

### **The complaint**

Mrs O complains about how Allium Money Limited trading as Allium Money ("AM") handled a claim she made in relation to a fixed sum loan agreement.

### **What happened**

I sent AM and Mrs O my provisional findings on this complaint on 8 April 2025. A copy of that decision is attached and forms part of this final decision.

I explained why I was planning to uphold Mrs O's complaint and asked both parties to let me know if they had anything to add.

Mrs O agreed.

AM didn't respond.

### **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.

As no new evidence has been provided for me to consider following my provisional decision, it follows that there is no reason for me to reach any different conclusion than set out in my provisional decision.

## **My final decision**

My final decision is that I uphold Mrs O's complaint.

I instruct Allium Money Limited trading as Allium Money to put things right by doing the following:

- Pay for the repairs to the bathroom as suggested by C's report in May 2022 upon Mrs O providing two or three quotes for the repair work. Alternatively, Allium Money is entitled to obtain its own quotes for the cost of repairs. Allium Money is entitled to pay the repairer directly;
- Pay Mrs O £120 for the repair work carried out in September 2022;
- Pay Mrs O £150 for the removal and replacement of the sealant in November 2022;
- Pay Mrs O £250 for the inspection carried out in January 2023;
- Pay Mrs O 8% simple interest on these three amounts from the date of each payment until the date of settlement\*;
- Pay a contribution of 25% towards the replacement kitchen ceiling plasterboard and a contribution of 25% towards the plastering of the walls in the kitchen and repainting of the affected areas;
- Pay Mrs O £400 for any distress and inconvenience caused\*\*; and
- Amend any adverse information reported to credit reference agencies about this agreement.

\* If Allium Money Limited trading as Allium Money considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs O how much it's taken off. It should also give Mrs O a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

\*\* If Allium Money Limited trading as Allium Money does not pay this £400 compensation for distress and inconvenience within 28 days of the date on which we tell it Mrs O accepts my final decision then it must also pay 8% simple yearly interest on this from the date of my final decision to the date of payment.

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

## **Provisional decision**

I've considered the relevant information about this complaint.

Having done so, whilst I broadly agree with our investigator's findings, I provisionally intend to reach a different outcome.

The deadline for both parties to provide any further comments or evidence for me to consider is 22 April 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Allium Money Limited trading as Allium Money accepts my provisional decision, it should let me know. If Mrs O also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

## **The complaint**

Mrs O complains about how Allium Money Limited trading as Allium Money ("AM") handled a claim she made in relation to a fixed sum loan agreement.

## **What happened**

Mrs O contracted with a company I'll refer to as "S", to install a bathroom at her property, paid for by way of a fixed sum loan agreement provided by AM in June 2020. The fitting cost was £5,500 and Mrs O paid a deposit of £1,000. So Mrs O borrowed £4,500 and under the agreement, Mrs O was required to pay 59 monthly payments of £96.48, followed by a final payment of £96.30. The contract with AM didn't include the supply of the bathroom.

Mrs O says in January 2022, she noticed there was a leak from the bathroom, which resulted in the ceiling and the kitchen being badly affected. Mrs O told S about the leak. S said that the warranty had expired and there may be a charge if any further work needed to be completed. So, Mrs O complained to AM.

In February 2022, a company, that I'll refer to as "P", carried out a survey and said the leak was coming from the toilet, a badly installed shower and that the sealant and ceiling wall cladding had failed. S said there was no signs of a leak but it resealed the shower.

In March 2022, S took apart the bathroom following reports from Mrs O that the ceiling was still leaking. It said it believed the leak was coming through an old cast iron pipe, that it hadn't touched during the installation.

Following this, a number of different reports were obtained with Mrs O obtaining reports and quotes suggesting the leak and damage was down to the installation of the bathroom and S suggesting the leak was pre-existing and not caused due to any work it had carried out.

AM issued its response to Mrs O's complaint in January 2024. It didn't uphold Mrs O's complaint and said that the leak was caused as a result of pre-existing conditions that weren't improved as per a surveyor's report. It said the report said a cast iron soil pipe, which was the source of the leak would require particular attention. It said this pipe wouldn't have been damaged by S as it was an external pipe and S only carried out work internally.

