

The complaint

Miss F is unhappy with how Social Money Limited trading as Payl8r ("Payl8r") considered her claim under Section 75 of the Consumer Credit Act 1974 (section 75).

What happened

The parties are familiar with the background of this complaint, so I will summarise it briefly here, which reflects my informal remit.

In April 2025 Miss F purchased a 30-hour driving course with a practical test from a company I will refer to as B. The total cost was £1,745. Miss F entered into a regulated credit agreement with Payl8r to finance this course. She paid a deposit of £174.50, with the remaining £1,570.50 to be repaid in monthly instalments of £171.

Miss F had completed 27 hours of tuition when she complained to B about the instructor's conduct. She said the instructor took calls during lessons and, despite having raised no prior concerns about her driving ability, insisted that she take additional lessons. She said he required payment for these lessons to be made directly to him, rather than through B, and refused the use of the car for her test when she declined to make the payments.

As a result, Miss F said she had to hire a car at an additional cost and experienced significant distress before her test. She said she went on to pass the practical test with no faults.

When Miss F requested a full refund from B, it said it would refund only the three hours of tuition that wasn't provided and maintained it had acted in line with its terms and conditions.

When Miss F was unable to resolve the matter with B, she contacted Payl8r. In summary Payl8r said Miss F raised her concerns after completing 27 of the 30 hours, and it would've expected issues to have been raised earlier if they had been ongoing. It considered that additional lessons were reasonably recommended following a failed mock test, and that under B's terms, the instructor was entitled to refuse the use of the car for a practical test if a student wasn't considered test ready. Payl8r found no evidence to show that the instructor acted unprofessionally, so didn't uphold the complaint but confirmed B had offered a £135.00 refund for the unused hours.

Miss F remained unhappy. She felt the seriousness of the instructor's behaviour, which she described as intimidating, unprofessional, and coercive had not been acknowledged or investigated. She said had she known she would be treated this way, she would never have signed up for the course.

When the case was referred to our service, the investigator noted there was no evidence of misrepresentation and that the instructor had a right to refuse the use of their car under the terms of the contract. As the unused hours had been refunded, the investigator didn't think Payl8r needed to do anything further.

Miss F didn't agree. She said B had failed to provide the service it promised and that the

standard of the instructor assigned to her was completely unacceptable. She said she was repeatedly told her driving was good and that she was on track for her test, and that the instructor only suggested additional lessons to cover test routes which she agreed to. Miss F said that when she was unable to take time off work for further lessons, the instructor became annoyed, demanded payment by bank transfer and retaliated by refusing to take her to the test. She feels this behaviour amounted to an abuse of power and financial coercion and says it was manipulative and unethical.

Miss F said this whole situation caused significant impact on her mental health just days before an important event in her life. She also said she incurred additional costs and significant stress in securing another car at short notice to proceed with her test. She doesn't feel a refund limited to the three unused hours adequately reflects the overall impact of what she experienced.

As Miss F didn't agree with the investigator's view, the complaint has now been passed to me to 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.

I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a courtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in light of the available evidence and wider circumstances.

Miss F paid for the driving course using a credit agreement. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to these sorts of agreements.

In reaching my decision, I've taken into account the relevant law. Section 75 makes Payl8r responsible for a breach of contract or misrepresentation by B, under certain conditions. In Miss F's case, I think the necessary agreement between the parties exists and the claim is within the relevant financial limits.

The Consumer Rights Act 2015 (CRA) is also relevant to this complaint. The CRA implies terms into the contract that traders must perform the service with reasonable care and skill and sets out what remedies are available to consumers where this is not met.

It's important to note that I'm not considering a complaint against the driving course provider, B, or the instructor directly. I'm considering a complaint against Payl8r. So, I have to consider Payl8r's obligations as a provider of financial services. In this case their liability for breach of contract or misrepresentation under section 75.

It's also important to note that compensation for distress and inconvenience caused by a supplier is limited with this type of complaint. I appreciate Miss F is very upset about what happened in her dealings with B and the driving instructor. But I have to consider what Payl8r can be held responsible for, which here is the like claim Miss F would have in court against the supplier for breach of contract or misrepresentation.

