

## The complaint

Mrs M complains Sainsbury's Bank Plc, has not treated her fairly when she made a claim under section 75 of the Consumer Credit Act 1974 ('CCA') in relation to the purchase of a car which turned out to have faults.

## What happened

The parties to the complaint are familiar with the background, so it is not necessary for me to narrate the events leading up to this point in great detail. A large amount of information has been provided, so what follows is necessarily a summary.

Mrs M used her Sainsbury's Bank credit card (the 'card') to pay £6,000 towards the purchase of a car – the remaining amount of £1,300 was paid via her joint bank account held with her husband, Mr M. The car was advertised via a dealership I'll refer to as 'T'. A warranty was also purchased at the point of sale via T from a warranty company who I'll refer to as 'W'. By August 2023 the car had developed a fault. And after taking it to a garage, an estimate of almost £3,000 for repairs was given – the car needed a new (reconditioned) gearbox fitted.

Mrs M's husband, Mr M, contacted W but it declined the warranty claim saying the fault wasn't covered. Mr M got in touch with T and after some correspondence back and forth, T said it'd managed to negotiate with W for it to pay a contribution of £1,000 towards the repair cost. Around the same time, Mrs M contacted Sainsbury's Bank to raise a section 75 claim – she was seeking, at that point, to reclaim the balance of almost £2,000 for the repair costs.

In November 2023, the repairs were carried out by the garage and the claim with Sainsbury's Bank continued. Further correspondence ensued between the relevant parties. Ultimately, Sainsbury's Bank declined the claim on the grounds that there wasn't sufficient evidence to show the faults were present at the point of sale. Mrs M disagreed and said the car had developed another fault and she wanted a full refund minus the £1,000 received from W. In July 2024, Mrs M sold the car for £1,221. And referred her complaint to us as she didn't think Sainsbury's had acted fairly in the way it handled her claim.

Our investigator upheld the complaint on the basis Sainsbury's Bank was liable under section 75. Mrs M agreed with the investigator's recommended outcome, but Sainsbury's Bank did not. Sainsbury's Bank asked for an ombudsman's decision on this matter. I issued a provisional decision saying that I didn't think the conditions for a section 75 claim had been met in this case because, based on all the evidence, there didn't appear to be a valid debtor-creditor-supplier ('DCS') agreement. Sainsbury's Bank said it didn't have anything further to add other than to say it had paid Mrs M £100 in compensation for customer service failings.

Mrs M disagreed with my provisional findings. She said she found it 'incredible' that no one else had mentioned the DCS issue since her claim started. She said she was asked to supply different documents over a course of a year with no indication that her claim wasn't valid. She provided an invoice for the purchase of the car and said neither her name nor her husband's name are in this document. She said she didn't know why T had included her husband's details on the invoice. And she said she paid for the car and legally owns it so

thinks the conditions for a section 75 claim have been met. She referred to other decisions which support this view.

### **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 thank Mrs M for taking the time to respond to my provisional findings in great detail. Whilst I've read and considered everything she's said and provided, I'll not refer to everything. This simply reflects my informal remit. And having reconsidered everything, I'm still of the view that this complaint shouldn't be upheld for the same reasons set out in my provisional decision. So, my final decision is based on said provisional findings (set out below) which I still consider fair and reasonable.

When a consumer buys goods or services using a credit card, and something goes wrong with the purchase, they can approach their card issuer for assistance. The card issuer may be able to help in obtaining a refund of any card payments made via a chargeback, or it may need to honour a claim under section 75 of the CCA.

It isn't clear if Sainsbury's Bank attempted a chargeback here – but considering the nature of the claim (involving allegations of misrepresentation and breach of contract along with claims for consequential losses), I think section 75 wasn't an unreasonable route for it to have focused on. Ultimately, I don't consider a chargeback was as well suited to the claim and wouldn't likely have produced a more favourable result for Mrs M – so I don't think Sainsbury's Bank acted unfairly in respect of focusing on section 75. As a result, I won't be commenting on this further on this point. I'll focus instead on Mrs M's claim under section 75 of the CCA.

This brings me to the matter of Mrs M's section 75 claim, and whether Sainsbury's Bank acted fairly and reasonably in declining this claim. Section 75 of the CCA allows consumers who have purchased goods or services using a credit card to claim against their card issuer in respect of any breach of contract or misrepresentation by the supplier of the goods or services, subject to certain technical conditions being met.

