

The complaint

Mrs P has complained about the way Healthcare Finance Limited (“HFL”) dealt with a claim for money back in relation to dental treatment which she paid for with credit it provided.

What happened

In March 2023 Mrs P 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 her sister. The treatment cost around £1,640 and the agreement was to be paid back over two years with monthly payments of around £70.

S went out of business in December 2023, so Mrs P contacted HFL to make a claim. She said the treatment was incomplete and requested the agreement to be cancelled and a full refund provided.

HFL considered the claim as a potential breach of contract under Section 75 of the Consumer Credit Act 1974 (“s.75”). HFL acknowledged S provided a ‘lifetime’ guarantee but told Mrs P she did not meet the requirements to be eligible for it.

Mrs P decided to refer her complaint to the Financial Ombudsman. 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. Mrs P 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 Mrs P 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 Mrs P’s sister is unhappy with the treatment. I can’t imagine how she must feel, but I thank Mrs P 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 Mrs P’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 Mrs P 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 her 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 used the credit to pay the same company which they have a like claim against for breach of contract or misrepresentation.

In this case, Mrs P is the debtor and so she'd be the one who'd need to have a claim against S for breach of contract or misrepresentation. But it was her sister who had a contract with S for the treatment.

The nature of the treatment is that it's very personal to Mrs P's sister. 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 Mrs P's sister 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 (Mrs P's sister) 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 Mrs P's sister that could have taken S to court.

While Mrs P paid for the treatment through the loan, I don't think she had the type of claim against S that she'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 Mrs P and her sister are unhappy, I don't find I have the grounds to direct HFL to take any further action.

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 Mrs P to accept or reject my decision before 28 May 2025.

Douglas Sayers
Ombudsman