

The complaint

Mr W is unhappy with how Santander UK Plc considered his claim for a refund for a sofa. Mr W has been represented at times by his partner, but to keep things simple, I've only referred to Mr W.

What happened

In November 2022, Mr W bought a bespoke riser recliner sofa from a merchant ("K") for approximately £5,360, paying £4,020 on his Santander credit card and a £1,340 deposit via his partner's debit card. K delivered the sofa in December 2022, but Mr W said there were gaps between the seats and uneven stitching. Over the next six months, K collected the sofa three times for repairs and rebuilds. On the third occasion, K offered a replacement and a 50% refund, which Mr W accepted. However, he was still unhappy with the quality of the replacement and says K hasn't provided any refund so far.

Mr W contacted Santander in August 2023 to ask for a refund under section 75 of the Consumer Credit Act 1974 (S75 CCA). Santander told Mr W he should take his case to the Furniture and Home Improvements Ombudsman (FHIO). The FHIO initially didn't uphold the claim as K had inspected the replacement sofa before delivery.

In early 2025, Mr W commissioned an independent furniture restoration company (S), which provided a report finding five manufacturing faults with the sofa. Santander told Mr W to go back to the FHIO with his new report. The FHIO reviewed its case and mediated a new offer with K for the following:

1. Mr W could keep the sofa and have a price reduction of 50% of the cost, or
2. Mr W could return the sofa to K, and would only pay 40% of the cost, which it said reflected fair usage.

FHIO issued a final decision that K's offers were fair. Mr W returned to Santander to ask it to consider a refund under S75 CCA again, but it said it would only step in if K refused to honour this outcome. Mr W therefore brought his complaint to our service.

Our Investigator didn't uphold the complaint, saying it was reasonable for Santander to follow the decision the FHIO made. Mr W didn't accept this and said he only used the sofa because of his mobility problems, so his use was involuntary. He wanted to return the sofa for a full refund, in addition to £816 paid for S's report and a further £185 for advice from a consumer expert.

The case was then passed to me for a decision. I asked Santander if it had considered the S75 CCA claim following the findings of the FHIO. It said it would honour the offers made by K but said it didn't think it was fair to refund Mr W for the cost of his inspection report, as it wasn't something it asked Mr W to provide. It also said it wouldn't award any compensation for the claim.

I issued a provisional decision which said:

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 intend to reach a different outcome to that of the Investigator – and I'll explain why.

Mr W has made several detailed points in his complaint. I've considered everything he's said and all the information on the file. But in my decision, I don't intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision.

Santander is a different business to K, so I can't hold it responsible for everything that may have gone wrong. Instead, S75 CCA allows a borrower under a credit agreement to make a like-claim against the credit provider if there's either a breach of contract or misrepresentation by the supplier of the goods. There are certain conditions to be met for a valid claim to be considered, and I think they've been met here.

The Consumer Rights Act 2015 (CRA) is also relevant here. It implies terms into the contract which set out that goods must be of satisfactory quality.

The findings of the FHIO

I understand Mr W is unhappy with the FHIO's decision and didn't accept it. However, the decision from the FHIO is intrinsically linked to this case, as Mr W has a like-claim against Santander for the same complaint, which is that the sofa isn't of satisfactory quality.

The FHIO endorsed K's offer to either collect the sofa and refund 60% of the cost or reduce the price by 50% if Mr W keeps it. For me to now say Santander should do anything more than this I would either need to make a finding that disagrees with the FHIO or find that Santander has handled Mr W's S75 CCA claim unfairly.

The FHIO is an Alternative Disputes Resolution service like the Financial Ombudsman and is a furniture specialist. I've noted it also made its final decision after seeing the report Mr W provided from his own expert. So it probably isn't unreasonable for Santander to heavily rely on the FHIO's findings.

The S75 CCA claim

Santander says it has no reason to go against the FHIO finding, but as Mr W has the right to make a like-claim against Santander for a potential breach of contract, I would expect Santander to have considered what remedy Mr W was entitled to under the CRA. I think this is even more important as Mr W has rejected the decision of the FHIO.

The FHIO agrees K already repaired and replaced the sofa, but the report from S found it was still of unsatisfactory quality. So, the terms implied by the CRA mean Mr W can ask for a price reduction, or to reject the sofa. I've noted Mr W doesn't want to keep the sofa anymore, so I think rejecting the goods for a refund would be the most suitable remedy here.

