

The complaint and what happened

Miss G has complained about Allium Money Limited's, trading as Allium Money, response to a claim she made under Section 75 ('s.75') of the Consumer Credit Act 1974 (the 'CCA'). She also said that Allium had lent to her irresponsibly.

I've included relevant sections of my provisional decision from March 2025, which form part of this final decision. In my provisional decision I set out the reasons why I was planning to uphold this complaint, but to put things right in a different way from that suggested by the investigator. In brief that was because I thought that Allium should only have to meet the cost that it would have incurred had Miss G given it the opportunity to fix the heat pump in question.

I asked both parties to let me have any more information they wanted me to consider. Allium accepted my provisional findings, but Miss G had further evidence to submit about what fair redress should look like in this case. I will deal with her points, but they have not changed my mind about what I can fairly direct Allium to do to put things right.

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.

Having done so, I'm upholding it, and I'll reiterate why, but first I've included here the relevant sections of my provisional decision:

"What happened

In March 2021, Miss G bought a heat pump from a company I'll call "G" using a 10-year fixed sum loan from Allium. In the first few months, Miss G noticed that her electricity bill had gone up dramatically, to the extent that she was struggling to afford to make the necessary payments to it. She also says that the house was never properly warm and the system leaked. She says that she was in touch with G repeatedly to try and resolve the many problems, but things didn't improve, and ultimately G went into administration.

In March 2024 Miss G decided to pay to have a new gas boiler installed and to stop using the heat pump. Seemingly as a result of G going into administration, she then reached out to Allium in April 2024, letting it know both of all the problems she'd been having with the heat pump, and that she could no longer afford to make the repayments due on the loan. Allium organised two independent inspections of the heat pump and its installation. Both reports identified multiple problems with it.

Allium responded to the complaint in its final response: it said that its affordability assessment had been sound, but accepted that the independent report had shown issues with the installation of the heat pump and so it had liabilities under S.75. It upheld Miss G's complaint, offering to remove interest and charges from her account and remove the heat pump from her property.

Unhappy with Allium's offer, Miss G referred her complaint to our service. Following that, Allium made a revised offer. It had established an estimated cost of repairs to make the heat

pump work efficiently and effectively, namely £9,000. And so it offered to reduce that amount from Miss G's loan account, noting that it had not been given the opportunity to address the problems before Miss G decided to have a new gas boiler installed. Miss G remained unhappy with that offer. She maintained that the loan had been unaffordable. She wanted the heat pump to be removed; the loan to be cancelled and all payments she'd made refunded; the cost of the new 2024 gas boiler refunded; and financial compensation for the high electricity bills she'd been faced with after installation in 2021.

An investigator considered Miss G's complaint. She ultimately thought that Allium's affordability assessment had not been robust enough, but that further checks would likely have demonstrated that the borrowing was affordable for Miss G. As all parties agreed that there had been serious problems with the heat pump, the investigator went on to consider how things should be put right. She recommended that Allium should remove the heat pump; cancel the finance agreement and refund all payments; and cover the cost of the new gas boiler from 2024.

Miss G accepted the investigator's view. Allium didn't, highlighting that it had not been given the opportunity to address the problems with the heat pump before Miss G decided to install a new boiler, so it wasn't fair for it to meet all these costs. Indeed, it felt that the investigator's recommended redress was penalising it for losses over which it had no control. It reiterated its earlier offer to reduce Miss G's debt by the sum it would have spent on repairing the heat pump – namely £9,000. So, the case was progressed to the next stage of our process, an Ombudsman's decision.

What I've provisionally 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.

Having done so, I'm planning to direct Allium to do something different to put things right from those actions recommended by the investigator, and I'll explain why.

Affordability: was it fair and reasonable for Allium to conclude this borrowing was affordable and sustainable for Miss G?

