DRN-5748735

The complaint

Miss K complains about the service provided by Creation Consumer Finance Ltd after experiencing problems with a sofa she purchased using a fixed sum loan.

Miss K is represented in bringing the complaint by her husband, for ease I'll refer to all interactions as being those of Miss K.

What happened

The details of the complaint are well known to all parties, so I won't repeat them at length here. To summarise, in November 2023, Miss K bought a sofa from a supplier I'll call "D" paying via a fixed sum loan on 0% interest, taken with Creation.

Miss K says when the sofa was delivered in January 2024, an electric component wasn't working. Having tried to resolve the issue over a number of months with D without success, Miss K submitted a claim under Section 75 of The Consumer Credit Act 1974 ("Section 75"), to Creation in September 2024.

Creation contacted D, which acknowledged there had been a problem but said it had supplied a replacement part earlier in September 2024. D also told Creation another alternative dispute resolution "ADR" scheme had endorsed its plans of replacing the damaged part as a reasonable resolution. On the basis of the evidence D had supplied, Creation didn't agree it was liable under Section 75, as it thought D had taken reasonable steps to resolve the issue.

Unhappy with Creations response, Miss K referred her complaint to our Service. She said the replacement part had never been delivered, meaning the sofa still wasn't working correctly.

One of our Investigators looked into things. During their investigation, Miss K commissioned an independent inspection of the sofa in April 2025. This stated there was a problem with an electric component which meant a charging port wasn't working as expected, which is the issue Miss K had originally complained about. The report also detailed a further issue with hinges on the sofa having broken.

As a result, our Investigator thought Creation was liable to put things right. He recommended Miss K be allowed to reject the sofa, with nothing further being owed towards the finance agreement. Alongside this our Investigator recommended Miss K receive a refund of 20% of the payments she'd made to recognise the problems with the sofa, as well as the cost of the independent report, being £78 and that Creation pay £250 compensation to acknowledge any inconvenience and upset caused.

Creation accepted our Investigators recommendations and said it would work with D to collect the sofa. Following this, D wrote to Miss K to make an offer to resolve her concerns, with the option of replacing the sofa and a £500 reduction, or to return the sofa and receive a full refund. Miss K has confirmed she intends to accept the offer to return the sofa, receiving a refund.

Miss K however didn't think the amount of compensation recommended, fairly acknowledged the distress and inconvenience she'd suffered over 15 months since receiving the sofa. Miss K said she thought £5,000 would be a fairer figure to acknowledge the problems she'd encountered.

As the matter wasn't fully resolved, the complaint was then passed to me to decide. I issued a provisional decision in July 2025, which I've included below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Miss K and Creation that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Miss K has confirmed she intends to accept D's offer to return the sofa and receive a full refund. Creation and Miss K have also accepted our Investigator's recommendations that Creation reimburses Miss K the cost of the independent report.

So, the only thing left for me to decide is whether Creation caused Miss K any avoidable inconvenience or distress and if so, what fair compensation is to recognise this.

In doing so, I think it would be helpful to set out how our Service considers compensation and the scope of what I can consider in this complaint.

Miss K has raised numerous concerns about the actions of D and the impact this has had on her and her family while trying to resolve the issue, and I'm sorry to hear of this. However, in this decision, I'm not looking at the actions of D, rather I must decide whether Creation acted fairly when handling Miss K's Section 75 claim.

It's also important to note that compensation for distress and inconvenience caused by the supplier is limited with this type of complaint. I appreciate Miss K is upset about what's happened and she's been inconvenienced due to the problems with the sofa. But I have to consider what Creation can be held liable for – which is the like claim Miss K would have in court against D for breach of contract or misrepresentation.

Courts do consider what's known as general damages. But damages aren't generally recoverable for distress or inconvenience. Awards in cases where there's been a breach of contract which caused the claimant physical distress or discomfort can be made, but they tend to be modest. While I appreciate Miss K is unhappy she's been living with a sofa that hasn't operated as she expected, I don't think the nature of the issues have caused significant physical inconvenience or discomfort. While it's accepted an electrical component of the sofa hasn't worked properly, it has been possible to use the sofa during this period. I therefore don't have the grounds to direct Creation to pay significant compensation for this.

I've therefore gone on to review the service Creation provided Miss K once she submitted her claim. Creation was told by D that the replacement part had been provided, alongside evidence another alternative dispute resolution ("ADR") scheme had reviewed the concerns about the sofa and agreed this was a fair resolution. Based on this, I think Creation was reasonable in initially accepting this version of events and declining Miss K's claim in

October 2024. While all parties accepted there had been a problem, the evidence provided by D outlined this had been resolved and Creation accepted this in good faith.

Since referring the complaint to our service, Miss K commissioned an independent inspection which confirms that there are still problems with the sofa and supports Miss K's position that the replacement part wasn't provided. Creation has also now had sight of this, and it's been agreed that Miss K has the right to reject the sofa.

