approve F providing his credit card details to it. He said he expected the specific amount of the transaction and so had no basis to query it on his statement and didn't notice that the payee was E, not F.

He approached E to ask what had happened. Ultimately, it confirmed that a former employee had taken Mr S's credit card details from F and used them to reduce the debt that F had with E. The two companies are in no way linked, and the payment was not made on electrical hardware to be used in Mr S's installation.

It's important to remember that I have no jurisdiction over either F or E, and cannot comment on the actions of either. I can solely consider the actions of Nationwide in considering Mr S's S.75 claim.

Mr S has repeatedly highlighted that his contract for the solar panel system was with F, and that he has a receipt from F showing payment of the deposit. He also says that it is clear that the deposit was, "...*taken and processed by...*" F. This latter point is self-evidently untrue, as can be seen from the credit card statement. However, his contract was indeed with F, and F did provide him with a receipt showing that the deposit had been received.

Mr S highlights that E, "...*simply facilitated transfer of funds from [him] to [F]...*" and has cited both previous decisions by colleagues and case law supporting his position. I don't agree. What the evidence shows is that the funds were retained by E, as part payment for the debt F had with it, and there is no evidence that the money was in any way transferred to F. There is also zero evidence to suggest that E was acting as a payment processor or provided any kind of payment services to F. The other cases Mr S has mentioned appear to be significantly different in that respect.

The evidential bottom line in this particular case is that E retained the deposit that was paid via this transaction. And that F elected to frame that payment as a deposit paid by Mr S in terms of the invoices and receipts which pertain. But I think it's reasonable to assume that it chose to do that to try and stave off serious cashflow problems, which would appear ultimately to have led to its demise. Mr S had no contact, or contract, with E. E did not pass the payment to F. F was a customer of E, but the link between them went no further, and they could not be classed as 'associates' as defined by Section 184 of the CCA.

Consequently, I have no basis to say that there is a DCS agreement present between Mr S, F and Nationwide in this situation, and that Nationwide did anything wrong in its handling of

Mr S's S.75 claim. I have a lot of sympathy for Mr S, who is in an unenviable position. But I don't think it would be fair to conclude that Nationwide ought to do something differently.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint and Nationwide doesn't need to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 February 2025.

Siobhan McBride  
**Ombudsman**