

The complaint

Mr M has complained that Shop Direct Finance Company Limited trading as very “SD” 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 March 2025, Mr M bought a vacuum cleaner from a supplier (who I’ll refer to as V). Mr M used his SD credit account to purchase the item and had a buy now pay later period set to December 2025. In August 2025, Mr M reported that the vacuum cord had suffered damage during usage when the vacuum went over the cord. This had caused live wire to become exposed. Mr M points out that the initial vacuum delivered was already replaced when on opening it, the cord appeared frayed.

Mr M contacted V in the first instance to raise his concerns. The vacuum was returned to V wrapped in a grey return bags as Mr M had already disposed of the box the vacuum had been delivered in. V however returned the vacuum without opening it, because it said the damage was accidental damage caused by usage and not a manufacturing fault. Unable to resolve matters with V, Mr M raised a claim with SD under section 75 of the Consumer Credit Act 1974 (section75).

SD issued a final response declining Mr M’s claim explaining that the damage the vacuum had suffered was accidental damage and not an inherent fault. That V shouldn’t have asked for him to return it for this reason and offered £15 compensation for the inconvenience caused by this error.

Unhappy, Mr M referred his complaint to this service. He explained that the Vacuum had not been opened or investigated by V, so no evidence had been provided to show that it had suffered from accidental damage and not caused by manufacturing fault. That the back and forth had caused him significant stress. He also felt that as the debt was in dispute, SD should suspend any action to recover the amounts due until the matter was resolved. He subsequently added that he’d been assured by the CEO of SD that his complaint would be investigated but SD later confirmed that, as the complaint was with the service, it would liaise directly with this service instead. Mr M also provided evidence that the manufacturer of the product had offered a replacement given the concerns he’d raised.

Mr M’s complaint was considered by one of our investigators who, for essentially the same reasons as those set out by SD, didn’t think the complaint about Mr M’s section 75 claim should be upheld. They felt SD’s response to his section 75 claim was reasonable and in any event, the manufacturer had already offered a replacement, so it wouldn’t be fair for Mr M to be offered double redress. They also explained that the regulations in relation to where a debt was in dispute, weren’t applicable in Mr M’s case.

Mr M disagreed. He re-iterated his earlier concerns but in summary he disagreed for the following reasons:

- SD hadn’t actually inspected the vacuum so there was no evidence that the damage

it suffered was accidental damage and not an inherent fault. Under the Consumer Rights Act 2015 (CRA), as Mr M had raised his concerns within six months of the purchase, the burden of proof was on SD to show the product was not faulty and he didn't think SD had done this.

- He felt that vacuum cleaners are designed to withstand foreseeable household contact and numerous consumers had reported concerns over the cord – so he felt the product was inherently faulty.
- That this service could not rely on the manufacturer offering a replacement to allow SD to avoid liability under section 75.
- The product had been returned unsafe with live wires exposed and this hadn't been addressed.
- Mr M re-iterated that as the debt was in dispute, SD didn't confirm the status of the debt, said payments were due and provided no reassurance that his credit file would be protected, and he felt that this was a breach of regulations.

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 M, 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. So, while I may not specifically comment on everything he's said and submitted, I have taken this into consideration in my overall assessment of the case and our rules allow us to do this.

It may be helpful to explain that I need to consider whether SD – as a provider of financial services – has acted fairly and reasonably in the way it handled Mr M's claim. But it's important to note SD isn't the supplier. Section 75 is a statutory protection that enables Mr M to make a 'like claim' against SD for breach of contract or misrepresentation by a supplier because he paid for the goods using a SD credit account. But I want to explain from the outset that I can only consider Mr M's complaint on that narrow basis – that is, whether it was fair and reasonable for SD to respond to his claim in the way that it did and if not, whether it is fair for me to order a remedy.

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 SD doesn't appear to dispute that section 75 applies.

In order for me to uphold a complaint about how SD responded to Mr M's section 75 claim, I'd have to be satisfied that V breached a term of the contract – and that caused him to suffer loss. I'd have to consider if V breached any express or implied terms of the contract as part of my assessment of the complaint.

