

The complaint

Mr A has complained about Capital One (Europe) plc's offer to settle his claim under Section 56 of the Consumer Credit Act 1974 ('Section 56').

What happened

In 2022, Mr A bought a motorhome from a company I'll refer to as 'X' for £53,290. Mr A paid X a £2,000 deposit using his Capital One credit card and paid the remaining balance by bank transfers.

Mr A complained to X about problems he'd experienced with the motorhome, which wasn't usable and needed to be stored until it was sold. X didn't resolve things for Mr A so, in October 2023, he made a claim for the cost of the motorhome to Capital One.

By July 2024, Capital One agreed Mr A had a valid Section 56 claim for the cost of the motorhome and various consequential losses, which came to £54,019.79. Capital One asked Mr A to sell the motorhome, which he sold for £33,000. Capital One agreed to pay Mr A £21,019.79 in settlement of his claim.

Mr A was unhappy Capital One wouldn't pay him interest on top of its settlement offer. Mr A also made a claim for the cost of storing the faulty motorhome. He'd kept his old motorhome in addition to the newer faulty one. Mr A says he accepted a rent reduction of £50 per month from his tenant in return for storing the motorhome on the tenant's driveway. He used to store his old motorhome on the tenant's driveway and had to store it on his own driveway instead. Mr A added that it would have cost him around £100 per month to store the faulty motorhome at a commercial facility.

Mr A complained to Capital One about its decision to decline his claims for interest and storage costs, but it didn't uphold his complaint. Capital One paid Mr A £21,019.79 in November 2024, and he referred his complaint to our service.

One of our Investigators reviewed Mr A's complaint but thought Capital One's settlement was reasonable. Mr A remained unhappy, reiterating he was left without access to the money he paid X. Mr A also wanted compensation for storing the faulty motorhome. So, his complaint was referred to me for a decision.

I issued a provisional decision on 20 October 2025, which set out my provisional findings:

"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'll comment only on what I consider to be crucial to the outcome of this complaint. I'm satisfied the technical conditions for a Section 56 claim have been met and, as Capital One has accepted the claim, the only issue for me to consider is whether its offer to settle the claim is fair and reasonable.

Motorhome storage

Mr A has said he stored the faulty motorhome at the property he lets out to his tenant and if he hadn't done this, he would've had to use a commercial storage facility. Mr A hasn't provided documentary evidence of the reduced rent agreement, so he hasn't been able to prove the losses he has claimed for.

I need to consider the position Mr A would have been in had he not purchased the faulty motorhome. Mr A has said he stored his old motorhome at his tenant's property, and he didn't intend to replace this motorhome. So, I think Mr A would have continued to use this arrangement if he hadn't purchased the faulty motorhome. I accept it was inconvenient to store the old motorhome on his driveway, but this didn't cause him a financial loss. Ultimately, this inconvenience was the result of X's refusal to accept a return and refund the cost of the faulty motorhome, rather than the result of Capital One's actions. So, it wouldn't be fair or reasonable to hold Capital One responsible for this inconvenience.

Overall, I'm not persuaded it's fair or reasonable to require Capital One to compensate Mr A for the cost Mr A says he incurred in storing the faulty motorhome.

Interest payable on the remaining balance paid to X

It is accepted that X misrepresented the motorhome to Mr A. This means Mr A was left without the use of the money paid to X (and to third parties for his consequential losses) that he should have had access to. It's not clear what Mr A would have done had he not purchased the motorhome but he could have invested the money, maintained it in a savings account or spent the money on other things. The important thing to note is that Mr A was left without access to his money spent on the faulty motorhome and I think Capital One should have added interest to its settlement offer to compensate Mr A for this. I think it is reasonable to require Capital One to now pay interest at 8% simple per annum on Mr A's losses to compensate him for the loss of use of the money paid to X and third parties from the date of each payment to the dates he received the proceeds of the sale of the motorhome, and then the remaining funds when Capital One settled the claim in November 2024.

Mr A paid X £53,290 for the motorhome. Capital One also agreed to pay Mr A £729.79 for the following consequential losses:

1. *Date as per the invoice provided to Capital One – £200 for damp check and inspection*
2. *15 November 2022 – £226.30 for insurance*
3. *5 January 2023 – £45 for diagnostic and jump start*
4. *16 January 2023 – £77.95 for a roof cover*
5. *4 April 2023 – £25 for damp testing*
6. *31 July 2023 – £65 for fuel. I have used this date as it appears this is the date by which the three round trips Mr A claimed for had been completed. If Mr A wishes to use a different date, he should confirm the dates of the trips taken.*
7. *10 September 2023 – £90.54 for insurance*

Mr A also received £33,000 in partial reimbursement of the cost of the motorhome a few

months before Capital One settled this complaint on 14 November 2024. To reflect this, I have set out what Capital One should do to put things right below.

Credit interest payable on Mr A's £2,000 deposit

Mr A paid X a £2,000 deposit using his Capital One credit card in October 2024. Whilst Capital One agreed to refund the money paid for the motorhome, it's not clear whether any interest or charges were applied to the £2,000 deposit. Having reviewed Mr A's statements, it appears he pays his full outstanding balance every month so it may be that no interest or charges were applied to the deposit. But for completeness, if any interest or charges were applied to the deposit, Capital One should refund these to his credit card account as if they had not been applied.

Capital One's handling of Mr A's claim

Capital One's contact notes indicate there was a delay of around eight weeks from January 2024 whilst it sought advice on how to proceed with the claim. By April 2024, Capital One advised Mr A to obtain an independent report, which I don't think was unreasonable in the circumstances. The final report was received by Capital One in early June 2024. Capital One put the report to X but it's unclear why it needed X's comments, as the independent report had already confirmed a misrepresentation had taken place and Capital One was obliged to settle the claim with Mr A directly. It took a further month to ask Mr A if he would sell his motorhome.

