

The complaint

Mr Y is unhappy because Sainsburys Bank Plc declined his claim under Section 75 of the Consumer Credit Act 1974.

What happened

On 6 December 2021 Mr Y made a transaction for £9000 with an online training provider using his Sainsburys credit card. The total cost of the purchase was £18,000. Mr Y paid the other £9000 using another credit card provider.

The package purchased by Mr Y included 10 online training courses and 12 mentoring sessions. It also came with monthly virtual networking meetings, invites to networking events and a 1 year NRLA (National Residential Landlords Association) membership. The programme included a money back guarantee, which stated that if Mr Y didn't get two property deals within 1 year of starting the programme, he would be entitled to a refund of the cost of the membership, provided that certain other criteria were met.

In December 2021 Mr Y received a welcome email from the training provider. The email outlined Mr Y's key rights in relation to cancellation of the courses, prices and payments.

On 17 April 2023 Mr Y received an email from the training provider stating that it had gone into administration. The email stated that the App would remain available to all students and that they were in discussion with the trainers and coaches to confirm their commitment to continue to provide the training.

Mr Y didn't hear anything further from the training provider. He raised a complaint with Sainsburys and with the other credit card provider. Mr Y received a refund of £9000 from the other credit card provider and sought a refund of £9000 from Sainsburys. He said he'd only received 9 of the 10 online training courses and only 5 of the 12 mentoring sessions had been provided. Mr Y said he hadn't had two property deals and he wanted a full refund.

Sainsburys declined the claim. It said the money back guarantee was for the membership only, not the full package cost, and they had been unable to confirm the cost of the membership. Sainsburys said the majority of the services had been utilised by Mr Y and the £9000 he had already received from his other credit card provider was a sufficient remedy.

Mr Y remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that he agreed that there had been a breach of contract because the supplier hadn't provided all the elements of the course but said that because most of the elements of the course had been provided, Mr Y should only be entitled to a pro rate refund for those parts of the course which he didn't receive. The investigator said that the fairest way to apply a value to the 24 elements of the course was to treat them as equal, meaning each element had a value of £750 based on the total sum paid of £18,000. The investigator said that because Mr Y had already received a refund of £9000 from his other credit card provider, he didn't think that Sainsburys needed to provide a further refund.

Mr Y didn't agree. He said he interpreted the money back guarantee as encompassing a full refund of the total cost of the course amounting to £18,000.

Because Mr Y didn't agree I've been asked to review the 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.

I know it will disappoint Mr Y, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In certain circumstances, Section 75 of the Consumer Credit Act 1974 gives a consumer a right to claim against a supplier of goods or the provider of credit if there's been a breach of contract or a misrepresentation.

In order to uphold Mr Y's complaint, I would need to be satisfied that there's been a breach of contract or a misrepresentation and that Sainsburys response to the claim under Section 75 wasn't fair or reasonable.

Mr Y hasn't said that there's been a misrepresentation, so I've focussed on whether there's been a breach of contract. In this case, the supplier hasn't been able to provide all the elements of the course. In these circumstances, Mr Y hasn't received everything he paid for, so there's been a breach of contract.

I've gone on to consider what a fair resolution would be. This isn't a case where Mr Y hasn't received anything, because most elements of the course were provided before the supplier went into administration. Mr Y has benefitted from the elements of the course which were delivered and because the elements provided comprised of training and mentoring, these aren't physical items that Mr Y can return for a full refund.

Mr Y has said that he received 9 of the 10 training courses, and 5 of the 12 mentoring sessions. He says he wasn't provided with the 2 property deals. I've reviewed the information provided about the course. This states that if Mr Y didn't get two property deals within 1 year of starting the course, he would be entitled to a refund of the cost of the membership.

I've reviewed the information relating to the course including the terms and conditions. However, there's no definition of "membership" or of what the monetary value of membership is.

In the circumstances, and because – based on the available information - it's unclear what the membership is or what the membership is worth, I agree with the investigator that the fairest way to approach the remedy for the breach of contract is to calculate the value of each element of the course by treating each element equally. So, in practical terms this means dividing the cost of the course (£18,000) by the number of elements of the course (24) which results in each element having a value of £750. Mr Y received 14 of the 24 elements, meaning that he should receive a refund equivalent to the value of 10 elements (£7500).

Mr Y has already received a refund of £9000 from his other credit card provider. In the circumstances, I'm of the view that Mr Y has already received a sufficient refund for the elements of the course which weren't provided.

Mr Y has said that he interprets the money back guarantee offered by the programme as encompassing a full refund of the total cost of the training course of £18,000. I've thought about this. The money back guarantee states "Should you not get 2 property deals within 1 year of starting the AAA programme, you are entitled to a refund of the cost of membership subject to certain criteria having been met by you. Full details are available on our website". The literature then directs to the terms and conditions. I've reviewed the terms and conditions, but I haven't found anything in them which says that the refund of membership means a refund of the total cost of the programme.

In the circumstances, I don't think Sainsburys response to the claim was unfair or unreasonable. There's insufficient evidence here to show that a full refund is due. The money back guarantee states that the cost of membership will be refunded, not the full cost of the programme.

Mr Y has also said that his other credit card provider has set a precedent by refunding his claim based on the same information that he has provided to Sainsburys. I disagree with that analysis. A decision by one provider of credit doesn't bind another provider of credit, nor does it bind this service. This service determines every case on its individual circumstances having regard to what's fair and reasonable.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 25 November 2024.

Emma Davy
Ombudsman