

## **The complaint**

Mrs M complains about a claim she made to Bank of Scotland plc trading as Halifax in respect of some building works which were not to standard or specification.

## **What happened**

In August 2023, Mrs M contracted with a building merchant who I'll call S. Mrs M received a quotation for £34,144 to complete various works around her house. A contract was signed shortly after and S started work on the house. Between August and November 2023, Mrs M paid S a total of £24,930. £10,000 of this was paid using Mrs M's credit card with Halifax in October 2023.

Mrs M was unhappy with some of the work done. Some of the issues she experienced are incomplete lintel installation, non-compliance with bi-fold aperture specifications, subpar construction of flooring and upstairs studding and incorrect insulation installation. Mrs M says the total of these works was £10,590.

In December 2023, Mrs M raised a dispute with Halifax. Halifax reviewed the claim under Section 75 of the Consumer Credit Act 1974 (Section 75) and said claims under this legislation are only valid if the cost of the services is between £100 and £30,000. It took the stance that as Mrs M's quotation was for more than this, Section 75 did not apply, and the claim did not succeed.

Mrs M brought her complaint to our service. She said the total amount was only a quote and was unhappy she had not been advised to pursue a chargeback by Halifax. Our investigator said he thought the prospects of success were low for a successful chargeback dispute, so he didn't think Mrs M had been affected by Halifax not pursuing this. Concerning Section 75, our investigator said he thought a valid claim could be made under Section 75 as the full quotation was for multiple pieces of work in different areas of the house. He went on to consider the claim itself and said that even if the claim had been considered, he didn't think it should succeed as Mrs S had not paid the entirety of the balance, had received a grant and S had offered to come and put some areas right.

Mrs M disagreed with our investigator's outcome. She said due to S's conduct and workmanship she had lost faith in their work and was not willing to give S a chance to repeat performance. Mrs M also said she had been caused discomfort and distress and had to pay for remedial works so she doesn't think her finding funding should impact her Section 75 claim, and she is due recompense under Section 75.

Mrs M asked for an ombudsman to consider her complaint, so it has now 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 would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this and this reflects the nature of our service as a free and informal alternative to the courts.

### Chargeback

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

Mrs M has said she's unhappy Halifax did not advise her to pursue a chargeback. Halifax has said Mrs M raised a Section 75 claim in the first instance, and it didn't think any chargeback dispute would have been successful.

In this particular case, I agree with Halifax that it is likely any such claim would not have been successful. I say this because S has repeatedly defended its work and asked for the remainder of the balance to be paid. Once provided with evidence that some of its work was not to standard, it offered to put things right. So, I find it likely that if a chargeback had been raised, it would have most likely been defended by S and a dispute like this had little chance of being successful. I would also like to mention that a chargeback only covers the amount paid on the card (£10,000) and as Mrs M was claiming back £10,590 the full cost of her claim would not have been covered under a chargeback dispute. So, I find it was reasonable for Halifax to focus on Section 75.

### Section 75

Section 75 of the CCA allows – in certain circumstances - for a creditor (Halifax) to be jointly and severally liable for any claim by the debtor (Mrs M) of breach of contract or misrepresentation made by a supplier of goods and/or services (S). Although this affords some form of protection for purchases made on credit cards, it only applies if the claim relates to any single item with a cash price of more than £100 and less than £30,000.

Halifax took the position that as the quotation totalled £34,144, the total cost of the services exceeded the financial limits set out in Section 75 and the claim was not considered any further. Our investigator has explained that the important matter to consider here is the 'single item' element of the criteria. As the work concerned different works in multiple areas of the house, it does not appear that the total cost of works is in relation to a single item over £30,000, but rather multiple single items which when looked at together cross the threshold of the financial limits. The contract was broken down into smaller sections with prices fixed to different elements of work to support this. And so, it is not reasonable to consider them together. Neither party has disputed this reasoning and as I agree with it, I will move on to consider whether if Halifax had looked at the claim, whether it would likely have succeeded.

The latest invoice available to me which includes extra works and deductions made since the work commenced, shows that the total cost of the work including VAT was £33,872.80. We are aware that Mrs M has paid S £24,930 in total to date. This leaves a balance of £8,942.80 outstanding from the balance to be paid to S. Mrs M disputes a total of £10,590

from the work done. Mrs M has also said a total of £1,095 of the work originally included in the estimate has not been done at all. The rest of the work has been done.

I understand Mrs M is asking for what she has paid towards these works to be returned to her. What I would like to make clear to Mrs M is that a refund for the work is not our starting position when looking at remedies under Section 75. We are looking at whether there has been a breach of contract and if there has been, what would need to happen for her to be in the position she would have been in had the contract been performed in its entirety and without any issues. When moving on to consider the issues she has faced, this is what I will be keeping in mind.