Unhappy, Mrs O referred a complaint to this service. She said the damage to her bathroom and kitchen ceiling was as a result of S's poor workmanship. She said she hadn't used the shower in her house since early 2022 and instead her family had to use a shower tent in her garden to shower as she couldn't afford to fix the bathroom. Mrs O said she had paid for different plumbers and surveyors to carry out reports.

Our investigator looked into the complaint and thought AM should put things right. He said the report carried out in May 2022 by a company I'll refer to as "C", said the installation wasn't satisfactory. He said he didn't think P's report was persuasive and neither did he think S's comments were independent. Our investigator said he was persuaded there had been a breach of contract and said AM should pay £4,770 for the cost of repairs, with applicable interest. He also said AM should pay Mrs O £200 for the poor service provided.

Mrs O agreed. AM disagreed. It said C's report didn't provide sufficient evidence to disprove S's explanation of the damages. It also said the original surveyor's report which was obtained prior to the house being purchased by Mrs O mentioned a soil pipe that had problems and that AM wasn't told about the bathroom having prior leaks.

Following this, Mrs O provided this service with a copy of the original surveyor's report. Our investigator reached out to C and it confirmed that it had seen pages of the original surveyor's report when carrying out its inspection, but noted nothing of concern.

Our investigator issued a revised view and said that whilst his position remained unchanged, he didn't think AM should cover the costs to plaster the kitchen ceiling, as the ceiling wasn't plastered previously and he didn't think any betterment should occur. So, he said AM should cover the cost of remedial work at £2,810 including VAT and the subsequent damage at a cost of £870. He noted that these quotes were provided some time ago during the course of the complaint being investigated and so, said that Mrs O should provide two or three updated quotes to AM and from these AM should pick one and arrange payment.

AM requested an ombudsman review the complaint. Mrs O said she would obtain new quotes.

As AM remains in disagreement, the complaint has been passed to me to decide.

### **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.

I've read and considered the whole file and acknowledge that Mrs O has raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

To make it clear, this complaint is about AM, as Mrs O's fixed sum loan provider. It's not about S, who isn't a financial service provider and so doesn't fall within the remit of the Financial Ombudsman Service.

Under section 75 of the Consumer Credit Act ("s75"), AM is jointly liable for any breaches of contract or misrepresentations made by the supplier of goods or services – which is S in this case.

In order for there to be a valid claim under s75, there needs to be a debtor-creditor-supplier ('DCS') agreement in place. Mrs O made the purchase through a fixed sum loan agreement which was supplied by AM and it confirmed that AM would be paying S directly. I'm satisfied a valid DCS agreement exists here.

I've then considered the financial limits that apply to a valid s75 claim. Mrs O needed to have purchased a single item with a cash price of over £100, but no more than £30,000. I can see from the agreement that the amount was within the financial limits. So, it follows that I'm satisfied the financial limits have been met for a valid claim.

Overall, I'm satisfied Mrs O has a like claim against AM, as she does against S. And that S were acting as an agent of AM.

In this case, there is no dispute that S fitted the bathroom. What's in dispute is whether the bathroom was fitted by S with reasonable care and skill.

A number of different reports, opinions and quotes have been obtained to explain why the bathroom is leaking and to suggest the repair work required. I've reviewed all of the information submitted and commented on what I think is most relevant and what is most likely to have occurred.

I've seen a copy of the surveyor's report which was conducted in June 2019. Extracts from the report state:

- *"There is a cast iron soil vent pipe to the left side elevation which was found to be rusting. This requires surface preparation prior to repainting and joints require*

*resealing.”*

- *“It is recommended that an externally vented mechanical air extraction fan is installed to the bathroom to minimise the potential for development of condensation. Slight evidence of condensation was noted in the bathroom area.”*
- *“There are defective seals around the bath panel with over bath shower. Repairs and further investigations are required. Defective Flexible Seals were noted to shower and or bath surrounds. Where water has progressively seeped behind such defective seals for a prolonged period it is possible that concealed timber structures are adversely affected. Further investigations are required to expose such areas for examination. As required a timber treatment specialist should be consulted should timber rot be identified. All required timber repairs should be completed prior to re-installation of appliances and application of appropriate new flexible waterproof sealant which should be well maintained.”*
- *“The flooring beneath the sanitary fittings could not be inspected as this would involve damaging investigations which are beyond the scope of a normal survey. If there has been leakage, such as from concealed pipework or through gaps in wall tiles, or around the bath/shower, dampness may have caused serious rot in the floor. We found no evidence of decay, but further investigations would be necessary to establish whether any defects exist.”*

From this, I accept that around a year before the work was carried out by S, a rusting cast iron soil vent pipe was found, there was evidence of condensation in the bathroom area, defective seals were noted to the shower or bath surrounding area and there was no evidence of decay to the flooring beneath the bathroom floor.

