

The complaint

Mr M has complained about the way Propensio Finance Limited “Propensio” responded to his claim against it under Section 75 of the Consumer Credit Act 1974.

What happened

Mr M bought a heat pump heating system (the system) for his home in January 2024 from a supplier I’ll refer to as G. The purchase was funded by a loan from Propensio, and that business is therefore liable for the misrepresentations and/or breach of contract under the relevant legislation. In this case, Mr M alleges that G became insolvent before providing him with HIES warranty, EPVS protection and MCS certification for the system which it was required to do. He also felt the installation hadn’t been done correctly. Mr M was also unhappy he incurred a cost of £300 when an emergency plumber had to be called after problems he experienced with a radiator.

Mr M says he initially raised his claim with Propensio in July 2024. Mr M appears to have spent a considerable amount of time chasing Propensio for a final response to his claim. Propensio initially commissioned a report which appeared to agree that the system required rectification works – but also commissioned a second report to confirm the works and to get a second estimate of costs.

When the claim wasn’t resolved, Propensio sent Mr M a letter in November 2024 that although it hadn’t yet completed its investigation into the complaint and therefore it hadn’t been able to issue a final response within 8 weeks, Mr M was now able to refer the matter to this service.

Mr M did refer the matter to this service – but before our investigator looked into things, Propensio received the second report. This also confirmed the system hadn’t been installed correctly and required rectification works.

At this time, Propensio said Mr M could select which report he wanted to rely on and Propensio would pay for the rectification works to be carried out in line with his choice of installer (out of the two commissioned by Propensio). It also offered to reimburse Mr M for the costs of the emergency plumber. It said while the second installer had taken some time to complete its report, Propensio had stayed in contact with Mr M but it recognised there had been some delay here.

Mr M’s complaint was considered by one of our investigator’s. She agreed that while there had been some delay in resolving Mr M’s claim, she felt that on receipt of the second report, Propensio’s response to his claim was fair. It had agreed to pay for the necessary rectification works of Mr M’s choosing, to refund the costs he’d incurred for the plumber and confirmed that either installer would provide the certification Mr M was promised by G once the works were complete.

Mr M disagreed. He re-iterated that he didn’t feel Propensio had dealt with his claim in a timely manner, causing him stress. He also now felt the system had been mis-sold to him on the grounds that it was undersized and inadequate for his needs. He said that the initial

report highlighted some safety concerns and it took Propensio two months to share this report with him and in that time a cylinder could have fallen and hurt his family member.

Our investigator explained that while she agreed Propensio could've shared the results of the first survey sooner than it did, this service wouldn't consider hypothetical losses that hadn't actually occurred. She also added that Propensio's response to his section 75 claim was fair. She clarified that she was unable to consider any new complaints regarding the mis-sale of the system that hadn't been raised with Propensio in the first instance.

As the complaint couldn't be resolved by our investigator, I've been asked to make a 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.

It may be helpful to explain that I need to consider whether Propensio – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr M's claim. But it's important to note Propensio isn't the supplier. Section 75 is a statutory protection that enables Mr M to make a 'like claim' against Propensio for breach of contract or misrepresentation by a supplier paid using a fixed sum loan in respect of an agreement it had with him for the provision of goods or services.

There are certain conditions that need to be met for section 75 to apply. From what I've seen, those conditions have been met and Propensio has also appeared to agree that section 75 applies.

I've considered if there is persuasive evidence of a breach of contract or misrepresentation by the supplier that means Propensio should have offered something different when handling Mr M's claim. But I want to explain from the outset that I can only consider Mr M's complaint on that narrow basis – that is, whether it was fair and reasonable for Propensio to respond to his claim in the way it did, or if anything further should have been offered.

Having carefully considered everything provided, for broadly the same reasons as those explained by the investigator, while I think the complaint should be upheld, I think the offer made by Propensio is fair and I do not require Propensio to offer any more than it already has.