In considering the actions of Creation since it received Miss K's claim in September 2024, I recognise that the continued back and forth between the parties and need to carry out a further inspection will have been frustrating to Miss K. Creation has agreed to pay £250 compensation and while I appreciate this answer may come as a disappointment, I do think this amount is fair in the circumstances. I say this as Creation initially declined Miss K's claim in October 2024, based on evidence available and for the reasons I've set out above, I think it was reasonable to do this. Miss K then submitted further evidence in April 2025 to demonstrate that there was still a problem with her sofa and following this Creation accepted her claim. In the whole, considering the actions of Creation, I think £250 compensation is fair to acknowledge any upset caused through its involvement in Miss K's Section 75 claim.

Conclusion

In conclusion, I think it's appropriate Creation pays compensation and for the reasons set out above, I think £250 is fair. I've therefore set out what I consider a fair resolution to this complaint to be.

I understand D has agreed to collect the sofa and provide a full refund to Miss K. Creation should therefore work with D to ensure the sofa is collected at no cost to Miss K and the credit agreement related to the sofa is unwound. Creation should also ensure Miss K receives a refund of all payments made towards the sofa.

Added to this, Creation should reimburse the cost of the independent inspection, being £78 and pay Miss K £250 compensation to acknowledge the distress and inconvenience she's been caused in resolving this matter.

Responses to my provisional decision

Creation didn't have any further comments and confirmed acceptance of my provisional decision.

Miss K responded to say she disagreed with the conclusions I'd reached, providing further comments, which I've summarised below:

- The complaint is about a faulty console, not just the sofa
- Creation mis-handled the Section 75 claim
- £250 fails to reflect the severity of the case
- The conduct of D cannot be ignored.

The complaint has therefore been passed back to me, so I can make a final 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.

Having done so, I've reached broadly the same conclusions as set out in my provisional decision. I appreciate this answer will come as a disappointment to Miss K and I've explained below why I think this is a fair resolution to her complaint.

While I have more generally referred to the problems as being with the sofa, I want to reassure Miss K I've understood the underlying issue related to an electrical component and this was the original cause of her claim.

I understand Miss K has raised a number of concerns about the actions of D and appreciate this will have been a frustrating period since receiving the sofa, however, as explained in my provisional findings above, I'm limited in looking at the actions of Creation in this complaint, and while I have considered compensation, I've thought about what the courts may have awarded had Miss K raised her dispute in this avenue, and while the courts can make an award against the finance provider for the actions of the supplier these are limited and usually not recoverable, if they are awarded, any compensation would be modest. I'll come on to the compensation award below and why I think £250 is fair.

In considering Creation's actions, while I can appreciate Miss K was put to further inconvenience in needing to commission an independent report, for the reasons I've previously explained, I don't think Creation was initially wrong to accept what D told it about the problem being resolved, as I can't see there was any evidence to challenge this provided at the time. I'm pleased to see that once Creation was aware of the independent report it then accepted Miss K's claim.

In considering compensation, my focus has been on the period of September 2024 when Creation received Miss K's claim to its response which was issued in October 2024 and for the reasons explained, I think Creation was reasonable in declining the claim at this time based on the evidence it had been provided. I can however see Miss K has been put to inconvenience including the need to then commission an independent report, I therefore think it's reasonable Creation pays some compensation and do find £250 to be fair and in line with how our Service considers compensation, so I won't be asking Creation to pay further compensation.

Miss K has queried why I haven't included interest in my award. Where appropriate our Service make a further award, usually 8% simple interest a year, if we think the firm we're considering a complaint has made an error meaning the customer hasn't had money available to them.

I appreciate Miss K may disagree with the conclusion I've reached on this point, but for the reasons explained above, I don't think Creation was wrong in the way it considered her claim. While it's disappointing to see D provided the incorrect answer on whether the problem had been resolved, I think it was reasonable for Creation to accept what it was being told. And following this, having received further information, Creation has agreed to arrange for the sofa to be returned and provide Miss K a refund of all the payments she's made to date. As a result, I haven't found it necessary to award interest on the payments Miss K had made towards the finance agreement.

Miss K did however incur an additional cost in paying for the independent report, which evidenced her claim, so hasn't had the use of these funds. So, I think it would be reasonable for Creation to pay 8% on this amount from the date Miss K paid for the report, until the date of settlement and will be including this in my direction towards Creation.

Conclusion

In conclusion, Creation has now accepted Miss K's claim and agreed to collect the sofa and refund all the payments she's made towards it, which I find reasonable. It's also reasonable

Creation reimburses the cost of the independent report and pays interest on this for the reasons set out above. In relation to compensation, while I know Miss K will be disappointed by this, I think £250 is fair when considering the actions of Creation in considering her claim.

My final decision

For the reasons set out above, I uphold this complaint and direct Creation Consumer Finance Ltd to do the following:

- Work with D to collect the sofa;
- Unwind the credit agreement and treat it as if it never existed, ensuring Miss K receives a refund of all payments towards the agreement;
- Remove any adverse information from Miss K's credit file (if there is any);
- Reimburse Miss K £78, being the cost of the independent report;
- Pay 8% interest on the cost of the report from the date Miss K paid for this, until the date of settlement; and
- Pay Miss K £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 9 September 2025.

Christopher Convery
Ombudsman