

The complaint

Mrs H complains that Lloyds Bank PLC failed to pay out on a claim she made to it about the failure of a supplier to provide a fit for purpose heat pump system, which she paid for in part with credit it provided.

What happened

In July 2022 Mrs H bought a heat pump system for her home, in part using her Lloyds credit card. She was unhappy with its installation; performance; cost to run; and the vibration coming from it and made a formal complaint to the installer in November 2022.

In February 2023, an inspection and report were provided by a specialist assessor to consider Mrs H's concerns. It concluded that there were some problems with the installation of the system and recommended those be put right. However, it did not think that the system was unsuitable for Mrs H's home or wasn't fit for purpose.

The remedial works recommended in the specialist report were carried out by the supplier in the spring of 2023. However, Mrs H remained unhappy with the heat pump system, and didn't feel that the remedial works had made any significant difference to her concerns. In August 2023 Mrs H contacted Lloyds to make a claim for all the losses she'd experienced as a result of the installation of the heat pump system, which it considered as both a potential breach of contract and misrepresentation under Section 75. In September 2023 she decided to pay to have the heat pump system removed and an alternative installed.

Lloyds considered Mrs H's claim and agreed to cover the cost of making good some damage that had been caused during the installation, but it did not find any breach of contract or misrepresentation which would lead to the outcome Mrs H was seeking. Unhappy with that response, Mrs H brought a complaint to us.

After she had done so, Lloyds reconsidered her claim and concluded that it would also be willing to cover the cost of replacing a radiator in the house. However, Mrs H still believed that she should be entitled to significantly more and that her costs in having to replace the system should be refunded.

Our investigator considered how Lloyds had acted in light of its responsibilities under Section 75 of the Consumer Credit Act 1974 ('Section 75'). However, he thought that what Lloyds had already offered was fair enough, and so did not uphold the complaint.

Mrs H doesn't accept that and asked an Ombudsman to look into things.

The case was therefore passed to me, and I had a long conversation with Mrs H to ensure that I had correctly understood all her concerns.

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.

Section 75 enables Mrs H to make a claim against Lloyds for breach of contract by the supplier of the goods/service in question. Certain criteria apply to Section 75 in respect of things like the cost of the goods or services and the parties to the agreement. I am satisfied there are no concerns in respect of these criteria, and indeed Lloyds has accepted Mrs H's claim in this regard. So I have moved on to consider if there is persuasive evidence of a breach of contract or misrepresentation by the supplier that means Lloyds should have offered more than it has when handling Mrs H's claim.

But I want to explain from the outset that I can only consider Mrs H's complaint on that narrow basis – i.e. whether it was fair and reasonable for Lloyds to respond to her claim by offering what it did. I cannot hold it responsible for Mrs H's experience with the supplier or her feelings about the system. Lloyds is not the supplier, and is not answerable for everything the supplier did, or did not, do. Lloyds simply has a legal duty to consider whether she has a valid claim under Section 75 and to respond fairly to that claim if so.

Mrs H has several concerns about the heat pump system, some of which fall under consideration as possible breaches of contract, and some as possible misrepresentations. I will deal with each in turn.

Was the system fit for purpose?

This is the crux of the complaint. Mrs H maintains that the system should never have been installed and was fundamentally inappropriate for her property. She says it never properly heated the house and that the vibrations coming from the pump were impossible to live with.

As mentioned above, I have discussed this complaint at length with Mrs H and explained why I could not agree with her on this point. I have no expertise in electrical or mechanical installations or heating systems. But Mrs H has provided a specialist report from someone who does. And that report sets out that, whilst there were some problems with the quality of the installation, the system itself was functioning as expected, was not excessively noisy, and was suitable for Mrs H's property. Mrs H lacks confidence in that specialist report, and I afforded her the opportunity to provide an alternative. However, she was unable to do so.

Therefore, I do not have the evidence to conclude that the heat pump system was not fit for purpose and effectively breached the contract between Mrs H and the supplier.

Was the system misrepresented to Mrs H?

Mrs H says that the heat pump system cost significantly more to run than was explained to her by the supplier. So she says that she wouldn't have agreed to have it installed if she had been given accurate information about those costs.

However, the available evidence does not support this conclusion. Bills show that Mrs H's electricity consumption after the pump was installed was in line with what had been predicted by the installer. How much that electricity cost per unit was not in the supplier's control, of course. But, ultimately, the system appeared to have used less electricity than was explained to Mrs H at the point of sale.

The problems with the installation identified in the specialist report of February 2023

Whilst it is, of course, disappointing that there were some aspects of the installation that weren't done quite right, as I've already set out, those were remedied by the supplier at no cost to Mrs H. And there is no evidence that those problems led to any significant loss to Mrs H before they were put right.

Other consequential losses cited by Mrs H

As set out, Lloyds has already offered to cover the costs of damage caused by the supplier to Mrs H's carpet, and the costs of a new radiator which it seems was needed as a result of the system.

Mrs H also highlights that she had to buy new shelving units as the supplier installed system hardware in the airing cupboard which meant that Mrs H could no longer store household items there. Lloyds does not consider this to be as a result of poor workmanship or other deficiencies with the installation, and I agree. Mrs H explained that although she knew the cylinder in question would need to be installed in the airing cupboard, she didn't realise how large it would be, and therefore that the cupboard would no longer be usable for storage.

But this does not equate to failings on the part of the supplier that would constitute either breach of contract or misrepresentation and so I cannot hold Lloyds responsible for the cost of Mrs H creating new storage options.

Although I am sorry to hear of Mrs H's disappointment with this situation, I don't think there is sufficient evidence here of either a breach of contract or a misrepresentation by the supplier. As a result, and with Section 75 in mind, I think that what Lloyds has already offered to Mrs H is fair.

My final decision

For the reasons I've explained, I don't uphold this complaint and Lloyds Bank PLC doesn't need to do anything more than it has already offered. If it has not already refunded Mrs H the sums in question for the carpet restoration and the new radiator, it must do so now.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 21 March 2025.

Siobhan McBride
Ombudsman