Overall, I think Capital One added around 12 weeks of avoidable delays here. I accept Capital One may have found this case unusual but, as the experts, it should have reasonably progressed his claim sooner. It's clear that Mr A has been put to some inconvenience by Capital One's delays in handling his claim. In the circumstances, I think £250 compensation reasonably reflects the inconvenience caused by these errors.

Putting things right

To put things right, I think Capital One should:

1. Refund any interest or charges applied to the £2,000 payment Mr A made to X using his credit card account on 18 October 2022.
2. Pay Mr A interest at 8% simple per annum on the first £25,000 paid to X from the date it was paid until the date of settlement.
4. Pay Mr A interest at 8% simple per annum on the second £25,00 paid to X from the date it was paid until the date of settlement.
5. Pay Mr A interest at 8% simple per annum on the last payment of £1,290 paid to X from the date it was paid until the date of settlement.
6. Pay Mr A interest at 8% simple per annum on each of his consequential losses listed above from the date each were incurred until the date Capital One settled this complaint on 14 November 2024.
7. Pay Mr A £250 compensation for its delays in handling his Section 56 claim.

If Capital One considers that it's required by HM Revenue & Customs (HMRC) to deduct

income tax from that interest, it should tell Mr A how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.”

Mr A accepted my provisional decision but Capital One did not. In summary, Capital One said:

1. Mr A had accepted its offer in full and final settlement of his complaint.
2. It should not be held liable for storage costs.
3. Mr A would have likely bought a different motorhome rather than investing his money, so it shouldn't have to pay interest. It was not fair or reasonable to pay interest when he spent only £2,000 using his credit card.
4. Mr A paid his balance in full so no refund of contractual interest or charges was due.
5. It was reasonable to have a 12 week delay in seeking legal advice.
6. It was reasonable to share the independent report with the merchant before resolving the case.
7. The first end date for interest should be 22 August 2024, when Mr A received £33,000.
8. The second end date should be 6 or 14 November 2024.
9. The start date for the interest calculation was unreasonable but no alternative was provided.
10. Our service is reviewing its interest rate and 8% was not proportionate, given Mr A previously had his money saved in a savings account with a lower interest rate.

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.

Capital One says Mr A accepted its offer in full and final settlement of his complaint. However, when Mr A accepted Capital One's offer he said he didn't accept Capital One's refusal to pay his storage costs or interest on his claim and he was very clear he would refer his complaint to our service to review. Capital One was fully aware of his intentions. And if Capital One hadn't been prepared to pay Mr A anything given it knew he wanted to refer his complaint to our service, the redress now due may have been higher. Overall, I think it is reasonable to conclude Mr A was entitled to ask our service to consider the merits of his complaint.

Capital One said it shouldn't be liable for Mr A's storage costs and I didn't say they should be, so I've not addressed this further. Capital One says Mr A paid his balance in full and no contractual interest or charges was applied to his £2,000 deposit. The redress in my provisional decision didn't require Capital One to refund any interest or charges that hadn't been applied.

Capital One says Mr A would likely have bought a different motorhome but hasn't provided any evidence to support this belief. As I said in my provisional decision, I don't think it's clear what Mr A would have done had he not purchased the motorhome. The important thing to note is that Mr A was left without access to his money spent on the faulty motorhome and I think Capital One should have added interest to its settlement offer to compensate Mr A for this.

Capital One has commented on our service changing its approach to interest but this is not yet in place and it doesn't apply to Mr A's complaint. And whilst Mr A paid £2,000 towards the motorhome using his Capital One credit card, it remains he is entitled to afford himself of the protections provided under the Consumer Credit Act 1974, which do not require a set

amount to have been paid towards a purchase using a credit card. I remain of the view that it is reasonable to require Capital One to now pay interest at 8% simple per annum.

Capital One said the start dates for calculating interest were not reasonable but they didn't provide a reasonable alternative. And my role here is to try put Mr A back in the position he would have been in had the faulty motorhome not been purchased, so I think it's reasonable to use the dates on which Mr A paid for the faulty motorhome.

Capital One has said I was wrong to conclude there were delays in its handling of the claim. However, there were periods where there was no meaningful progression of his claim and I remain of the view that Capital One should have progressed his claim more quickly. I still think £250 compensation reasonably reflects the inconvenience caused by these errors.

Capital One say I should cap the interest at the dates Mr A received £33,000 and the date he either accepted or received Capital One's settlement figure. But as I said above, I remain of the view that Mr A should have received interest from Capital One that he has still not received. So, I remain satisfied that the compensation methodology set out in my provisional decision is reasonable.

For the avoidance of doubt, I have again set out what Capital One should do to put things right:

Putting things right

Capital One should:

2. Refund any interest or charges applied to the £2,000 payment Mr A made to X using his credit card account on 18 October 2022.
3. Pay Mr A interest at 8% simple per annum on the first £25,000 paid to X from the date it was paid until the date of settlement.
5. Pay Mr A interest at 8% simple per annum on the second £25,000 paid to X from the date it was paid until the date of settlement.
6. Pay Mr A interest at 8% simple per annum on the last payment of £1,290 paid to X from the date it was paid until the date of settlement.
7. Pay Mr A interest at 8% simple per annum on each of his consequential losses listed above from the date each were incurred until the date Capital One settled this complaint on 14 November 2024.
8. Pay Mr A £250 compensation for its delays in handling his Section 56 claim.

If Capital One considers that it's required by HM Revenue & Customs (HMRC) to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

My final decision

I uphold this complaint and require Capital One (Europe) plc to do what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 4 December 2025.

Victoria Blackwood
Ombudsman