Whilst I accept the findings of the surveyor's report in 2019, S carried out its installation in June 2020, which was around a year later. As part of that installation, new bathroom fittings were installed, which would have necessitated new seals being installed around the fittings, i.e. around the shower tray or the toilet. So whilst defective seals had previously been noted, S would have renewed these when it carried out the installation and if the seals had been installed correctly at the time, it wouldn't be reasonable to expect a leak soon after.

However, it appears a leak did occur some 20 months after the installation was carried out. I've seen a copy of a report from February 2022 carried out by P. It confirms that there is a leak from the toilet and *“badly installed shower”* which is causing water to go down through the ceiling into the kitchen. It also notes that the sealant and wall cladding has failed. It confirms that additional parts are required to enable a full repair, but also that Mrs O has been left with use of the toilet and bathing facilities.

Following this, S visited the property but said it didn't agree with P's report. Initially it said the leak was coming from the shower tray. So, S resealed the shower and said it repeatedly tested it after with no leak going through the ceiling. S says it told Mrs O a previous leak may continue for some time until the ceiling had dried out.

Mrs O said the sealant wasn't enough. So, S went back to inspect the bathroom and took it apart. It said there was nothing leaking in the bathroom and said that the leak was coming from the soil pipe from the sink, not the shower and that the cast iron pipe was what needed to be repaired. It said Mrs O hadn't carried out that repair before it installed the bathroom.

In May 2022, C carried out an independent report. It said:

- *“The original soil and ventilation pipe of cast iron construction penetrates the extension roof, dropping vertically within the ground floor extension where plasterboard boxing conceals the same preventing inspection. Above the roofline a section of the cast iron pipe has historically been renewed in black uPVC pipework with a neoprene union securely held in place with stainless steel expanding clamps...The 110mm diameter waste pipe serving the wc at first floor level and the*

*waste serving the shower cannot be seen internally or externally.”*

- *“Upon inspection I noted the sealant to be split at a position approximately 300mm along the rear wall from the corner below the fixed shower head position with the uPVC cladding flexing considerably, with an open vertical joint extending approximately 100mm above the tray... This further breakdown at the junction is considered indicative of water ingress behind the cladding panels due to capillary action. Absence of proprietary trims to the base of the cladding along the shower tray or into the internal corner between the cladding panels is considered poor practice. Effectively the fillet of silicone sealant is relied upon to prevent water escaping.”*
- *“It should be noted however, the waste pipes serving the bathroom facilities have not been verified as functioning adequately and these should be thoroughly checked particularly where the wash hand basin waste passes through the wall. The back-fall on the pipe should be improved to function correctly in line with standard practice and as required by Building Regulations. Soap staining on the outer face of the masonry and across the flat roof would appear to indicate leakage at the push-fit connection, this is relatively simple to rectify but requires the mortar cutting away and the push-fit elbow union installed fully into the socket.”*
- *“The water staining on the ceiling of the kitchen adjacent to the boxing could potentially be the result of water escape around the shower tray, it is clear the cladding is inappropriately installed and failure of the silicone sealant and opening up of the tongue and groove joints between the uPVC cladding panels will deteriorate allowing further water to escape.”*
- *“I am of the opinion the omission of the jointing strip into the corner and the lack of the appropriate proprietary seal to the base of the cladding at the junction with the shower tray was doomed to failure, resulting in an installation which is not fit for purpose. Water will be drawn through the interface between the shower tray and cladding panels resulting in a spiraling decline of adhesion to the silicone sealant and potential for water damage to the timber floor and plaster soffit below.”*

I have placed considerable weight on this report as it was carried out by a chartered building surveyor with substantial experience in this field. I find it to be persuasive and an in-depth report considering the workmanship of S and reasons for the leak.

C's report was carried out after S had resealed the bathroom and taken it apart. C's report confirms that the sealant has split since then and water ingress has occurred through the cladding panels. So, despite S resealing the bathroom again, this split around two months later. I don't think the sealant was applied by S with reasonable care and skill, on either occasion, as it became defective in a short space of time.

