

The complaint

Mrs S has complained that HSBC UK Bank Plc declined her claim under section 75 of the Consumer Credit Act 1974.

What happened

Mrs S bought a conservatory through a third party supplier, that I will refer to here as 'T', and paid her deposit using her credit card. Unfortunately, T became insolvent, and the works couldn't continue. Accordingly, she contacted HSBC to make a claim under section 75, for the amount of the deposit. However, HSBC declined the claim, as it said the total purchase value exceeded the £30,000 limit set out in section 75.

Mrs S disagreed, and brought her complaint to our service. She explained that the money owed to T was £25,135, so under the limit. The remainder of the money was owed to other tradespeople.

One of our investigators looked into what had happened. He considered both section 75 and, for completeness, a potential chargeback.

As regards section 75, he noted that he couldn't determine the outcome of a claim that a party might have under section 75, as only a court can do that. But, he did need to take it into account.

He explained that section 75 does not apply where the claim relates to any single item to which the supplier has attached a cash price of more than £30,000. And, although 'single item' isn't defined, he felt the contract here, dated 25 September 2021, to be best defined as a project, with T outlining the scope of that project, including the supply and installation costs, coming to a total of £35,563. Further, the terms and conditions attached to the contract, define the 'contract price' as being for the works set out – which includes the services provided by the tradespeople. He considered it to be key that T had attached a cash price to the project, and that totalled £35,563. This total includes the cost of tradespeople to complete the work required, which have been recommended by T. So, it is evident that they had been engaged by T, and had not been engaged separately by Mrs S. And, whilst Mrs S was asked to pay them directly, which is a requirement of the contract, this did not create a new contract between each of the tradespeople and Mrs S.

Our investigator also looked at section 75A, which covers a breach of contract for a cash price above £30,000, and less than £60,250. But as a credit card is not a linked credit agreement as defined and required by this section, it wouldn't apply here.

Finally, our investigator looked at the chargeback scheme. He explained that this is voluntary, and there's no right for a consumer to require that a chargeback claim be made. But, if there's a reasonable prospect of success and it is within the timescales of the applicable scheme rules, then we'd consider it to be good practice for HSBC to raise one.

Here, the deposit was paid on 25 September 2021. Under the relevant scheme rules, there are 120 days to raise a chargeback from the date of the transaction. But, as this would have

been a chargeback for goods and services not received, this deadline can be extended to 120 days from when Mrs S became aware there was an issue. However, this is only up to a maximum of 540 days from the date of the transaction. So, the very last date to raise a chargeback was 18 March 2023, but Mrs S didn't contact HSBC until February 2024.

Mrs S asked that her complaint be passed to an ombudsman. She doesn't feel the parameters of section 75 are made clear, and it wouldn't have occurred to her, or most consumers, to enter into separate contracts with each subcontractor.

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 agree with the conclusions reached by our investigator, and for the same reasons he gave. There's very little I can meaningfully add to the explanation he's given. I know this will be disappointing for Mrs S. I fully understand her frustration. However, the parameters of section 75 are clear. Here, I'm satisfied that the value placed by T on the 'item' – that is, the conservatory project – was over the £30,000 limit. Nor are the 'linked credit agreement' criteria of section 75A met. And, it was out of time for a chargeback to be raised.

I'm extremely sorry that Mrs S has found herself out-of-pocket. What should have been an exciting and enjoyable experience, turned out to be very costly. But, I have to decide if HSBC behaved unfairly and, for the reasons given, I don't think it did. I think it reasonably considered whether the requirements for a refund were met.

My final decision

For the reasons given above, and despite my considerable sympathy for Mrs S, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 May 2025.

Elspeth Wood
Ombudsman