It doesn't seem to me that Mr M is making any arguments that V breached any express terms of the contract. I can see he ordered the vacuum in March 2025, and it was delivered promptly afterwards. And when he felt the vacuum cord was frayed, he was promptly sent a new one. And Mr M went on to use it for almost 5 months without problem. So, it doesn't appear to me that V breached any express terms of the contract.

However, as Mr M pointed out, 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.

Mr M has had no problems using the vacuum for almost 5 months and it was damaged while being used. These facts appear to be undisputed. As Mr M raised his concerns within six months of delivery, the onus is on SD to show the vacuum was of satisfactory quality when it was sold to him, rather than Mr M having to show that it wasn't. However, this burden of proof doesn't apply if it can be established that the goods were of satisfactory quality on the day of delivery.

So, I've gone on to assess based on the facts and evidence submitted whether I think, as Mr M says there's sufficient evidence that the vacuum was inherently faulty or whether SD has done enough to show the vacuum was of satisfactory quality when it was delivered to him. And having done so, I'm afraid I don't agree that the vacuum was faulty.

Mr M has accepted that the vacuum worked as expected for many months after delivery and that the cord was damaged when the vacuum went over it during use. The damage was caused by an external action of the user rather than it simply failing. SD says the user guide for this vacuum specifically informs consumers not to run over the cord and I note it does specifically say:

"Don't run over the power cord or use the machine if the power cord or plug is damaged. If the power cord is damaged, it must be replaced by a qualified person in order to avoid a hazard."

A product technician also confirmed that the cord used in the vacuum complied with British standards and had been tested in accordance with the applicable guidelines. That, while running over the cord, is a common mistake consumers make, it doesn't demonstrate a manufacturing fault, and consumers usually have the cord replaced when damaged in this way.

I appreciate that SD hasn't had the vacuum inspected but like our investigator says, I don't think this is necessary in this case. Mr M admits it was damaged after delivery (so it wasn't delivered to him damaged) and it was damaged whilst in use rather than simply failing. And it looks like it was used against the guidelines issued by the manufacturers.

So, to me, I think it was reasonable for SD to point out that the damage was caused by misuse after delivery, and it has done enough to show the vacuum wasn't of unsatisfactory quality when it was delivered to him. The evidence relied on is pictures Mr M took, and his testimony of how the cord came to be damaged. There also doesn't seem to be any indications that there was a product recall and the product technician confirmed that the cord complied with all regulatory guidelines.

An inspection would usually be required if the vacuum suffered some form of damage within six months of delivery, without an explanation as to how that had happened – so SD would have to prove that it wasn't damaged when it was sold and delivered to Mr M. But that is not the case here. It doesn't appear to be disputed that it wasn't damaged until months afterwards, and by being run over during use.

I appreciate Mr M believes that the vacuum should be designed to withstand being run over with the vacuum as that's foreseeable and has provided extracts of a number of consumer reviews who appear to agree with him. However, neither Mr M nor other consumers are experts in vacuum design so this opinion that the cord is weak – is not sufficient evidence that the vacuum is inherently faulty. I also note the manufacturer also agreed that this form

of damage is not covered by the guarantee and only offered to replace it as a gesture of goodwill (GOGW).

So overall, I'm not satisfied that SD was incorrect not to have offered a remedy in this case. I think based on the existing facts, and evidence available, it's safe to conclude that the vacuum was damaged due to using the product against the manufacturers guidelines and the product is otherwise of satisfactory quality.

And like our investigator says, although SD hasn't agreed to offer Mr M a remedy, the manufacturer has offered Mr M a replacement as a GOGW. Customers are expected to mitigate their losses even if something has gone wrong. So, even if I were to uphold Mr M's claim and agree that the damaged was caused by an inherent fault/weakness in the vacuum cord, I don't think it would be fair for Mr M to receive both a replacement from the manufacturer as well as a full refund from SD – he would essentially be getting a free vacuum. And the initial remedy he is entitled to under the CRA is a repair/replacement. The purpose of the CRA isn't to doubly benefit consumers, but to put things right where things have gone wrong. As he's been offered a replacement, albeit by a different party, and customers are expected to mitigate their losses, I would have to take that into consideration in what I thought was a fair and reasonable outcome in this complaint.

