

The complaint

Mr H has complained that Creation Consumer Finance Ltd “Creation” declined his claim against it under Section 75 of the Consumer Credit Act 1974.

What happened

The circumstances leading up to this claim aren’t disputed so I’ve only briefly set them out here. In December 2024, Mr H bought a rug from a supplier (who I’ll refer to as J). Mr H used a loan from Creation to fund the purchase of the item. The rug cost £699 and Mr H was due to repay the credit agreement by making 12 payments of just under £60. The rug was delivered on 8 January 2025.

On 19 January 2025, Mr H reported that the rug had stained Mr H’s floor, that he felt it didn’t have a straight finish on one side, and it was thinner than he expected. So, he asked J to initiate a return process. He also wanted J to cover the cost of removing the stain from his floor. J initially initiated a return process because the rug hadn’t met Mr H’s expectations and offered him an e-gift card but when Mr J insisted on J covering the cost of removing the stain from his floor, J explained it would have to go through the claims process, and it would only agree to his claims if it agreed that the rug was faulty.

J subsequently replied that the rug was not faulty, and had been used by Mr H, so it would not accept the return of the item nor cover the costs of cleaning his floor. It said that the care instructions recommended Mr H used an underlay to prevent colour transfer, and as he’d used the item long enough for the colour to transfer, it considered the item used and therefore didn’t qualify for a return. It added that if he’d been unhappy with the finish for any other reason, J would’ve expected him to raise this shortly after delivery, rather than after using the rug.

Unable to resolve matters with J, Mr H raised a claim with Creation under section 75 of the Consumer Credit Act 1974 (Section 75) on 7 April 2025. He reiterated his earlier concerns. Creation issued its final response declining Mr J’s claim and subsequent complaint along the same lines as J.

Unhappy, Mr H referred his complaint to this service. He explained he’d only put the rug down for 24 hours before the stain transferred to his floor, that the rug was not as described because it didn’t have a straight finish, was not of satisfactory quality as it was thin and stained his floor. He added that the recommendation to use underlay was buried in small print, and the delivery instruction did not come with any such instructions.

Mr H’s complaint was considered by one of our investigators who, for essentially the same reasons as those set out by Creation, didn’t think the complaint about Mr H’s Section 75 claim should be upheld. They explained that the evidence didn’t support Mr H’s claim that the rug was of unsatisfactory quality or misrepresented to him, as the colour transfer seemed to be a nature of the product rather than a fault, and the instructions that he should use an underlay to prevent colour transfer, was made clear. She also added that as he’d used the rug for long enough for the colour to transfer, she didn’t think it met the conditions for a full refund.

Mr H disagreed. He explained that the stain on the floor happened overnight, and he had to open the rug to examine it. He didn't feel the rug was "used" and didn't feel our investigator had thoroughly reviewed his claims and evidence. He added that the rug was in any event not straight on one side so wasn't as described, too thin considering the price paid and the instructions related to the underlay was not explicitly referenced.

As the complaint couldn't be resolved by our investigator, I've been asked to make 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.

Firstly, I'd like to reassure Mr H, that I have considered all his concerns carefully, but I will only be dealing with the most salient parts of his complaint in this decision as I'm required to decide matters quickly and with minimum formality.

It may be helpful to explain that I need to consider whether Creation – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr H's claim. But it's important to note Creation isn't the supplier. Section 75 is a statutory protection that enables Mr H to make a 'like claim' against Creation for breach of contract or misrepresentation by a supplier because he paid for the goods using a loan provided by Creation.

But I want to explain from the outset that I can only consider Mr H's complaint on that narrow basis – that is, whether it was fair and reasonable for Creation to respond to his claim in the way that it did and if not, whether it is fair for me to order a remedy. But it's important to note that Creation isn't responsible for everything that might have gone wrong with J, and isn't responsible for remedying things such as customer service issues or not meeting consumer expectations.

There are certain conditions that need to be met for Section 75 to apply. From what I've seen, those conditions have been met, and Creation doesn't appear to dispute that Section 75 applies.

In order for me to uphold a complaint about how Creation responded to Mr H's Section 75 claim, I'd have to be satisfied that J breached a term of the contract (either an express term or an implied term) – and that caused him to suffer loss. Or if there's evidence of a misrepresentation that caused loss.

Express terms

I can see Mr H ordered the rug in December 2024, and a rug of the correct design and correct size seems to have been delivered promptly afterwards.