Based on the information provided, Mrs M has provided suitable evidence to demonstrate that there were issues with the following:

- the chimney support and helibars in the back bedroom;
- the lintels in the downstairs cupboard area;
- insulation in the kitchen; and
- the cut of the bi-fold aperture and the lintels in this area.

To support her position Mrs M has provided a report from a site surveyor which I find to be reasonable evidence to support Mrs M's position on whether the standard and specifications of these items were suitable. There has therefore been a breach of contract in respect of the items listed above.

I will first focus on the lintels in the cupboard area and helibars. Mrs M told us that the estimate included a £2,750 cost for lintel installation which she says was incomplete. We have also been provided with figures to show that Mrs M has paid remedial costs of £866.97 to put this right. There is some mention in correspondence between the merchant and Mrs M to suggest that the helibars had not been charged for by the merchant. Whether or not this is accurate however is irrelevant because although S did not accept it had made errors initially, after having been provided with the report I referred to above, it did offer to come and correct the issues with the lintels and helibars at no further cost to Mrs M.

I appreciate that Mrs M had lost faith in S and its work. However, I cannot see it was ever provided with an opportunity to put things right, once it offered to do so. And as effecting a repair is a suitable remedy for breach of contract, I cannot see it would be fair and reasonable to hold Halifax liable for the cost of this work under Section 75.

I will now look at the issues with the insulation. In the original quote, insulation has been mentioned intermittently and amongst other costs as it was to be installed upstairs and downstairs. Mrs M has told us the cost of the insulation was £4,410. Although I appreciate the site surveyor confirmed less thermally efficient boards have been installed using the incorrect methods, Mrs M has told us that she has received a government grant which has covered the cost of replacing the insulation and installing it correctly.

I have reviewed the terms of this government grant and find it to have covered the cost of replacement, with little to no risk of Mrs M having to take liability for the cost of this in the future. Therefore, a suitable remedy has already been implemented to resolve this issue. I appreciate Mrs M feels this should not make a difference to her claim under Section 75 but the availability to her of a grant to cover the cost of this has meant she has not suffered financial loss from this issue and therefore I do not find it would be fair and reasonable to hold Halifax liable for the cost of this work under Section 75.

I will now turn to the upstairs flooring and studding. Mrs M has told us the cost of this was £1,480 and although the work was done, it displayed poor workmanship. There is little

mention of this issue in the discussions between S and Mrs M when resolutions were being sought on various issues. I have reviewed the evidence provided and cannot see that enough information has been provided to determine a breach of contract with regard to this item. I therefore do not find it appropriate to hold Halifax liable for this item under Section 75.

Lastly, I will mention the bi-fold aperture. The site surveyor has confirmed work needed to take place to reposition the lintels and centre the aperture. The quote Mrs M has received suggests it will cost £995 to repair this issue. As this amount is significantly less than the amount Mrs M has not yet paid to S to fulfil her end of the contract, I find that it would not be fair to ask Halifax to pay for the cost of this repair under Section 75 as Mrs M has not suffered a financial loss. I asked Mrs M whether she is being chased for this outstanding balance by S and she has confirmed she is not. Considering the passage of time since the last time S chased Mrs M for payment, I find it unlikely that it would do so now. It would not have been unreasonable for Halifax to have only agreed to fund repairs if she paid the outstanding balance on the contract to limit its liability, and I need to keep that in mind now.

Mrs M has provided us with information to show what the costs of all the repairs to the areas affected will be. I cannot see that it will cost more than the amount she has not paid towards the contract. As per the invoice, there were also deductions made of £5,932.32 made from the total cost for works done but not charged for, which when looked at objectively, adequately covers the £1,095 worth of work Mrs M says was not done at all. I appreciate S said they would not be charging her for it, but I also see they made mention of it several times when she refused to make final payment towards the contract, so I think it relevant to consider it here. Taking all of this into account, I do not find that there has been a financial loss which requires a remedy from Halifax to put it right under the provisions of Section 75.

Overall, for the reasons explained above I find that even if Halifax had gone on to consider the claim, it would not have been incorrect for the claim to have been declined. And on this basis, I don't think it has treated Mrs M unfairly concerning the outcome of the claim. I appreciate this will be disappointing for Mrs M and understand the distress she has experienced but from what I can see, S has breached the contract by failing to do certain works correctly but by not paying in full by the due dates, a large portion of any restitution Mrs M is due falls away. For breach of contract, there are a multitude of ways in which things can be put right for a customer as described above depending on the situation at hand. I have considered Mrs M's loss and find that in this case, it would not be fair and reasonable to ask Halifax to reimburse Mrs M under the provisions of Section 75.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 June 2025.

Vanisha Patel  
**Ombudsman**