

The complaint

Mrs R complains about the outcome of a claim she made to Propensio Finance Limited (“Propensio”) under section 75 of the Consumer Credit Act 1974 in respect of spray foam insulation.

What happened

In October 2023, Mrs R agreed to enter a contract with a company I’ll call “W” for spray foam insulation to be installed in her loft. Mrs R partly paid for this using a fixed sum loan agreement with Propensio.

Mrs R says that around the same time, she had applied for a top-up mortgage to pay off her home. Her mortgage provider sent a surveyor round to inspect her property, but they declined to provide a valuation because of the spray foam being present. Mrs R says she was advised to remove the spray foam, and she arranged for this to be done. After the spray foam was removed, the mortgage provider agreed to provide the mortgage.

Mrs R then engaged the services of a claims management company (who no longer represent her), who sent Propensio a letter of claim, alleging the following:

- The person who attended Mrs R’s property falsely introduced himself as a surveyor.
- Mrs R was incorrectly told the spray foam could:
 - save her up to 50% in energy savings.
 - reduce her heating costs.
 - eliminate draughts, eradicate condensation and stop mould.

The claims management company also said Mrs R was told her home would be quieter because of the sound proofing benefits of spray foam and was incorrectly told the insulation controls airborne moisture. And they also said the product was installed incorrectly.

Propensio didn’t uphold Mrs R’s claim or complaint. They said the installation was completed in accordance with the relevant agreement certificate and W had completed a condensation risk analysis to show there were no risks with applying spray foam to the property. Propensio also said W had installed a breathable membrane in line with the requirements of the agreement certificate, and had ensured the loft space had plenty of ventilation. And Propensio said the salesman hadn’t represented himself as being a surveyor.

Mrs R referred her complaint to us. Our investigator didn’t recommend the complaint should be upheld. In summary, he said there wasn’t evidence to support the allegations the claims management company had made to Propensio. He also considered a subsequent point made by Mrs R about the mortgage provider refusing to grant the mortgage by saying that W or Propensio couldn’t be held responsible for the decisions made by another company about spray foam.

Mrs R didn't agree with our investigator and so her 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.

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

In this case, the relevant law includes section 75 of the Consumer Credit Act 1974 (s75). This provides protection for consumers for goods and services bought using credit. As Mrs R partly paid for the spray foam insulation to be installed using a fixed-sum loan agreement, s75 applies here. This means Mrs R could claim against Propensio, the creditor, for any misrepresentation or breach of contract by W, the supplier, in the same way she could have claimed against W. So, I've taken s75 into account when deciding what's fair in the circumstances of this complaint.

The Consumer Rights Act 2015 is also relevant here. This implied terms into Mrs R's contract with W that, amongst other things, the service being provided would be carried out with reasonable care and skill and that any goods provided were of satisfactory quality.

It's a bit unclear to me whether the points the claims management company made to Propensio are the same points that Mrs R feels are relevant to her case. I say this because Mrs R said to our investigator that the reason why she wanted to make a claim was because of the issues she had with her mortgage provider. Nevertheless, for completeness, I will consider all the complaint points made so far.

The salesman falsely represented himself as a surveyor

It wouldn't be acceptable for someone to represent themselves as a surveyor when they weren't one. However, I haven't really been given much evidence to show that the salesman falsely represented themselves in this way. Mrs R has provided a copy of a business card left with her by someone from W, which says that they are a surveyor. But I haven't seen sufficient evidence that the person named wasn't a surveyor as claimed on the business card. And I've not seen sufficient evidence that the person involved wasn't qualified, able or capable of undertaking the condensation risk analysis survey to Mrs R's loft space to assess the appropriateness and suitability of the spray foam.

So, the available evidence doesn't suggest to me that W made a false statement of fact about this. However, even if there had been a misrepresentation here, I'd need to think this was the reason why Mrs R entered into the contract with W – keeping in mind here that Propensio is only liable under s75 for breach of contract or misrepresentation. I've not seen anything in Mrs R's testimony that leads me to think it was the salesman's qualifications and not the potential benefits of the product that was the main driver of her decision to purchase spray foam.

Overall, I've not seen anything that makes me think Propensio should have met Mrs R's s75 claim on this ground.

The product wasn't installed correctly

I'm not an expert on spray foam insulation and neither is Propensio. Even with the benefit of the information contained in the BDA certificate as to what an installer must do to obtain certification, the only evidence provided in support of a claim the installation didn't meet the necessary requirements was contained in the letter of claim sent by Mrs R's representative at the time.

If the product hadn't been installed in accordance with the necessary standards, this might be evidence that W's services weren't carried out with reasonable care and skill. However, I've seen no evidence of this aside from what was in the letter of claim. That isn't in my view persuasive enough to show there were problems with the installation or that it wasn't carried out correctly. At best, the representative's comments were conjecture. There was no actual evidence to back up what they said such as a report following an inspection of the installation.

So, I don't think Propensio acted unreasonably by concluding there wasn't enough evidence of a breach of contract.

The spray foam controls airborne moisture

The claims management company made this allegation to Propensio. But it's unclear to me what allegation was being made here, how the above was falsely declared by W to Mrs R and what difference it made to the installation even if this was falsely declared. As I've mentioned above, there's nothing in the way of evidence about the installation other than the claims management company's own comments about it. There's nothing to support what they've said as a result.

So, with the above in mind, I won't be upholding this part of the complaint.

Misrepresented benefits of spray foam insulation

I've listed the specific points the claims management company presented to Propensio, earlier in my decision. These are to do with promises of a reduction in heating costs, noise reduction, draught elimination and eradication of condensation.

I've seen a copy of the literature used by W in selling the product. And this does list some purported benefits like saving on energy costs. However, there's isn't any language in these documents that indicates that specific promises were made in respect of Mrs R's energy bill savings. Rather, this was presented as a potential benefit. Any form of insulation can deliver savings on energy bills over time by reducing heat loss, and consequently the amount of energy that needs to be expended heating a home, so I don't think the claim that energy savings could be achieved was unreasonable. I think this was a statement made to the world at large, not bespoke, or specific to Mrs R's circumstances. There's also no evidence that a bespoke energy saving quotation or promise was made to Mrs R.

Other alleged benefits of the spray foam were raised as I've mentioned above. But again, these are generic rather than specific. I would add as well that there is no real way of measuring whether these statements were false bearing in mind the spray foam was removed shortly after its installation.

Mrs R wasn't told she could have issues with her proposed mortgage application due to having the spray foam installed.

I'm sorry to hear this caused such anxiety and stress for Mrs R. I've seen a copy of a report from the surveyor sent by the mortgage lender, who commented that they wouldn't value the property because of the presence of spray foam. However, I do agree with our investigator

that W can't be held responsible for the decisions made by a specific mortgage lender. And while there is some commentary in the mortgage industry about lenders choosing not to lend when spray foam is present in people's properties, that doesn't mean every lender has taken that decision. Each lender has their own criteria for lending. I would perhaps have felt differently about this had Mrs R said for example that W's salesman had given a specific guarantee that her specific mortgage lender would lend to her even with spray foam installed. But that doesn't appear to have been the case.

So, for the above reasons, I don't uphold this point.

Summary

I'm sorry to disappoint Mrs R as I know this matter has caused a lot of distress and anxiety. But here I'm deciding overall how Propensio has dealt with her s75 claim, And for the reasons I've set out above, I don't think they acted unreasonably or unfairly when they declined to meet the claim, So, I won't be upholding the complaint.

My final decision

My final decision is that I don't uphold this complaint.

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

Daniel Picken
Ombudsman