

The complaint

Mr B complains that Klarna Financial Services UK Limited ('KF') unfairly declined his claim for a refund.

What happened

This complaint concerns a claim Mr B made against KF for misrepresentation and/or breach of contract for an order he made for a laptop and earbuds. These were paid for under a 24-month fixed sum loan agreement with KF.

Our investigator didn't uphold Mr B's complaint. I also didn't uphold the complaint but for slightly different reasons and this was communicated to Mr B. He responded by making several points including that: KF made misleading and contradicting statements; the earbuds were faulty, and he was charged twice for delivery; the earbuds were cheaper from other retailers; the laptop was faulty; and KF failed to consider the impact of its claims process, which took several months, on his health. The matter has been passed back 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.

Whilst I've read and considered everything Mr B and KF have provided, if I don't mention any specific point, it's not because I have failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role in resolving disputes with minimum formality.

In this decision, I want to make clear that I'm not considering the actions of the supplier (retailer), but whether KF acted fairly and reasonably in how it handled Mr B's request for help in recovering his money. Mr B paid for the items in question using credit provided by KF who considered the claim he made in light of the joint liability provisions under section 75 of the Consumer Credit Act 1974 ('section 75'). I've taken section 75 into account and all relevant law including the Consumer Rights Act 2015.

The main complaint here is that Mr B says he wasn't given the discount of 20% he says should've been applied to the purchased earbuds which he says are now faulty. This promotional offer applied when he purchased a laptop at the same time from the retailer in question. Under section 75, a financial business can be held jointly and severally liable for breach of contract or misrepresentation with the retailer. But there are financial limits that apply including that the purchased goods (items) need to have a cash price attached of between £100 and £30,000.

In terms of the earbuds, these were bought for £99 so these do not meet the cash price threshold for section 75. The delivery cost wouldn't be included in this calculation – it is the cash price of the item that is important for the purpose of section 75 and as the earbuds were £99, I'm satisfied these didn't meet the financial limits set down by section 75. So, in terms of

the complaint about the earbuds not working properly (or delivery costs), as the item in question doesn't fall within the financial limits set by section 75, I don't think KF was acting unfairly or unreasonably for not accepting liability when Mr B submitted his claim.

In any event, I can see that before Mr B made the purchase he was clearly told the only discount that would apply was to the laptop. Knowing this Mr B still went ahead with the purchase. So, I can't say there was a misrepresentation at the point of purchase which he reasonably relied on. Mr B says the laptop was faulty, but I can't see he presented any persuasive evidence of this to KF. So, whilst I know Mr B is unhappy with the whole purchase and wants to return the laptop, I can't say that, overall, KF has acted incorrectly in the way it has handled his section 75 claim.

I've taken account of what Mr B has said about his vulnerabilities. I'm, of course, sorry to hear about the difficulties Mr B has experienced here. But I think KF has acted fairly and reasonably in the way it handled his claim for a refund. For example, I don't think it delayed matters and from what I can see it didn't unfairly decline his claim. I can also see that Mr B had asked KF to put a stop on his repayments whilst it was reviewing his section 75 claim. But I can't say it's acting unfairly or unreasonably for requesting payments in line with the credit agreement. That said, if Mr B is experiencing any difficulties in repaying the outstanding sums due to (for example) financial difficulties, KF has a regulatory duty to take into account all of his circumstances and exercise an appropriate level of forbearance and support him appropriately.

For all the above reasons, I'm not upholding the complaint. I know this is not the outcome Mr B wants. However, he doesn't have to accept my findings and may pursue this matter through alternative means, such as court (taking appropriate advice), should he wish to do so.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 January 2026.

Yolande Mcleod
Ombudsman