

## The complaint

Miss D is unhappy that Lloyds Bank PLC (“Lloyds”) declined a claim made under section 75 of the Consumer Credit Act 1974, in respect of spray foam insulation that was applied to her property.

Miss D is represented in this complaint by a claims management company (“CMC”).

## What happened

In 2023, Miss D entered a contract with a company I’ll call ‘Q’ for spray foam to be applied in her property. The cash price for this was £3,160 with Miss D paying a deposit of £500 and paying the rest partly using her Lloyds credit card.

In 2024, the CMC put in a claim to Lloyds on behalf of Miss D under section 75 of the Consumer Credit Act 1974 (s75), in which they said Miss D had discovered through media reports and professional advice that spray foam insulation poses several risks, including:

- Trapping moisture, which can cause timber rot and structural damage.
- Rendering properties un-mortgageable, significantly impacting resale value.
- Causing dampness and damage to roofs.

The CMC said to Lloyds that a company (who I’ll call ‘E’) had inspected the spray foam insulation which had revealed high moisture levels in Miss D’s loft, indicating damp in both the roof timbers and existing insulation. The CMC also said the spray foam application lacked a proper breathable backing, exacerbating the moisture retention problem. The CMC also mentioned that:

- Miss D incurred costs to remove the spray foam to prevent additional damage to her property.
- Q failed to disclose the significant risks associated with spray foam insulation, including its potential to damage property and limit mortgage availability.
- Q didn’t install the insulation to industry standards, neglecting essential breathable breathing material.
- Q had induced Miss D to enter the contract by saying spray foam would provide cost-effective insulation to her home, but it was unsuitable and damaging.

Lloyds didn’t uphold Miss D’s s75 claim. They didn’t agree a breach of contract or misrepresentation had been proven. Lloyds said the insulation had already been removed prior to the s75 claim and so they weren’t able to commission an independent report to validate any issue with the installation.

The CMC complained to Lloyds about the outcome of the claim, but Lloyds didn’t uphold the

complaint. They said the report from E couldn't be considered as independent as it was in effect a quotation for work to be completed and so E had profited from saying the spray foam needed removing. Lloyds also mentioned that E hadn't said Miss D's property was damaged; rather they said this was potentially possible.

Miss D, via the CMC, then referred the matter to our service. Our investigator didn't uphold the complaint. In essence, he felt Lloyds hadn't acted unfairly or unreasonably in not upholding Miss D's claim.

The CMC didn't agree and so Miss D's complaint has been passed to me for 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.

I'm aware I've summarised the events of this complaint rather than setting this out in detail. I don't mean any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide things quickly and with minimum formality. I want to assure Miss D and Lloyds though that I've considered all the evidence they've submitted.

When considering what's fair and reasonable I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance, standards and codes of practice; and where appropriate, what I consider to have been good industry practice at the time. I think relevant law in this case includes s75.

S75 affords consumers a right of recourse against lenders that provide finance for the acquisition of goods and services from third-party suppliers in the event there's a breach of contract or misrepresentation by the supplier. In short, a claim against Lloyds under s75 mirrors the claim Miss D could make against Q (albeit Q are now in liquidation).

Certain conditions must be met for a s75 claim to be made, including the cash price of the purchase and the nature of the agreements between the parties involved in the transaction. I'm satisfied those conditions have been met.

The Consumer Rights Act 2015 is also relevant here. This implies terms into Miss D's contract with Q that, amongst other things, the service being provided would be done so with reasonable care and skill and any goods provided would be of satisfactory quality.

It's important to note here though that Lloyds wasn't the supplier. Its role is as a finance provider – and it's that role that I'm considering here. So, my focus in deciding what's fair and reasonable is how Lloyds responded to the claim Miss D made to them, and whether in the particular circumstances this was fair and reasonable.

Lloyds declined the s75 claim essentially because they felt there wasn't enough evidence to support breach of contract or misrepresentation. The main thrust of their position is around the report that E compiled about the spray foam installation. Essentially, their position is the report can't be taken to be independent because E also removed the spray foam and charged Miss D for this. So, Lloyds feel E was in effect incentivised to find reasons to remove the spray foam.

Whether that was the case or not isn't something that can be determined or proved. The key here is whether Lloyds was entitled to use that as the main basis for their reason not to uphold the s75 claim. Having considered the matter, I don't find it was unreasonable for them to have taken that position. I think they were entitled to have concerns about the true independence of the report when the same company then profited from the outcome they had reached. I'm not suggesting here that E did anything underhand. It's whether I think Lloyds had reasonable grounds to use this a reason to decline the claim.

On balance, I think they did have reasonable grounds and I've not been persuaded that the need to remove the spray foam was so great, urgent or critical, that it was something that had to be done immediately (so as to render Lloyds' argument about not being able to arrange an inspection when the claim was made, redundant) particularly as E's report predominantly mentions potential damage rather than actual damage caused to the roof. I would have been more persuaded there were grounds for a breach of contract claim if, following removal, an independent inspector had noted that damage had been caused by the spray foam being applied, and how and why that damage was caused.

I realise there is a lot of negative commentary around spray foam and how it can for example affect the resale of a property. However, that isn't to say that all spray foam installations are defective or should never be carried out as it's not something that has been prohibited. Also, it needs to be kept in mind that Q was in the business of selling the product, rather than (in my view) being obliged to list several things that were considered to be risks with the product (which would be counter-intuitive to the fact they were trying to sell the product). And I've not seen evidence that the Government or industry in general has advised against consumers having spray foam installations full-stop.

Each case must be determined on its own merits. And I'm afraid I haven't seen sufficient persuasive evidence that Q breached their contract or misrepresented anything to Miss D. I note the CMC says Q told Miss D that spray foam would be cost-effective insulation for her. I haven't seen evidence this was an untrue statement of fact, or that Q made clearly untrue claims to the extent of how cost-effective spray foam would be and evidence showing this clearly didn't happen in Miss D's case. I also don't have much in the way of sales paperwork which makes any untrue claims in this regard.

Overall, and for the reasons I've set out above, that I don't think Lloyds dealt with the s75 claim unreasonably or unfairly.

In closing, I note the CMC in response to our investigator's view has made several detailed observations about spray foam generally and how there is clear evidence of a breach of contract and a misrepresentation in Miss D's case. These weren't however arguments made to Lloyds when the CMC made the s75 claim. The claim made to Lloyds was summarised in much less detail. The CMC is entitled to send the more recent arguments it has sent to us to Lloyds for consideration if they wish. But I wouldn't have expected Lloyds to have considered those points at the time they considered the claim as those points hadn't been made to them.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

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

Daniel Picken  
**Ombudsman**