

The complaint

Miss D complains about the quality of goods financed by Fair for You Enterprise CIC ('FFY').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

In January 2024 Miss D took out a fixed sum loan with FFY for the purchase of a household appliance from a third party ('W'). In summary, she says that:

- The appliance was received in damaged and faulty condition – which she informed FFY about within 30 days of receipt:
- FFY did not help, disregarded her word and failed to recognise her rights under consumer law. It did not arrange a collection and replacement as she wanted.

FFY said that there was no fault found with the appliance – but as a gesture of goodwill it was willing to refund the two payments Miss D had made, and clear the loan with no impact on Miss D's credit file.

Miss D referred the matter to this service. Our investigator did not uphold the complaint. Miss D asked an ombudsman to make a final 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

It's important to note that I am only looking at the complaint which Miss D made to FFY and as dealt with in its final response letter on 21 March 2024.

I am sorry to hear about Miss D's issue with the appliance. However, it is worth noting here that FFY is not the supplier of the goods under the fixed sum loan. FFY provides the finance but the goods are supplied by a third party (in this case 'W'). So when looking at what is fair I consider FFY's role as a provider of financial services – and what it reasonably could have done to help with the information that was reasonably available to it at the time. As Miss D used a fixed sum loan to pay for the service in dispute I consider Section 75 of the Consumer Credit Act 1974 ('Section 75') to be particularly relevant here.

Section 75 in certain circumstances allows Miss D to hold FFY liable for a 'like claim' for breach of contract or misrepresentation in respect of an agreement by a supplier of goods or services which is funded by the loan.

There are certain requirements that need to be met in order for Section 75 to apply – which relate to things like the cash price of the goods or the parties to the agreement. After considering these factors I think the requirements are in place for Miss D to have a valid Section 75 claim against FFY. So I have gone on to consider if there is persuasive evidence of a breach of contract or misrepresentation which would reasonably have been available to FFY at the time it considered the claim. And if so, what FFY should fairly do now to put things right.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The quality of the goods

Miss D's claim to FFY was about the quality of the goods. So the Consumer Rights Act 2015 is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".

I note that the W's terms and conditions appear to be aimed at mirroring the rights set down in the Consumer Rights Act 2015 – however, for clarity I will refer to 'implied' terms when considering these rights, even if they are set down expressly in the terms.

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

The Consumer Rights Act 2015 ('CRA from now on') says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

I can see that Miss D contacted FFY about issues with the appliance. She said it was extremely noisy. She wanted to reject the goods for a replacement.

Under the CRA Miss D has a 'short term' right to reject within the first 30 days after taking delivery. It appears Miss D initially asked W for a repair – but when she had issues arranging an engineer visit she contacted FFY. She was still in the timeframe to reject the goods when she contacted FFY. However, in order to exercise this right the law says that the consumer needs to show there is a fault with the goods that renders it not of satisfactory quality.

When Miss D raised the issue with FFY I can't see that she submitted persuasive evidence that there was a fault with the appliance. Furthermore, it appears W sent an engineer to inspect the goods in February 2024 who confirmed no fault was found.

I know Miss D has claimed the engineer confirmed the appliance had a dent in it and was operating above the noise levels legally permitted for a domestic appliance – but the information FFY had when it considered the claim did not persuasively corroborate this. So I don't consider FFY should have concluded W had breached its contract with Miss D in respect of the quality of the goods.

As there was no clear breach of the implied term as to satisfactory quality it follows that I wouldn't fairly have expected FFY to have offered Miss D a remedy as set out in the CRA such as a repair, replacement or rejection for a refund.

Furthermore, and for completeness based on the claim Miss D made to it, I don't see anything in W's general terms and conditions which FFY should have recognised entitled her to the remedy she wanted in the circumstances here.

Therefore, I don't consider that FFY would have acted unfairly in rejecting Miss D's claim outright based on the information available to it at the time about the quality of the goods.

However, here I notice that as a goodwill gesture FFY still offered Miss D a full refund of payments made to date and cancellation of the finance. With my earlier conclusion in mind, I can't say this was unreasonable – as FFY were not obligated to do so.

It appears Miss D has now accepted FFY's offer and the machine was collected at the end of June 2024. So even if I were able to conclude that Miss D had a valid claim for breach of contract (and I am unable to for the reasons given above) I don't consider FFY would have anything more to do here in any event. I note Miss D paid for an engineer visit – but she also ended up having around 6 months use of the item without charge – so this balances out in any case. It is also worth noting that while Miss D has mentioned FFY's failure to provide replacement goods – exercising her 30 day right to reject goods (that are not of satisfactory quality) for a full refund under the CRA does not also entitle her to an additional remedy of replacement in any event.

I note Miss D has indicated she has adverse information left on her credit file as a result of missing payments on the finance but I am not proposing to direct FFY in respect of this noting:

- It was Miss D's obligation to pay for the goods (even during a dispute) and there is no persuasive evidence of a breach of contract here; and
- in any event Miss D has not provided persuasive evidence of this adverse reporting (and FFY says it didn't add adverse information).

Customer service

Miss D is unhappy with the way FFY handled things. I am sorry to hear this, but after considering the information about this case (and acknowledging that FFY did not act perfectly) I don't think it acted in a way that would warrant compensation or some other action.

Firstly, I don't consider FFY were wrong in pointing Miss D toward W in the first instance to help with any expert support regarding faults with the item or the eventual logistics regarding collection of goods. Nor, do I consider that FFY didn't ultimately recognise its responsibilities as a credit provider for the quality of the goods. I think it could have communicated more clearly with Miss D about its liability for breach of contract specifically in respect of Section 75, and what that entailed. However, its actions in facilitating an engineer visit (which I have seen correspondence to support) – and trying to assist Miss D to resolve the matter with the quality of goods showed that it was taking responsibility for the allegations. Noting that it even went so far as to offer a resolution when the engineer report from W indicated the goods were not faulty and there was no other persuasive evidence to show the same.

I am very sorry to hear Miss D feels FFY instructed W to 'harass her'. But I don't see persuasive evidence it proceeded unfairly in acting as a go between to facilitate an investigation into the allegations about the goods or in respect of collection tied to its goodwill offer. Nor do I consider FFY can fairly be liable for Miss D's complaint that W tried to sell her an extended warranty or claims that it contacted her too frequently about arranging a collection for the goods. Or for any failure for engineers to turn up when she initially contacted W about the alleged faults. I consider this to be outside any liability FFY

has as a credit provider (even with Section 75 in mind). Miss D can complain about these things directly to W (or relevant bodies) if she wishes.

All things considered – I don't think FFY has acted in such a way that would warrant compensation or some other remedy. I know Miss D is likely to be disappointed by my decision – however, she does not have to accept it and may explore her options for pursuing any claimed losses by more formal means (such as court) if she wishes.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 3 June 2025.

Mark Lancod
Ombudsman