

The complaint

Mrs W complains about the outcome of a claim she made to Creation Consumer Finance Ltd (“Creation”) about a furniture purchase.

What happened

In April 2024, Mrs W took out a fixed sum loan agreement with Creation to pay for furniture she’d ordered with a supplier I’ll call ‘S’.

Mrs W says she noticed there were problems with the furniture after it had been delivered. She says there were issues with the seat cushions, back rest and the padding on the armrest. Mrs W also felt the specification for part of the furniture had changed from the model she’d seen in S’s showroom.

Mrs W contacted S about this, and they arranged for a technician to inspect the furniture on two occasions. Both reports concluded there were no manufacturing faults or defects with the furniture and so S didn’t agree that they needed to do anything further.

Mrs W referred her dispute to Creation, who considered a claim for her under Section 75 of the Consumer Credit Act 1974. However, they rejected this based on the technician’s reports. Creation said the technician concluded the furniture met the tolerance and standards expected for the materials used, and that there were no manufacturing faults found.

Mrs W didn’t agree and referred her complaint to us. One of our investigators recommended that the complaint should be upheld. In summary, she felt the demonstration model of the furniture that Mrs W viewed in S’s showroom prior to purchase was significantly different to the furniture that was delivered to her. In particular, the showroom model had Dacron lining, which Mrs W’s furniture didn’t have. Our investigator felt Mrs W wouldn’t have purchased the furniture had she been made aware of this change, and she didn’t think this had been brought to her attention beforehand.

Our investigator recommended that Creation cancel the fixed sum loan agreement, refund all payments Mrs W had made under this to her, allow Mrs W to reject the furniture, remove any negative information from her credit file and refund her for the cost of an independent report she’d commissioned upon Mrs W providing a receipt for this.

Creation didn’t agree. They said S told them the specification of the furniture hadn’t changed from when Mrs W had seen it in store to when it had been delivered to her. Creation also said S told them there was no evidence of any manufacturing faults and that Mrs W’s complaint seemed to be about comfort, which was subjective.

As the matter remains unresolved, Mrs W’s complaint has been passed to me to decide.

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 want to acknowledge that I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mrs W and Creation though that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I'm sorry to hear that Mrs W is unhappy with the furniture she purchased. It's important to note that my decision is about the actions of Creation – and what it should fairly have done for her in its position as a provider of financial services. In looking at how it handled the claim Mrs W brought, I consider the information reasonably available to it at the time, along with the relevant consumer protections available, which here includes Section 75 of the Consumer Credit Act 1974 ("Section 75").

Section 75 in certain circumstances allows Mrs W to hold Creation liable for a 'like claim' for breach of contract or misrepresentation in respect of an agreement by a supplier of goods or services which are funded by the fixed-sum loan.

There are certain requirements that need to be met for Section 75 to apply – such as the cash price of the purchased goods and the parties to the agreement. After considering these factors, I think the requirements are in place for Mrs W to bring a Section 75 claim against Creation. So, I've gone on to consider if there's persuasive evidence of a breach of contract or misrepresentation which would reasonably have been available to Creation at the time it considered the claim.

The Consumer Rights Act 2015 ("CRA") covers agreements like the one Mrs W entered into with S. The CRA implied terms into the agreement that the quality of goods is satisfactory, fit for a particular purpose, as described, and matches a sample of model seen (amongst other things).

Creation turned down Mrs W's Section 75 claim, and rejected her complaint about this, because they felt S provided sufficient evidence to show there were no manufacturing faults with the furniture. I think Creation were entitled to reach that finding, bearing in mind they had been presented with two reports from S's technician which stated this. And, at the time Creation considered the Section 75 claim, they had no evidence to support a different conclusion.

However, Mrs W's complaint wasn't solely about whether the goods were of satisfactory quality. It was also that the specification of the furniture had changed, from the demonstration model she'd seen in S's showroom, to what was then delivered to her.

As far as I can see, Creation's response to Mrs W's Section 75 claim didn't comment on this, other than acknowledging that this formed part of Mrs W's claim. Their response was solely concerned with whether there was evidence of any manufacturing defects that could give rise to a breach of contract. So, I don't think Creation considered Mrs W's Section 75 claim fully.