I have revisited this question in some depth in my investigation of this case, as the answer is pivotal to the actions I can now fairly direct Allium to take to put things right. I know that Miss G has been very uncomfortable with what she feels has been an investigation into her finances. I am sorry for that, but it has been important for me to be thorough here. That's because if Allium should never have agreed the loan, the heat pump would never have been present in Miss G's property. So that would lead me down a very different path in terms of what it should now do to put Miss G back in the position she would have been in but for its lending decision.

Miss G has provided us with a lot of additional evidence on this point, and I am grateful. But as this ultimately isn't going to make a difference to the outcome of the complaint, I will summarise the position.

In common with the investigator, I don't think Allium's checks were proportionate. It was aware of several recent indicators of potential financial problems for Miss G back in March 2021. And it was considering a large loan to be repaid by Miss G over a decade. So there were clear affordability risks.

The investigator had reviewed current account statements provided by Miss G to decide what Allium would likely have concluded had it carried out more in-depth checks into Miss G's expenditure. She thought those indicated that the borrowing would have been affordable and sustainable for her.

However, I wasn't satisfied by the information on the current account statements, which for me raised further questions. Ones that a responsible lender ought also to have asked, around

where money was coming from, and so how reliable a source of income it was. Why sums were seemingly being repeatedly transferred to and from other accounts. And several other queries.

Accordingly, it has taken some time for me to get the answers to those questions, and particularly to see statements for one other account belonging to Miss G. But ultimately I can only conclude that Miss G did have sufficient disposable income to affordably meet these repayments. If she chose to spend that money elsewhere, that is, of course, a matter for her. But Allium would have been entitled to conclude that she had the funds available to sustainably make the repayments in question.

And so, I provisionally conclude that it was fair of Allium to have lent to Miss G and that the heat pump was not present in her attic as a result of a mistake by it.

What should I fairly direct Allium to do to put things right in respect of its liabilities under Section 75?

Section 75 enables Miss G to make a claim against Allium for breach of contract by the supplier (G) of the goods/service in question, or a misrepresentation. 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 Allium has accepted Miss G's claim in this regard. It has also accepted that the problems with the installation of the heat pump amount to a breach of contract by G.

But I want to explain from the outset that I can only consider Miss P's complaint on that narrow basis – i.e. whether it was fair and reasonable for Allium to respond to her claim by offering what it did, based on the evidence she provided to it. I have a lot of sympathy for Miss G's position, but I cannot hold Allium responsible for her experience with the supplier or her (understandably very strong) feelings about the heat pump. Allium 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.

The investigator thought that, whilst Miss G ought to have given Allium the opportunity to address the situation before installing a new gas boiler, doing so wasn't unreasonable of her, and so Allium ought to meet all those costs. Ultimately, I can't agree. In saying that, I have been particularly aware of the time of year when Miss G had the new gas boiler installed, namely March 2024, that being the start of Spring and generally warmer temperatures. I am therefore not persuaded that Miss G had no choice but to urgently install a gas boiler for the sake of her and her family's health. And so I don't think I can fairly direct Allium to cover the cost of the choice that she made.

I asked Miss G why she didn't contact Allium until April 2024, and she said that until that point she was dealing with the supplier, G. I have considered the possibility that she may not have been aware of the provisions of S.75, and therefore may not have known that she could make a claim to Allium before she did. And of course I can sympathise with that, if it is the case. But I cannot hold Allium accountable for that either.

I have also considered the matter of Miss G's high electricity costs after installation. Firstly, it is not clear whether Miss G actually included this issue as part of her original claim to Allium in April 2024. I can only consider its response to claims already made.

It also isn't clear whether energy costs were linked to problems with the heat pump's installation, but I accept that is possible. However, at the moment I have insufficient evidence to quantify any loss. It is inevitable that electricity costs will rise after the installation of a heat pump. Equally, gas costs will either fall or be eliminated. So she will have made savings there. It is also important to bear in mind the very steep increase in electricity costs between 2021 and 2023. So, Miss G has not provided any evidence to show that she was faced with high electricity costs after the pump was installed as a result of problems with the installation. And I'm not certain that she ever made this claim to Allium in the first place.

