

The complaint

Mr G complains that HSBC UK Bank Plc (HSBC) didn't uphold his claim for a faulty sofa under Section 75 of the Consumer Credit Act 1974 (Section 75).

What happened

On 18 August 2023 Mr G bought a sofa set using his credit card with HSBC. He paid £1800 for the sofas and £120 for delivery, and made the purchase from a retailer who I'll call F.

Mr G noticed there were problems with one of the sofas and attempted to resolve the issues with F. He contacted them around 29 February 2024, but he was unable to resolve things. So, Mr G contacted HSBC in May 2024 to see if it could help him.

HSBC considered Mr G's claim under Section 75. It asked him to provide an independent report setting out what the issues were with the sofa, which Mr G did. HSBC considered the report but didn't think there had been a breach of contract or misrepresentation and so told Mr G it couldn't help him further.

Mr G was unhappy with this result and asked HSBC to reconsider the claim. HSBC maintained its position on the matter, so Mr G referred the case to this service. One of our investigators considered the case and didn't think HSBC had acted unfairly.

Mr G didn't agree with our investigator's view, so his complaint has been passed to me for review and decision.

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 think it would be helpful for me to be clear here that I am only considering the actions of HSBC in this case, and I can't consider the level of service F provided to Mr G.

As Mr G paid for the deposit using his credit card, HSBC could have considered the claim through the chargeback process or under Section 75. So, I've considered both here.

Chargeback claims

Chargeback provides an avenue for a bank to raise a dispute with a merchant where something has gone wrong. However, it doesn't cover all eventualities, it isn't a legal right and isn't guaranteed to get a customer a refund. That said it's good practice for a credit provider to attempt a chargeback where the circumstances are appropriate and there is a reasonable prospect of success. Strict rules and timeframes apply to chargebacks, and these are set out by the card scheme operator.

HSBC didn't attempt a chargeback in this case, and I don't think this was unreasonable. I say this because the claim would likely have been outside the given time frame for the relevant chargeback reason. The relevant chargeback reason gives a customer 120 days

from the date of the transaction to raise the claim, but Mr G didn't contact HSBC about the sofa until around eight months after he purchased it.

Given the nature of the claim, I don't think it was unreasonable for HSBC to look at the claim under Section 75, and I've gone on to consider this further.

Section 75 Claims

Section 75 makes the provider of credit (HSBC in this case) equally liable where there is a case of misrepresentation or breach of contract by the supplier of goods or services financed by the credit. However, it will only apply when the criteria for a Section 75 claim are met. This includes the need for the cash price of each item disputed to be more than £100 and less than £30,000. In addition to this there needs to be a direct relationship between the debtor, creditor, and supplier otherwise known as a DCS agreement.

Having considered the evidence available, I'm satisfied Mr G made the purchase from F and so contracted with F which means there is the required DCS agreement in place. Additionally, the cash price paid for the sofa falls within the financial limits allowed under Section 75. So, I'm persuaded that Section 75 applies in this case.

Given this I intend to focus my decision on the point of dispute here which is whether HSBC has acted fairly in declining Mr G's claim. To help me decide whether HSBC has acted fairly in this case I have considered both Section 75 and the Consumer Rights Act 2015 (CRA).

HSBC has said that the terms and conditions Mr G accepted in buying the sofa explain that the items being purchased are "*either cancelled orders, discontinued lines or fabrics, photo shoot pieces, demo stock, or slight seconds etc.*" It also pointed out that under the terms and conditions F offered a 30-day warranty but made it clear no manufacturer warranty would be available.

Having reviewed the independent report that Mr G provided, HSBC felt the report supported the description of the sofa being slight seconds and so didn't agree that there had been a breach of contract or misrepresentation.

Mr G argued that the report said the sofa wasn't fit for purpose, and this went beyond the kind of defects you might expect of something described as slight seconds.

I've carefully considered the report and the comments of both parties and having done so I'm not persuaded there has been a breach of contract here. I say this because when Mr G purchased the sofa, he was made aware that the sofa may have been demo stock, slight seconds or used in a photo shoot. This all means that the sofa can't reasonably be considered as a brand new, unused item. So, I must take this into consideration when I'm considering what would constitute satisfactory quality.

F explained that the sofa didn't come with a manufacturer's warranty, but a much shorter warranty of 30 days provided by F. I think this reflects that the quality of the sofas wasn't the same as would be expected of brand-new items at the point of purchase.

I've considered the report Mr G has provided, and although I can see the author has questioned the quality of the sofas, I haven't seen anything to suggest that the sofas aren't able to perform their function. Additionally, I haven't seen any comments in the report that take into consideration of the fact that the sofas were potentially "*photo shoot pieces, demo stock, or slight seconds*". So, I'm not persuaded that the report has taken into account that the sofas weren't brand new when purchased. It's not unreasonable to expect items that may have had some use or that are slight seconds to be of a lower quality than brand new

items. So, having carefully considered all the evidence, I think a reasonable person would say the sofas were of satisfactory quality.

Given this, I don't think it was unreasonable for HSBC to conclude that the report was consistent with the quality that would be expected from items that are slight seconds. It follows then that I don't think it was unfair for HSBC to conclude there had been no breach of contract.

I understand what a disappointment this must be to Mr G. However, I must decide whether I think HSBC has acted unfairly in its consideration of his claim. And on the evidence available I'm not persuaded HSBC has acted unfairly in this case.

My final decision

My final decision is that I don't uphold Mr G's complaint against HSBC UK Bank Plc, for the reasons set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 July 2025.

Charlotte Roberts
Ombudsman