

## **The complaint**

Mr C complains that Sainsbury's Bank Plc hasn't refunded a payment he made.

## **What happened**

In March 2023, Mr C entered into a contract with a builder (who I'll refer to as "B") to construct an extension to his property. The contract for the work was agreed at a price of £27,580. Once the work had started it became apparent that it would cost more to complete. Two additional variations to the contract were agreed between Mr C and B. One was for an additional £3,500 and the other for £780.

Prior to the work being fully completed there were a number of issues, including a leak. Mr C says he was unable to get B to rectify the problems and he considered B to be in breach of contract. He made a claim under section 75 of the Consumer Credit Act 1974 ("section 75") to Sainsbury's.

Sainsbury's didn't uphold his claim and subsequent complaint. It said that the cash price of the contract between Mr C and B exceeded £30,000, which was the financial limit for a section 75 claim to be made. Mr C didn't agree and said that at the time he terminated the contract with B, he had only paid them £29,150. He said at the point the contract was terminated, so was the work to be undertaken and any future payments that might have been due.

Our investigator didn't recommend the complaint be upheld. He didn't think Sainsbury's had acted unfairly in declining Mr C's claim and complaint. He said this was because he was persuaded the total price of the agreed contract between Mr C and B exceeded £30,000.

Mr C didn't agree, he didn't think the additional work that was later agreed between him and B fell within the terms of the original contract.

As there was no agreement, the 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.

The general effect of section 75 is that if Mr C has a claim for breach of contract or misrepresentation against B, he can bring a like claim against Sainsbury's as the provider of credit. However, there are other requirements that also need to be met. One of those is that the cash price of the goods or services under the contract must be between £100 and £30,000.

Sainsbury's declined Mr C's claim and complaint as it considered the contract for services exceeded £30,000. Having reviewed the available evidence, I don't think the conclusion Sainsbury's reached was unfair or unreasonable.

While the original contract Mr C entered into with B was for under £30,000, it is clear

additional costs and work were agreed to later both verbally and in writing to extend the scope of the original contract above a total price of £30,000. The total cost of the goods and services under the contract is therefore above the financial limits of section 75.

Mr C says the additional work that was agreed to should be considered a separate contract, but I don't agree. The additional costs all formed part of the same overall building work and the copies of communications I've seen between Mr C and B support that these were agreed variations to the original contract, not separate new contracts. Further, the £3,500 was added because the architect had made an error originally meaning the total cost of the work ought to have always been above £30,000 from the outset.

Mr C says he terminated the contract early and at the point of termination he had only paid £29,150. He says it is that figure that should be used when considering the total cost of the goods and services under the contract. While I understand the point Mr C is making, I don't agree that is the correct way to determine the cash price of the goods and services under the contract. The legislation Mr C has quoted does not provide him with the right to terminate the contract in the way he has described (it might allow him to cancel in an entirely different set of circumstances, but those don't appear to apply here). And even if it did, it wouldn't have the effect of retrospectively amending the agreed price of the contract.

While I appreciate Mr C has been left in a very difficult position due to the work B carried out at his property, I don't think Sainsbury's has acted unfairly or unreasonably in declining his claim and complaint under section 75. This is because the contract for goods and services between him and B exceeds £30,000. This doesn't mean he has no recourse against B directly, just that I don't think Sainsbury's treated him unfairly when considering a like claim and complaint against it.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 October 2025.

Tero Hiltunen  
**Ombudsman**