In September 2022, the existing silicone was removed and new silicone was applied for a cost of £120. The invoice doesn't confirm which part of the bathroom's silicone was removed and replaced. In November 2022, Mrs O obtained the services of another company to reseal the shower tray and enclosure. This was at a cost of £150 and an invoice has been provided to confirm this. The company also said that the tray and enclosure needed to be replaced to solve the problem with the leak. This was quoted at a cost of £2,810 including VAT, but it didn't include costs for waste removal. This invoice reconfirms that the sealant had an issue which resulted in new sealant being applied. It also confirms the findings of C's report that the sealant was split.

In January 2023, the same company that carried out the repair in November 2022, said it had been instructed to find the cause of the leak through the kitchen ceiling. It said the waste outlet from the washbasin was leaking down the brickwork cavity due to a faulty first fit connector. It said the shower tray is leaking down into the kitchen and that the shower tray enclosure is in such poor condition that it needed to be replaced. It confirmed it had replaced

the pipework and connector to the basin. This was at a cost of £250. This report makes no mention of the cracking in the brickwork which was noted in C's report.

S said the wash basin waste pipe goes from the wall to the old cast iron pipe which is on an extension roof and goes directly through the ceiling which is where the leak is coming from.

In relation to the waste outlet from the washbasin, C's report as quoted above confirms that the cast iron pipe penetrates the extension roof through to the ground floor extension that it couldn't inspect as plasterboard has concealed it. It goes on to say however:

*"The pattern of staining to the ceiling soffit adjacent to the boxing occurs directly below the waste outlet serving the wash hand basin. it is possible water leaking elsewhere from the bathroom facility falls to the lowest point in the boxing resulting in the visible water damage. It is also possible water staining is the result of an entirely separate source."*

C's report also mentions, as quoted earlier, that the waste pipes serving the bathroom facilities should be checked and the back fall on the wash hand basin pipe should be improved to function correctly. When read in conjunction with what the reports in November 2022 and January 2023 state, it seems that two different parties are in agreement that the waste outlet from the wash basin is leaking due to faulty pipes.

In addition, this service also asked C to specifically comment on the cast iron pipe that S had mentioned was the cause of the leak. C said it had seen the relevant pages from the report and for clarity, I can confirm that these are the relevant pages. C said that the review highlighted nothing of concern relevant to the bathroom refurbishment issues.

Having considered everything, I'm provisionally minded to decide that the installation of the bathroom by S wasn't carried out with reasonable care and skill and so there has been a breach of contract. It follows that I think AM unfairly declined Mrs O's claim under s75.

I say this because more than one party has confirmed that there is a fault with the sealant used in the bathroom and that poor workmanship around the cladding has contributed to a leak and water to escape. C's report mentions evidence of *"extremely poor practice"* and that the cladding is inappropriately installed. I don't consider it reasonable that the sealant used by S has failed on more than one occasion and I think a reasonable person would consider sealant to last far longer than 20 months and two months given the amount paid for the installation. Whilst I'm aware that other factors can contribute to the breakdown of sealant, there is no suggestion that the sealant has deteriorated due to any issues caused by Mrs O.

I've gone on to consider what, if anything, AM needs to do to put things right.

### **Putting things right**

I'm satisfied that S needs to carry out repairs to the bathroom and these have been detailed in C's report. I understand that one of the available remedies to Mrs O is to have the bathroom installation completed again. However, given S has already had the opportunity to take the bathroom apart and reseal some areas and this has failed, I don't think that a further repair would now be a fair or reasonable remedy.

The latest quote Mrs O has provided is from November 2022 and the quote provided is for £2,810 including VAT. Due to the passage of time since then, prices may have increased or decreased and so, Mrs O should obtain a couple of updated quotes for the repair work to the bathroom for AM to consider. AM may also wish to obtain its own repair quotes in line with the recommendations made by C. However, these must be obtained from an independent company. AM should review these quotes once they are received, choose one and arrange payment for the repairs without delay.

I also consider that AM should pay the costs of the repair work already carried out and that invoices have been provided for. These are £120 for the repair work in September 2022, £150 in November 2022 for the removal and replacement of the sealant and an inspection carried out in January 2023 for £250. These amounts should be paid with applicable interest.