Miss F raised a number of concerns regarding the professionalism and competence of her instructor and felt aspects of his conduct and decision making were inappropriate.

One of Miss F's key concerns related to the withdrawal of the instructor's car shortly before her practical driving test. She explained that the instructor demanded payment for additional lessons directly to his personal bank account and that, when she refused, he withdrew the use of his car for the test. In contrast, the instructor told B that Miss F had failed a mock test, and that she required further lessons before he considered her ready to take the practical test. He stated that when he recommended additional lessons, he mentioned these could be purchased either directly from him or through B, but Miss F declined. He also said she refused the use of the remaining three hours left on the course.

Based on the information provided, there is a clear conflict between Miss F's account and the instructor's account of what took place. While I fully understand Miss F's perspective, only she and the instructor were present during the lessons, and there is no independent or documentary evidence detailing what was said, what advice was given, or how the decision was made regarding the need for additional lessons or the withdrawal of the test car.

The course terms also clearly state:

"The Instructor reserves the right to refuse use of their car for the practical test if they determine your driving does not meet the necessary standard to take a practical driving test, on the grounds that it would be a risk to the health and safety of yourself, other road-users, or there is a risk of damage to the Instructor's property and livelihood".

I appreciate that Miss F has said she was previously told her driving was good and that she later passed her test with no faults in a different car. I understand why this may have reinforced her belief that the test car was withdrawn for inappropriate reasons. However, passing the test, doesn't on its own, demonstrate that the instructor's decision at the time was unreasonable or outside the scope of the contractual terms. Instructors are entitled to make professional judgements based on their experience and assessment during lessons.

While I recognise the seriousness of Miss F's allegations, based on the available evidence, I don't consider it's sufficient to show the instructor insisted on direct payment as the only option, or that recommending additional lessons amounted to a breach of contract – particularly as no additional lessons were ultimately taken or paid for. Nor can I reasonably conclude that refusal to provide the test car amounted to a breach of contract, given the express terms allowed the instructor to make that decision.

Miss F also raised concerns about other aspects of the instructor's conduct, including his alleged use of a mobile phone during lessons and the potential safety implication of this. I can appreciate Miss F's concerns that a reasonably competent instructor should not be taking calls during lessons. However, again, only Miss F and the instructor were present in the car during the lessons, and there is no independent evidence confirming this occurred.

The contractual terms also set out a clear process for raising concerns. This included raising issues with the instructor in the first instance, logging them via the student portal, and contacting customer support within 72 hours of a lesson. I understand Miss F explained that she felt uncomfortable raising concerns earlier and was worried about jeopardising her test. However, by not following the correct process, this further limited any evidence that could've potentially been used to help support her claims. So, on balance, without such evidence to support the allegations Miss F raised, I'm not able to reasonably conclude the instructor failed to provide the service with reasonable care and skill.

Taking everything into account, I acknowledge how distressing this experience has been for Miss F and the strength of her feelings about how she was treated. I want to reassure her

that I am not dismissing her account or minimising the impact this situation had on her. However, my decision must be based on whether there is sufficient evidence to demonstrate a contractual breach or misrepresentation that Payl8r failed to address when considering her section 75 claim.

In this case, Miss F received 27 hours of driving lessons from the course, and the remaining three hours, were refunded back to the credit agreement. While the course included a practical test, the contractual terms allowed an instructor to refuse their car if they considered a student wasn't test ready, which is what occurred here. I appreciate Miss F strongly disagrees with the instructor's decisions and conduct. However, in the circumstances of the case, disagreement alone is not sufficient to establish a breach of contract or misrepresentation without supporting evidence. And whilst Miss F is seeking a full refund, as there isn't enough compelling evidence for me to fairly conclude there was a breach of contract or misrepresentation, or that B failed to provide the service with reasonable care and skill, I don't consider Payl8r needs to take any further action here.

I appreciate Miss F is likely to be disappointed with the outcome of this decision, but Miss F is of course, under no obligation to accept this decision. If she remains dissatisfied, she may wish to seek independent legal advice and pursue the matter through a formal channel such as the courts.

My final decision

I don't uphold this complaint against Social Money Limited trading as Payl8r.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 16 January 2026.

Farhana Akhtar
Ombudsman