

The complaint

Mr R complains that Lloyds Bank PLC failed to pay out on a claim he made to it about the failure of a supplier to deliver all the constituent parts of a model which he paid for with credit it provided.

What happened

In February 2021 Mr R began paying for parts to build a model using his Lloyds credit card. It would appear that his last payment to the supplier was in March 2022. However, the supplier of those parts went out of business and so he was unable to complete the model.

In early 2024, Mr R therefore contacted Lloyds to make a claim for the amounts he'd spent to be refunded, which it considered as a potential breach of contract under Section 75. It also considered whether it could proceed with what's known as a "chargeback", but Mr R had raised his concerns too late for that to be possible. Ultimately, Lloyds declined his claim as it said Mr R had not provided enough evidence to show the basis of the problem, or that any contract had been breached. Unhappy with that response, Mr R brought a complaint to us.

Our investigator considered how Lloyds had acted in light of its responsibilities under Section 75 of the Consumer Credit Act 1974 ('Section 75'). However, she did not uphold the complaint and concluded, in summary, that there was insufficient evidence to substantiate a claim under Section 75.

Mr R doesn't accept that and asked an Ombudsman to look into things.

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.

Section 75 enables Mr R to make a claim against Lloyds for breach of contract by the supplier of the goods in question. However, the legislation only applies to goods with a cash value of more than £100, and up to £30,000. The evidence in this case demonstrates that Mr R made a total of eight payments to the supplier in question. However, only two of those payments were for sums over £100. He says that the payments were effectively made as part of a subscription – which could perhaps potentially be viewed as one item for the purposes of the legislation. However, Mr R hasn't demonstrated that he entered into a contract with the supplier to buy one single item. Put briefly, it looks more like he has entered into eight separate contracts. I am struck by both how large the variances are between the amounts he paid, and the lack of a pattern in terms of timing. Sometimes he made payments at the beginning of a month; sometimes at the end or in the middle. I also note that the supplier sells lots of different items – not just the model Mr R has referenced. So with the available information, I don't think I could reasonably conclude that these eight transactions represent payment for a contracted single item. That means that Mr R has no basis for a claim under Section 75 for six of the eight payments.

I have also considered whether Lloyds ought perhaps to have considered Mr R's claim under a different section of consumer credit legislation, or indeed via a 'chargeback'. But I'm satisfied that he brought his claim too late to be processed as a chargeback, so it was fair for Lloyds to not pursue that. And I cannot see that any other section of the legislation would have led to a different outcome.

In respect of the two payments for higher amounts, I'm satisfied that the necessary requirements are theoretically in place for him to be able to make a claim under Section 75. So I then have to consider whether it was unreasonable of Lloyds to reject that claim and whether there in fact has been a breach of contract or misrepresentation by that supplier.

I've already set out why I don't think the evidence supports viewing the eight transactions as being payment for a single item. And in fact Mr R has not complained that there are any defects or problems with the two items he bought that had a cash value of over £100. Whilst not having an actual, written, contract would not mean that a claim under Section 75 must automatically fail, in this instance there is neither a contract, nor any evidence of defects in the individual items in question.

Although I am sorry to hear of Mr R's disappointment with this situation, I don't think there is sufficient evidence here of a breach of contract by the supplier. As a result, and with Section 75 in mind, I don't think it would be fair or reasonable to conclude that Lloyds should refund him the costs involved.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 November 2024.

Siobhan McBride
Ombudsman