So while I agree, if there had been a breach of contract, it would be SD that would be liable under section 75 to offer him a replacement and not down to the goodwill of the manufacturer, I still don't think it would be fair to direct a remedy that would put Mr M in a better position than he would've been in had the breach not occurred. So given that he's been offered a replacement, which is what he is entitled to under the CRA, I think under section 75 – his request for any further remedies would be limited.

Compensation for distress and inconvenience

I understand Mr M is unhappy with the inconvenience suffered in raising his claim and contacting the various parties involved. I also appreciate Mr M might be disappointed that he was told by one department of SD that his claim would be investigated again to only be told shortly afterwards that as the complaint was with our service, that any further communications would be through the service. As SD had issued its final response, and Mr M had referred the matter to this service, it is not unusual that it would wait for this service to independently review matters before taking any further action (if needed).

I've also thought about V returning the vacuum unopened with live wires which Mr M feels was unsafe as if he'd plugged it in to use, it could've caused more loss/damage. But Mr M was aware that the vacuum had live wires, and the manufacturer's guide explicitly says consumers shouldn't use the product if its damaged. And in any event, Mr M didn't go on to use the damaged vacuum so I cannot consider compensation for losses that didn't actually happen.

I would add that compensation for distress and inconvenience are not normally recoverable through a section 75 claim of this type. And I have to bear in mind, I've also found that SD wasn't, in any event, incorrect for not offering him a remedy.

I understand SD accepts that Mr M should have been told right from the outset that this damage was considered to be accidental damage and therefore not asked for him to package the vacuum and return it. It was then returned to him unopened. It has offered £15 compensation for the time and inconvenience this particular failing caused, and I don't think any further compensation is warranted in this case.

Debt recovery

I understand Mr M feels that as the debt is in dispute, SD should suspend any recovery action, put a hold on any interest charges and not place any adverse information on his credit file. However, our investigator has already explained the regulations in relation to placing a debt “in dispute” relates to cases where the debt itself is in dispute, so where there is a dispute over whether the debt itself is correctly due, or if the correct amount is being pursued, or if the true owner of the debt is the one being pursued. Mr M’s dispute is not in relation to the debt itself, but with the vacuum he purchased using credit. So as the debt itself, the amount, or the owner of the debt is not in dispute, those regulations don’t apply.

I can see that SD wrote to Mr M on 3 October 2025, explaining it had considered his comments that his account was in dispute, but it confirmed his account would continue to run as it normally would, and it wouldn’t place his account on hold for this claim. So, it did confirm the status of his account.

Usually, when investigating a complaint of this nature, if we upheld a complaint, we have the power to order the financial businesses to offer consumers a repair/replacement in the first instance, but the amounts under the credit agreement would still be due. If for a reason, we felt a consumer didn’t need to pay for the goods, we have the power to order a refund of any amounts paid, and a cancellation of any further payments due. But we wouldn’t usually expect the account to be placed “in dispute”, or on hold throughout the investigation.

As previously explained to Mr M, his account needs to be operated in line with the account terms. So, I don’t think SD has acted incorrectly for not confirming the debt is “in dispute”, and the account should be managed in line with the account terms. Any information recorded on Mr M’s credit file, as usual, should be a true and accurate reflection of the account conduct.

Summary

While I am sorry to hear Mr M is unhappy, with section 75 in mind, I don’t find there are grounds to direct SD to offer him a remedy in this case. I also don’t think its acted incorrectly in relation to any other complaint points Mr M has highlighted. So, I don’t uphold his complaint. I would, however, point out Mr M 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 M to accept or reject my decision before 15 January 2026.

Asma Begum
Ombudsman