Finally, I turn to the matter of the leak(s) from the heat pump which one of the independent reports discusses briefly. This is a finely balanced matter, as I do not have definitive proof that any leak(s) was/were caused by poor installation by G. I, of course, am not an expert in plumbing or heat pumps. One of the reports describes the problems with the installation of the system in more detail, which were many and varied. But it does not pinpoint the cause of the leak(s). However, given the breadth of problems with the installation, and taking into account my remit to resolve disputes quickly and with minimum formality, at this point I am minded to conclude that it is more likely than not that the leak(s) was/were caused by the poor installation of the system by G. Allium is, of course, free to provide comments and evidence to dissuade me on that point.

Ultimately, I am currently persuaded that directing Allium to cover any costs beyond what it would have spent to make the heat pump work properly, and to recompense Miss G for direct, evidenced, losses associated with its poor installation, would be punitive and unfair. It is not Allium's fault that it wasn't given the opportunity to repair the pump, and I don't think I can reasonably require it to cover all the costs that Miss G has outlined.

Putting things right

I am currently planning to direct Allium to reduce Miss G's debt with it by £9,000. I have seen a quote provided by a contractor to it as an estimate of the cost of carrying out all the repairs on the heat pump in order to make it work efficiently and effectively.

In addition, I am minded to conclude that the damage resulting from the leak(s) from the heat pump should be made good by Allium, for the reasons I've set out above. It would seem that will involve repairs and redecoration to a ceiling. If Miss H has already had that work carried out at her own expense, she will need to confirm the details and provide a receipt showing the cost of that work for me to consider whether Allium should refund that."

As mentioned above, Allium accepted the outcome set out in the provisional decision, but Miss G has provided further comments on what fair redress should look like in this case. Unsurprisingly, she is very disappointed by the provisional decision, and has raised several points, which I will address in turn:

- She reiterates that she couldn't afford this loan, and was turned down by other lenders. However, I have already dealt with the affordability considerations in detail in the provisional decision and Miss G has not provided any additional evidence on those points.
- She says that the benefits of the heat pump were misrepresented to her by G, who said her electricity costs would never increase, despite the pump installation. This is not something that she has raised previously, and if she wishes to make a misrepresentation claim under Section 75, she will need to do so with Allium. It is not something that I can consider at this stage. All I can do here is review Allium's response to her existing S.75 claim.
- She says that Allium knew about the problems with the heat pump prior to 2024. She says she told them back in 2021, when discussing the fact that she couldn't afford to make repayments, that the system wasn't working. And that it told her to raise the problem with G, the installer. This is what I would expect in the circumstances. The installer would be the natural first port of call for repairs. The evidence shows that Miss G did not raise a S.75 claim with Allium until April 2024, by which time she had already decided to buy a new gas boiler and effectively decommission the heat pump. So I continue to be of the view that it would not be fair of me to direct Allium to cover the cost of the 2024 new gas boiler, as it was not given the opportunity to make good the heat pump.

- She has provided photographic evidence of unrepaired damage to the ceiling caused by the heat pump. Allium has agreed to follow my direction to put that right.

I have a lot of sympathy for Miss G's situation, and can easily imagine how stressful this entire experience has been. But that does not mean it is Allium's fault, and that it should be held responsible for every loss and inconvenience Miss G has suffered. So it follows that I am upholding this complaint, and will reconfirm in the following section how Allium should fairly put things right, as was set out in my provisional decision.

Putting things right

- Allium must reduce Miss G's debt with it by £9,000.
- It must also make good any damage resulting from the leak(s) from the heat pump and should promptly instruct an appropriately qualified contractor to carry out the necessary works.

My final decision

For the reasons I've explained, I uphold this complaint and Allium Money Limited, trading as Allium Money, must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 6 May 2025.

Siobhan McBride
Ombudsman