In order to make a valid claim under section 75, Mr M would need to show that G either misrepresented the system to him that he relied on or that G breached a term of the contract. G could either have breached an express term of the written contract, and/or an implied term of the contract. The Consumer Rights Act 2015 (CRA) is relevant to this complaint. The CRA implies terms into the contract that the goods must be of satisfactory quality, aspects of which include goods being durable and free from minor defects. The CRA also implies terms into the contract that suppliers must perform any services with reasonable care and skill. The CRA also sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met.

It doesn't appear to be disputed by either party (Mr M or Propensio) that G breached the contract. Firstly, the installation doesn't appear to have been completed correctly. I can also see that Mr M was offered EPVS Protection Cover, MCS registration and 2-year HIES workmanship warranty in the proposal G made to him. Mr M says none of this was received. So, it seems accepted by both parties that G breached the contract, both an express term of the contract (by failing to provide him with the correct certification as offered under the

contract), as well as an implied term of the contract (by not carrying out the works exercising reasonable care and skill).

Mr M would like to cancel the agreement and would also like to be re-imbursed for the emergency plumber he was forced to use due to the poor installation due to the failings of G.

However, where a supplier hasn't carried out a service exercising reasonable care and skill (as is the case here), Propensio is responsible for ensuring the contract is performed correctly. So, with the CRA in mind, I don't think it's unfair for Propensio to try to rectify matters in the first instance rather than compelling it to cancel the agreement in its entirety.

Like our investigator explained, Propensio has commissioned two reports by installers and has offered Mr M the choice of which installer he would like to work with to carry out the rectification works. It has confirmed either installer will provide the relevant certification once the works are completed. It's also offered to reimburse him the costs he has paid for the plumber. I understand Propensio has also extended the interest free period on his loan while the complaint has been ongoing.

I appreciate Mr M is extremely unhappy with the time it took Propensio to complete its investigation and finally make this offer – I understand it's caused him stress affecting his wellbeing. But I'm afraid, compensation for distress and inconvenience is not usually recoverable under a section 75 claim of this type. I would add that while it did take some time for the installers to complete their inspections, it is not unusual for businesses such as Propensio to require multiple reports by experts to help it complete its investigation of a claim and to cross check the rectification work and costs. As mentioned above, Propensio, is not G, it is a finance provider and is reliant on experts (like the ones it commissioned), to help it decide whether a claim should be accepted and, to help guide how to put matters right.

Overall, I agree that there was a breach of contract by G that Propensio is now liable to remedy. But I'm satisfied, based on the available evidence, that Propensio's offer to complete the rectification works in accordance with the report Mr M chooses (out of the two installers commissioned by Propensio), as well as reimbursing him the cost of the emergency plumber - is a fair response to the claim. So, I don't think Propensio acted unfairly by refusing to offer Mr M a cancellation of the entire credit agreement and I don't require it to do any more than it has already offered.

I would add that I understand Mr M has recently raised new mis-sale concerns that he was sold a system that was undersized and inadequate for his needs. I am unable to consider a complaint about a claim that has not been raised with the business in the first instance. Mr M would need to raise this matter with Propensio in the first instance, give it an opportunity to respond to his claim. If he remained unhappy with its response to the claim, he would need to complete the complaints process and if needed refer this matter to this service as a separate complaint. But to be clear, I haven't assessed these concerns as part of this decision.

Putting things right

1. Propensio should reimburse Mr M the costs he paid for the emergency plumber.*
2. Propensio should instruct the installer of Mr M's choosing to complete the rectification works and give him the certification he was offered by G once the rectification works are complete. If Mr M accepts this decision, he should indicate on his response form which installer he would like to work with.

*Interest of 8% simple per year should be applied to these amounts and should be calculated from the date Mr M made the payments until the date of settlement.

My final decision

For the reasons I've explained, I uphold this complaint and Propensio Finance Limited should put matters right as set out above.

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

Asma Begum
Ombudsman