

The complaint

Mrs J complained about the way Secure Trust Bank Public Limited Company trading as V12 Retail Finance Limited (V12) dealt with a claim she made for goods she bought using a fixed sum loan agreement.

What happened

The parties are familiar with the background of this complaint, so I will summarise it briefly here. In August 2022 Mrs J used a fixed sum loan agreement to buy furniture from a retailer I'll call S. The amount of credit under the fixed sum loan agreement was £4,300.48. Mrs J needed to make monthly repayments for around £89 for 48 months.

In April 2025 Mrs J said there was a fault with a sofa and she obtained an independent report. This determined there was a manufacturing fault. She reported the issue with S and she paid £75 for another independent inspection in May 2025. Mrs J said that when this inspection was done, the spring was removed, and the sofa was out of use.

V12 said Mrs J contacted it at the end of May 2025 and following this it reached out to S. V12 said S told it that it offered a partial refund of 60% due to the usage of the sofa. V12 said it asked if a repair or replacement was possible. S said it couldn't do a repair due to a part being unavailable and offered three options to Mrs J. It said S told it that it offered £700 to keep the sofa, a reselection up to the value of 60%, or a refund up to the value of 60%.

Mrs J didn't accept the offer made by S. V12 issued its response to Mrs J's complaint in July 2025 and acknowledged there was a manufacturing fault with the sofa. It agreed S provided a suitable resolution and it was in line with the remedies available under the Consumer Rights Act 2015 (CRA). It said that a deduction for usage was fair, and this was also in line with the CRA and S said the £75 Mrs J paid for the inspection was non-refundable.

Mrs J was unhappy with V12's position and asked the Financial Ombudsman to investigate. Our investigator considered the complaint and didn't think the offers presented were unfair. However, he said it was fair for V12 to refund Mrs J the cost of the report she'd paid for and pay an additional £50 for the inconvenience for the delay in Mrs J receiving the refund and any financial loss she had.

V12 accepted the investigator's recommendations. Mrs J agreed with the refund of the inspection cost and £50 compensation however she didn't agree with the deduction of 40%. She said that the sofa was completely unusable after the independent inspection done by S. She didn't think it was fair that she had a significant loss due to a manufacturing fault. As the matter remains unresolved it 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.

When considering what is, in my opinion, fair and reasonable, I must take into account

relevant law and regulations; regulator's rules including the Consumer Duty, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

Mrs J bought the sofas using a fixed sum loan agreement with V12. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to this sort of agreement.

It's clear Mrs J feels strongly about this matter, and I mean no discourtesy where I haven't commented on each individual point she has raised. I've focused on what I consider are the key elements of the complaint. I'm not considering a complaint against S, but rather I'm looking at V12 as the finance provider and considering if V12 has acted fairly and reasonably in the way it handled Mrs J's request to have a full refund, replacement or a higher refund considering the price reduction S offered.

I've considered the applicable legislation and in this case Section 75 of the Consumer Credit Act 1974 (Section 75) holds V12 liable for a like claim for any breach of contract or misrepresentation by the supplier - S, provided certain conditions are met. In order for there to be a valid claim under Section 75, there needs to be a debtor-creditor-supplier ('DCS') agreement in place and the financial limits have been met for a valid claim. I'm satisfied the criteria has been met.

The CRA is relevant to this complaint. The CRA implies terms into the contract that goods supplied will be of satisfactory quality. The CRA also sets out what remedies are available to consumers if statutory rights under a goods contract are not met.

It doesn't seem to be in dispute there's been a breach of contract, S has agreed the goods weren't of satisfactory quality as there was a fault that was deemed a manufacturing defect. In these types of circumstances, the supplier is entitled to carry out a repair or replacement. However S said it was unable to do this, so it offered three options to remedy the breach. Mrs J is unhappy with the amount offered as a price reduction or refund based on the deduction for use. So, I've focused on this in my decision.

At this point it is important to explain where two parties are jointly and severally liable for a breach of contract, this does not usually entitle a consumer to insist that one party alone provides a remedy. Consumers are expected to take reasonable steps to minimise their losses and where one party has already put forward a reasonable proposal to resolve matters it may be appropriate for the other party to rely on that proposal.

I don't think it's in dispute that Mrs J has had some use of the sofa. I've not seen evidence to show that Mrs J contacted S or V12 prior to April 2025 to raise issues with the sofa. So, I don't think it would be fair for her to get a 100% price reduction or damages.

Based on the remedies available under the CRA, V12 said that S is entitled to apply a deduction for use. I've noted the CRA allows for a deduction for use where a consumer exercises their final right to reject goods, to reflect the use they have had since delivery. This does not apply where the right to reject is exercised within the first six months, or where the consumer has been unable to use the goods because the supplier failed to collect them. Mrs J reported the faults outside the initial 6 months from delivery. In these circumstances I don't consider it unreasonable for a deduction for use to be applied. While Mrs J has said she has not had use of the sofa since S carried out its inspection, I note that S put forward what I consider to be a reasonable proposal to resolve the issues she raised around June 2025, including £700 as a price reduction and a reselection or refund of up to 60%. I understand that Mrs J said she doesn't think the options presented were fair as she hasn't been able to use the sofa since the inspection S did. There's no exact method to calculate a

price deduction for use and based on the available evidence and that Mrs J reported a fault after around three years of having the sofa I don't find this deduction to be unreasonable, and I have not seen persuasive evidence to suggest that this calculation is unfair.

However, S didn't agree to refund Mrs J the cost of the independent report she paid for. Mrs J explained that she was unhappy about having to pay for a separate report despite already providing one and that report confirmed manufacturing faults.

Generally, compensation for distress and inconvenience is not recoverable in a claim of this nature. However, at the point V12 considered Mrs J's Section 75 claim and complaint, it should have taken into account that Mrs J incurred the cost of an independent report as a direct consequence of the breach of contract. I am satisfied that this represents a financial loss which V12 can be held responsible for.

In light of this I consider it fair that V12 reimburses Mrs J the cost of the report and pays a further £50 in recognition of the delay in refunding Mrs J this amount. I make no further award. It remains for Mrs J to decide whether she wishes to accept the resolution offered by S.

Putting things right

Secure Trust Bank Public Limited Company trading as V12 Retail Finance has offered to refund Mrs J £75 of the cost of the report and pay £50 compensation. I think this is fair in the circumstances.

My final decision

My decision is that I uphold this complaint, to the extent not done so already, Secure Trust Bank Public Limited Company trading as V12 Retail Finance should pay Mrs J a total of £125.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 12 January 2026.

Amina Rashid
Ombudsman