Mrs O hasn't claimed the costs of C's report, as I understand that she made a claim through her legal expenses' insurance and for which the cost of C's report was covered. A receipt hasn't been provided for P's report that was carried out, so I haven't considered this.

I've also considered the damage that has occurred to the kitchen. However, I'm not persuaded that AM needs to cover the cost of the damage in its entirety. I say this because in C's report, it states:

*"I conducted further examination of the external envelope to the premises above the flat roof and noted deficiencies around the uPVC double glazed window unit serving the bathroom (photos 43-50). Failure of the silicone sealant around the openings results in large gaps with that to the side of the window unit behind the WC sufficiently large to result in the internal wall cladding being visible (photos 49 and 50). Doubtless in storm conditions water will penetrate the building fabric and most likely be drawn down by gravity. These significant failings around the fenestration which include loose uPVC trims to the head of the window and light step cracking and frost damage to the brickwork will give rise to failure resulting in water penetration."*

It goes on to conclude:

*"It is on balance likely that the bulk of water damage to the plasterboard boxing and ceiling within the kitchen has resulted from water penetration perhaps during storm conditions of which there have been many in the past 6-9 months. The cracking in the brickwork at first floor level) and open joints around the windows to the bathroom will allow water to penetrate into the cavity where gravity will draw the water down and will manifest itself on the soffit of the boxing. Early attention, repairing cracked joints and adequately sealing the window surround in the opening is strongly recommended. This is the responsibility of [customer name] and not the contractor."*

Mrs O has provided an email from a windows supplier dated September 2022, which is from after C's report was carried out. It confirms an installation is taking place in September 2022, but it doesn't confirm what is being replaced. It seems by the time Mrs O had work carried out to the windows, the damage had already been done to the ceiling and walls in the kitchen. So, I don't think it would be fair to hold AM responsible for the entirety of the damage.

On balance, I think it's likely some water was escaping from the bathroom as a result of the bathroom installation, but given C's comments, I'm minded to decide that the bulk of the water damage was caused as a result of the cracking in the brickwork and the open joints around the windows. So, I provisionally think that AM should pay 25% towards the cost of the repair work to the kitchen due to the leaks that have occurred. However, I don't think AM should pay for the plastering of the ceiling as the ceiling wasn't plastered before Mrs O had the bathroom installed. It should however contribute 25% towards the cost of replacing and fitting the ceiling plasterboard. Having said this, I have seen pictures showing that the walls were plastered in the kitchen and so, AM should pay 25% towards the cost of the wall plastering and painting in the kitchen only. Mrs O should obtain a couple of quotes for the repair work and AM should make a 25% contribution towards the repairs.

Mrs O has also detailed the impact to her and her family as a result of the bathroom not being repaired and the ongoing leaks. She has provided pictures showing that she has been using a tent to shower in the garden for an extended period of time. I appreciate that this is likely to have caused distress to Mrs O. I can also see that Mrs O has been inconvenienced by obtaining a number of different reports, invoices and quotes and I can see she has had to spend a considerable amount of time in an attempt to resolve her complaint. In light of all this and the time that has elapsed since Mrs O first complained to AM, I think AM should pay Mrs O £400 for any distress and inconvenience caused.



## **My provisional decision**

My provisional decision is that I intend to uphold Mrs O's complaint. I'm minded to instruct Allium Money Limited trading as Allium Money to put things right by doing the following:

- Pay for the repairs to the bathroom as suggested by C's report in May 2022 upon Mrs O providing two or three quotes for the repair work. Alternatively, Allium Money is entitled to obtain its own quotes for the cost of repairs. Allium Money is entitled to pay the repairer directly;
- Pay Mrs O £120 for the repair work carried out in September 2022;
- Pay Mrs O £150 for the removal and replacement of the sealant in November 2022;
- Pay Mrs O £250 for the inspection carried out in January 2023;
- Pay Mrs O 8% simple interest on these three amounts from the date of each payment until the date of settlement;\*
- Pay a contribution of 25% towards the replacement kitchen ceiling plasterboard and a contribution of 25% towards the plastering of the walls in the kitchen and repainting of the affected areas;
- Pay Mrs O £400 for any distress and inconvenience caused; and
- Amend any adverse information reported to credit reference agencies about this agreement.

\* If Allium Money Limited trading as Allium Money considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs O how much it's taken off. It should also give Mrs O a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Sonia Ahmed  
**Ombudsman**