One of the technical conditions is the necessity for there to be a debtor-creditor-supplier ('DCS') agreement. This is a somewhat complex legal concept, but it can be put in the following way: it means that the person who owes the debt on the credit card account (the debtor) needs to have used the credit advanced under the credit agreement to pay an entity (the supplier) who they may have a claim against for breach of contract or misrepresentation. In this case Mrs M is the debtor, and T is the supplier. So, for Sainsbury's Bank to have any liability to her under section 75 of the CCA, she needs to have a relevant claim against T. In order to have a claim against T, Mrs M would need to have had a contract with T in respect of which such a claim could be made. In this regard, I've taken into account the following factors:

- The car sales invoice is in Mr M's name – this had the terms and conditions of the sale which was signed and accepted by Mr M;
- The car registration documents are in the name of Mr M;
- When W declined the claim Mr M contacted T to try to get a settlement. When W didn't accept Mr M's claim, it was Mr M who contacted T. A number of emails back and forth followed between T and Mr M and it was Mr M who tried to negotiate a better settlement amount from W via T;
- The warranty policy plan taken out at the time of sale via T, was in the name of Mr M. And when W partially settled the claim agreeing to pay £1,000, the 'full and

final settlement' form W sent to be signed was addressed to Mr M.

There's also circumstantial evidence pointing to the transaction being between T and Mr M including the emails from T defending its position – amongst other things, T when describing what happened at the point of sale, makes it clear it was Mr M who purchased the car. Other documents following the sale such as the repair invoices and a car recovery service report are all in the name of Mr M.

In my view, all of the above factors point to the car being purchased by Mr M rather than Mrs M. While I don't doubt that Mrs M intended to drive the car as well – which is evident from the fact she is the main insured policyholder with Mr M being a named driver – all the circumstances in this case suggest to me that it was her husband, Mr M, who purchased the car. So, whilst I don't lack sympathy for the situation Mrs M finds herself in, I don't think she has a valid claim against Sainsbury's Bank under section 75 of the CCA, due to her not being a party to the contract of sale. It follows that I don't find that Sainsbury's Bank, albeit for different reasons, reached an unfair or unreasonable decision not to accept liability for the claim Mrs M says she had against T.

I appreciate that Mrs M will be disappointed with this outcome particularly in light of our investigator reaching a different view. However, as I don't think, on balance, she had a claim against Sainsbury's Bank under section 75 of the CCA, I can't go on to consider the issues she's raised about a potential breach of contract on the part of T. As noted above, my role is to look at things informally. So, if Mrs M disagrees, she can reject my decision and pursue matters by alternative means if she wants, such as court (seeking appropriate advice in the process).

I've taken into account all the further submissions from Mrs M in response to my provisional decision. However, on balance, I'm still persuaded the conditions for a section 75 haven't been met in that the transaction appears to be between Mr M (Mrs M's husband) and T. So, I can't fairly or reasonably conclude there's a valid DCS agreement in this case. I'm sorry if Mrs M thinks Sainsbury's Bank could've told her about the DCS issue sooner. But my role is to look at matters in the round and ultimately, I can't say the outcome reached by Sainsbury's Bank was unfair or unreasonable in light of the section 75 conditions not being met.

I've reviewed all of the information Mrs M has submitted to show she was the owner of the car such as bank statements. However, on balance, I think the documents from the time of the claim show the transaction was between her husband (Mr M) and T. I want to reassure her I've not just taken the sales invoice into account when reaching my decision (a copy of the invoice showing Mr M's name has been sent to Mrs M). As I've noted above, there are several other factors which point to the transaction being between Mr M and T.

I've noted the other final decisions from our database which Mrs M points to saying these support that a DCS agreement can be in place under similar circumstances to her own. But as she also recognises, each decision is based on their individual merits and in my view, can be very fact specific. So, even with the further submissions, and the full circumstances of what happened when the car was purchased, which I've fully taken into account, I remain of the view that there isn't a valid DCS agreement in this case.

Finally, in terms of the customer service issues, I'm of the view that the compensation already offered by Sainsbury's Bank of £100, is fair. From what I can see, there were some delays but a few of these were caused when it didn't receive responses to its requests for more information – for example, it sent chasers to Mrs M and the garage when it didn't get responses, and it does appear it was actively looking into the claim up until the point it declined it. I'm satisfied £100 offered by Sainsbury's is adequate compensation for its customer service failings. Sainsbury's Bank has confirmed it has already paid Mrs M the

£100 so I won't be asking it to do anything further.

So, whilst I know this will be a disappointing outcome for Mrs M, I'm not upholding this complaint.

### **My final decision**

My final decision is that I'm not upholding this complaint and as Sainsbury's Bank Plc has confirmed it has already credited £100 to Mrs M's credit card account for its customer service failings, it doesn't have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 16 September 2025.

Yolande Mcleod  
**Ombudsman**