So, I've gone on to consider whether the specific point about the specification change could give rise to a successful claim for breach of contract or misrepresentation. Mrs W has sent in a copy of an independent inspection of the furniture from an upholsterer and covermaker specialist. The report said: *"You were sold the upholstery as seen in the shop where the displayed units were covered in Dacron and so it is my opinion that you were mis-sold your upholstery as your units did not have any Dacron covering".*

So, Mrs W has provided reasonably compelling evidence of the claim she made to Creation with regards the difference in specification between the showroom model and the furniture delivered to her. I've also though considered what S said in response to this particular point. It seems S feels that Mrs W would have been aware of this specification change because this took place in February 2024 which was before Mrs W placed her order.

However, I've also seen an e-mail from S sent to Mrs W from 27 November 2024, which says the manufacturer of the furniture changed the specification since the display model had been delivered to S's store, such that Dacron linings were no longer included. So, this seems to confirm in my view that the demonstration model that Mrs W saw included Dacron linings before the specification was changed. On balance I think it more likely than not that the model Mrs W saw in store had Dacron lining. It's also not in dispute that the furniture that was delivered to her didn't have this lining. And I've not seen sufficient evidence that this was drawn to Mrs W's attention before she purchased the furniture, as S has claimed.

I accept what S has said, to a degree, that comfort is a subjective thing. But I also think that comfort was an important consideration for Mrs W (as it likely would anyone purchasing furniture). I note that the independent report provided by Mrs W states that Dacron can be applied to improve comfort on furniture. And I note that Mrs W has been consistent throughout this dispute that she has found the furniture very uncomfortable compared to the furniture she looked at and tried in S's showroom.

This is a finely balanced case. However, I think it more likely than not that the showroom model was different to the furniture delivered to Mrs W, and that the specification change was one that made a key difference to Mrs W's purchasing decision. In other words, I'm not persuaded that Mrs W would have chosen to purchase the furniture had the showroom model not had Dacron lining. And I'm not satisfied this specification change was brought to Mrs W's attention before she made the purchase.

Overall, I find that there is sufficient, persuasive evidence that there was a breach of contract that would give rise to a successful Section 75 claim. I'm mindful that a separate ADR body has provided its decision on a complaint brought to it by Mrs W about S. However, I've seen a copy of this decision and notably it says that the ADR was unable to consider verbal testimony around the issues of what Mrs W sampled in store and what she was told in store. And it said that mis-selling wasn't within its remit. So, I don't think the ADR body reached a conclusion on this specific point, such that it would be inappropriate for me to now consider it.

Putting things right

The CRA gives a range of remedies where there are issues with goods purchased. I've had regard to the CRA when considering what is a fair and reasonable remedy in this instance for Mrs W.

Bearing in mind that the manufacturer of the furniture no longer makes it using dacron linings, a repair or replacement of the furniture isn't possible or appropriate in my view.

I note also that Mrs W has said she hasn't used the furniture for some time, and I have no reason to doubt this. I think the most appropriate and fair remedy is that Mrs W should be allowed to reject the furniture and that Creation should arrange for its return from her. I also think it reasonable that Mrs W receives a full refund of what she paid to Creation under the fixed-sum loan agreement which includes any deposit she paid to them or S, with interest. And Creation should cancel the fixed-sim loan agreement with nothing further for Mrs W to

pay.

I also think Creation should ensure that no adverse information is recorded on Mrs W's credit file in relation to the fixed-sum loan agreement.

Finally, I think it would be appropriate for Creation to reimburse Mrs W the cost of the independent report she commissioned (if she incurred a cost), with interest. Mrs W will need to send suitable evidence of this cost to Creation.

My final decision

My final decision is that I uphold this complaint. I direct Creation Consumer Finance Limited to the following:

- Allow Mrs W to reject the furniture.
- Arrange for its collection from her.
- Cancel the fixed-sum loan agreement with nothing further for Mrs W to pay.
- Refund Mrs W all amounts she paid under the agreement, with simple interest of 8% added each year from the date of each payment to the date of settlement,
- Refund Mrs W the cost of the independent inspection she commissioned (if a cost was paid by her), upon suitable provision of evidence from Mrs W of this. Interest of 8% simple should be added to this each year, from the date of payment to the date of settlement
- Ensure that no adverse information is recorded on Mrs W's credit file in relation to the fixed-sum loan agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 6 February 2026.

Daniel Picken
Ombudsman