DRN-5100959

The complaint

Mr C has complained about the way Healthcare Finance Limited ("HFL") dealt with a claim for money back in relation to dental treatment which he paid for with credit it provided.

What happened

In November 2023 Mr C entered into a two-year fixed sum loan agreement with HFL to fund the provision of dental aligners from a third-party supplier that I'll call "S" for his daughter, Miss C. The treatment cost around £1,660 and the agreement was to be paid back over two years with monthly payments of around £74. Miss C had trouble with the second aligner, which didn't work.

S went out of business in December 2023, so Mr C contacted HFL to make a claim. He said the treatment was incomplete. He requested the agreement was cancelled and a full refund.

HFL considered the claim as a potential breach of contract under Section 75 of the Consumer Credit Act 1974 ("s.75"). It acknowledged S provided a lifetime guarantee. HFL acknowledged S provided a 'lifetime' guarantee. It offered a pro-rata refund for any unused and unopened aligners. Mr C had no unopened aligners to return.

Mr C decided to refer his complaint to the Financial Ombudsman. He reiterated his daughter could no longer complete the treatment.

Our investigator looked into things but didn't make any recommendations because he didn't think the necessary conditions existed for a claim to be considered under s.75. Mr C asked for an ombudsman's review.

As things weren't resolved the complaint has been passed to me to decide.

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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr C and HFL that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to say I'm very sorry to hear that Mr C's daughter is unhappy with the treatment. I can't imagine how she must feel, but I thank Mr C for taking the time to bring the complaint.

What I need to consider is whether HFL – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr C's request for getting money back. But it's important to note HFL isn't the supplier. I can't hold it responsible for everything that went wrong with S.

S.75 is a statutory protection that enables Mr C to make a 'like claim' against HFL for breach of contract or misrepresentation by a supplier paid using a fixed sum loan in respect of an agreement it had with him for the provision of goods or services. But there are certain conditions that need to be met for s.75 to apply. I think the cost of the treatment was within the relevant financial limits for a claim to be considered under s.75. But I don't think the necessary relationships exist under a debtor-creditor-supplier ("DCS") agreement.

One of the conditions for a claim to be considered under s.75 is that the borrower (debtor) needs to have a used the credit to pay the same company which they have a like claim against for breach of contract or misrepresentation.

In this case, Mr C is the debtor and so he'd be the one who'd need to have a claim against S for breach of contract or misrepresentation. But it was his daughter who had a contract with S for the treatment.

The nature of the treatment is that it's very personal to Mr C's daughter. She was the one who had the scan, received the aligners, and would have been provided the ongoing support from S. I think it's difficult to argue that it's anyone other than Mr C's daughter that received the treatment and would be party to the contract with S. I think it's likely she would have signed a Consent and History Form, as is common in these sorts of treatment. The form was to be signed by the patient (Mr C's daughter) because it's the patient that needed to consent and share their medical history. If something went wrong with the treatment it would have been Mr C's daughter that could have taken S to court.

While Mr C paid for the treatment through the loan, I don't think he had the type of claim against S that he's now seeking to bring against HFL under the 'like claim'. So, I therefore don't find I have the grounds to direct HFL to take further action in relation to the way it handled the claim.

Therefore, while I'm sorry to hear Mr C and his daughter are unhappy, I don't find I have the grounds to direct HFL to take any further action.

Despite the fact that, in this case, the necessary relationships do not exist under a debtor-creditor-supplier ("DCS") agreement, and knowing that, HFL have still offered to refund to Mr C a sum of £220. After the core treatment, further aligners were possibly available as 'touch-up' aligners. HFL shared information from S saying the financial value of a 'touch-up' treatment is £220.

Because I don't find I have the grounds to direct HFL to take any further action in this complaint, I cannot give as my determination that this amount should be paid. It rests in the goodwill of HFL. Should Mr C be interested in such a refund, he should let us know when responding to this decision.

My final decision

For the reasons given above, my final decision is that Healthcare Finance Limited has done enough to put things right.

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

Douglas Sayers
Ombudsman