Mr H tried to return the item nearly two weeks after delivery. J's returns policy allows consumers to return items if they've changed their minds as long as consumers have kept the original packaging which is in good condition and the product hasn't been used.

I understand Mr J feels like the product hasn't been used as he'd only laid it out to examine it, and he says the stain appeared on the floor within 24 hours. He says it's been rolled back up in its packaging since.

But the evidence Creation has is that the item was delivered on 8 January 2025, so by the time concerns were raised by Mr H, on 19 January 2025, it had been nearly two weeks since delivery. So, the product had been with Mr H for nearly two weeks and had been laid out long enough for a significant colour stain to transfer onto the floor.

I appreciate Mr H's concerns over the definition of a *used* product, but as explained by our investigator, this service does not make legal findings but decides cases based on a fair and reasonable basis.

Based on the evidence submitted to Creation, I don't think Creation acted unreasonably for concluding that there hadn't been a breach of an express term of the contract. I think it was reasonable for Creation to conclude the product had been delivered correctly in line with the contract and had been *used* based on the available evidence, so it didn't meet the conditions needed to return the item in line with J's refund policy.

So, it doesn't appear to me that, there's sufficient evidence that J breached any express terms of the contract which Creation would now be liable to remedy.

Implied terms and misrepresentation

However, the Consumer Rights Act 2015 (CRA) is relevant to this complaint. The CRA implies terms into the contract that the goods must be of satisfactory quality, aspects of which include goods being durable and free from minor defects. The CRA also sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met.

Under the CRA, as Mr H is making the claim the onus is on him to show that there is a fault with the rug. Mr H says based on how thin the rug is, that in his view the rug doesn't have a straight finish, and it left a colour stain on the floor, that the product is faulty and therefore of unsatisfactory quality. He feels therefore the rug is not as described and he should be able to return the rug. He adds that Creation also needs to cover the cost of removing the stain from his floor, which is a result of the breach of contract. He has provided pictures of the stain on his floor, the rug laid out on his floor as well as it rolled back up in its original packaging.

It's not uncommon for businesses such as J to offer remedies such as returns and e-gift cards in the first instance, to see if they can avoid a claim/complaint without a thorough investigation. But these offers were rejected by Mr H, so it went on to look into his concerns in more detail. Having done so, J didn't agree that he was entitled to a refund, nor that the product was faulty.

Creation, like J, doesn't accept that the rug is faulty but says this is an inherent nature of the product. It points out that under the product description section of the website it says:

"We recommend ...Underlay. It prevents your rug from moving underfoot and protects against colour transfer to the floor".

I've reviewed everything both parties have provided and I don't find there are grounds for me to uphold the complaint. I think it's clear from the product description that colour transfer is foreseeable and expected which is why J recommends underlay to prevent this. So, it doesn't appear that this rug is faulty or has poor design, but this is the nature of this type of rug. I also note that J's website has a number of subheadings which consumers can click through, and the product description is one of the first, obviously labelled and the recommendation to prevent colour transfer is apparent.

Additionally, I haven't seen any evidence that the thickness of the rug was misrepresented to Mr H, but rather that it didn't meet Mr H's specific expectations which isn't grounds for making a claim under section 75. Additionally, the rug not having a straight finish is based on Mr H's opinion and isn't obvious from the photo he's taken. I am not an expert in rug design, so I'm dependant on the evidence submitted by both parties to help me reach my conclusions. And I don't find the evidence submitted by Mr H is clear enough to conclude that Creation ought to have accepted this claim.

As explained above, Section 75 is a legal claim, and the onus is on Mr H to evidence that claim – and I don't think it was unreasonable for Creation to conclude that there is insufficient evidence to support the claim that the rug is faulty or that Mr H was entitled to a refund for an unused product in line with J's terms. So overall, I'm not satisfied that Creation acted unfairly by declining this claim.

As explained by our investigator, as Mr H didn't use a debit/credit card to make the payment, he cannot make a claim under the chargeback scheme.

While I am sorry to hear Mr H is unhappy, with Section 75 in mind, I don't find there are grounds to direct Creation to offer him a remedy in this case. So, I don't uphold his complaint. I would, however, point out Mr H doesn't have to accept this decision. He's free to pursue the complaint by more formal means such as through the courts.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 January 2026.

Asma Begum
Ombudsman