

## **The complaint**

Mr A complains about the outcome of a claim he made to Ikano Bank AB (publ) ("Ikano") under section 75 of the Consumer Credit Act 1974 in respect of spray foam insulation.

## **What happened**

In 2020, Mr A agreed to enter a contract with a company I'll call "T" for spray foam insulation to be applied to his loft space. Mr A used a fixed sum loan agreement with Ikano to pay for this.

Mr A engaged a claims management company (who no longer represent him) who sent Ikano two letters of claim in 2022, alleging the following:

- Mr A was cold called, and unfairly pressured into taking out the product.
- Mr A had no need for the product.
- T didn't tell Mr A that he could have a problem getting equity release or selling his property. When Mr A tried to sell his property, a surveyor declined to value it because the spray foam was present.
- T didn't tell Mr A that the spray foam could cause wood rot, timber decay or a build-up of condensation.
- T didn't tell Mr A the product might produce a build-up of harmful vapours when it was installed and didn't tell him to ventilate his property.
- The product wasn't installed correctly in that it sealed the loft area, was installed between the rafters, and covered the eaves preventing air flow and ventilation into the roof space.
- T didn't carry out any pre-installation checks to see if any of Mr A's timbers were suffering from wood rot or decay or needed any prior remedial work.
- T installed a product that was only to be fitted into cavity walls, not roof spaces.
- T's salesman falsely represented himself as a surveyor which breached the Consumer Protection from Unfair Trading Regulations.

Ikano didn't uphold Mr A's claim or subsequent complaint about this, saying the following:

- The surveyor's report didn't say that Mr A's property was un-mortgageable as claimed.
- They were unable to assess whether there was any breach of contract in respect of the installation of the spray foam as it had been removed from Mr A's property.

- T would have been unaware at the time of sale of any concerns about spray foam insulation in relation to property selling, as there was no guidance published about this.
- There was no evidence that the product wasn't installed in line with the requirements under the relevant certification.
- T told them that Mr A wasn't cold called; rather he had showed an interest in the product and agreed to an appointment to discuss this. So, they didn't agree Mr A had been pressured as claimed.
- There was no evidence to support the claim that spray foam wasn't needed in Mr A's property.
- There was no evidence to show that T was falsely displaying logos on their contract and booklets, as claimed.

Mr A referred his complaint to us. Our investigator didn't recommend the complaint should be upheld. Mr A disagreed and asked for an ombudsman's 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.

When considering what's fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

In this case, the relevant law includes section 56 and section 75 of the Consumer Credit Act 1974. Section 75 provides protection for consumer for goods and services bought using credit. As Mr A paid for the spray foam insulation to be installed in his property using a fixed-sum loan agreement, section 75 applies here. This means that Mr A could claim against Ikano, the creditor, for any misrepresentation or breach of contract by T in the same way he could have claimed against T, the supplier. So, I've taken section 75 into account when deciding what is fair in the circumstances of the complaint.

Section 56 is also relevant. This is because it says that any antecedent negotiations between Mr A and T, as the supplier, are deemed to have been conducted by T as an agent of Ikano.

Ikano was asked to consider several points of claim, which I have set out above. I will deal with each of these in turn.

*T didn't tell Mr A that he could have a problem getting equity release or selling his property.*

There's no evidence that I've seen from the time of the sale that Mr A was considering selling his home or obtaining equity release. So, it doesn't appear that this was a material consideration for Mr A at the time. Even if I'm wrong about that and taking into account that current lending criteria for some firms may be against spray foam insulation, I've seen no evidence that this was the case at the time of the sale, or that there was common knowledge within the insulation industry that there may be a risk of firms not lending. Not only that, each mortgage lender has their own criteria for lending and I've not seen evidence that not a single lender has, or always will, refuse an application because of the presence of spray foam in a customer's property. As a result, I cannot conclude that there was something T had a duty to disclose about this, and then didn't.

So, I don't think T had, or could have had, reasonable awareness that there might be a problem for Mr A with future access to finance or a problem in him selling his property should the installation proceed.

*The product wasn't installed correctly, and T failed to carry out pre-installation checks.*

I've seen nothing to support the above and the spray foam has now been removed which has made this more difficult to evidence. I've seen no evidence from the company that removed the spray foam about why it needed to be removed, how it was installed, whether it was installed incorrectly, and if so why. I would expect there to have been at least something from an independent source for me to determine that T breached their contract by not installing the product with reasonable care and skill (and so hold Ikano liable for this). But there is insufficient evidence of this. And similarly, even if T didn't carry out suitable pre-installation checks or advise Mr A on the possible impact spray foam had in relation to wood rot, timber decay and condensation build-up, I've seen no evidence that Mr A's property was impacted in relation to those things.

*T didn't tell Mr A the product might produce a build-up of harmful vapours when it was installed and didn't tell him to ventilate his property.*

It's possible that T didn't tell Mr A the above. But that doesn't mean that T breached its contract with him or misrepresented something to him. And I've not seen what impact this had on Mr A or his property.

*Mr A was cold called by T, was sold a product he didn't need and was pressured into the sale.*

Ikano disputes this and says that T contacted Mr A after he'd shown interest in the product by another company advertising it. I don't have much evidence either way on what happened. So, I'm afraid I don't think that it was more likely than not that Mr A was cold-called, and that undue pressure was then put on him following this.

*T installed a product that was only to be fitted into cavity walls, not roof spaces.*

I've not seen sufficient evidence of this. I've seen a copy of the certificate granted to the manufacturer of the product by the British Board of Agreement. This states that the product can be used in a pitched roof or loft space. So, I don't agree that T misrepresented the appropriateness of the product to Mr A.

*T's salesman fraudulently represented himself as a surveyor which also breached the Consumer Protection from Unfair Trading Regulations.*

I've not seen anything specific around how T's salesperson described themselves and in what professional capacity Mr A understood them to be operating. Clearly, it wouldn't be acceptable for someone to represent themselves as a surveyor when they weren't one. But our service isn't the right forum to investigate whether the person in question had the correct professional qualifications and credentials for undertaking a survey. And I've not seen sufficient evidence that the person involved wasn't qualified, able, or capable of doing this. I'm not suggesting that the person was a surveyor, and that there's clear evidence of this. But I'd need reasonably strong evidence to show that wasn't the case, which I don't have. I haven't for example seen that action was taken against T about this.

### *Summary*

Overall, and for the reasons I've set out above, I conclude that it wasn't unreasonable for Ikano to decline Mr A's section 75 claim.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 April 2025.

Daniel Picken  
**Ombudsman**