Chapter 24 of the CRA explains Santander can deduct money from the refund due to Mr W to reflect fair use of the goods: "(8) If the consumer exercises the final right to reject, any refund to the consumer may be reduced by a deduction for use, to take account of the use the consumer has had of the goods in the period since they were delivered". I understand Mr W doesn't agree this is fair and says he doesn't want to use the sofa but has been effectively forced to use it. But I think the sofa is usable with working riser-recliner functions, based on S's report. So I don't see a reason why Santander can't fairly deduct for usage.

There's no fixed way to calculate fair use. The FHIO has set out its reasons for deducting 40% of the refund for fair use, and I can understand why Santander thinks this offer is broadly fair. So, I think Santander has treated Mr W fairly and reasonably by heavily relying on the FHIO's calculation when offering to resolve the S75 CCA claim.

Consequential losses

I've also thought about the £816 Mr W says he paid for his own independent report. While Mr W has the right to also claim for consequential losses directly stemming from a breach of contract, but such losses have to be reasonable and foreseeable. I think it's fair and reasonable for him to take steps to mitigate his losses.

I think Mr W can ask Santander to cover a reasonable cost for an independent report, even if Santander and K didn't agree to it first. I say this because I think Mr W acted reasonably by obtaining an expert report after the FHIO initially rejected his claim. This report was then relied on by the FHIO when it mediated the offers with K. Mr W had also approached Santander for support with his dispute, but wasn't getting the help he needed (which I've covered in more detail below). So, I'm satisfied it was reasonable for Mr W to get an independent report completed.

But I've thought carefully about the amount Mr W paid for the inspection by S and I've noted it's significantly higher than the £150 cost of a basic furniture inspection through the FHIO. While there's a more comprehensive £600 report also offered, I've not seen sufficient evidence to persuade me Mr W needed this level of detail for his case with the FHIO. Overall, I'm not persuaded Mr W took reasonable steps to mitigate the loss he incurred when getting this report.

I must consider what is fair and reasonable given all the circumstances of the case and, having done so, I don't think Santander should cover the full cost of the report. Instead, I think Santander could fairly expect Mr W to mitigate his losses, and I think a report through the FHIO costing £150 would have likely been sufficient. So, I think Santander ought to pay £150 to Mr W to reflect reasonable consequential losses stemming from the breach of contract.

Mr W also wants a refund of £185 for advice from a consumer expert. I've not seen a copy of this advice or details of exactly what Mr W paid for. But, on balance I think Santander clearly explained the steps for Mr W to take his case to the FHIO, who also told him the next steps. As it was Mr W's choice to pay for advice and wasn't something he needed to do to take the matter further, I think it's unlikely I can fairly say Santander should cover this cost. But if either party can provide further evidence of the advice Mr W received and the cost, I can consider this further when making my final decision.

Claim handling

Mr W is also unhappy with the way Santander handled his S75 CCA claim. When Mr W first approached Santander with the dispute in 2023, it was clear K had already tried to resolve the problems more than once. So, I think Santander ought to have opened a S75 CCA claim at this time, rather than insist Mr W approached the FHIO. While I appreciate Santander says the FHIO has more expertise with furniture complaints, Mr W had the right to make a 'like-claim' against it as the lender.

I can't say for sure what would have happened if Santander had done this, but I think it's likely it would have reached a similar remedy to the one offered through the FHIO's decision, for the reasons I've set out above. I've found there was a delay between Mr W receiving the first finding of the FHIO and returning with an independent report in early 2025. Mr W hasn't explained why it took him time to get more evidence of the faults with the sofa, but in any event, I think I need to consider this delay when thinking about what might have happened if Santander had assisted Mr W with a claim in 2023.

I can understand why Santander would heavily rely on the findings of the FHIO now, but I still think it needed to consider if Mr W had a like-claim under S75 CCA, particularly after Mr W said he'd rejected the FHIO's decision. While Santander has now told us it will honour the finding from the FHIO if K doesn't, I think it should have told Mr W this in May 2025, when the FHIO had issued its decision.

I'm sorry to hear how the faulty sofa has affected Mr W. I also appreciate he's shared information about his health and why the stress he's faced has affected him more. I can't hold Santander responsible for the time it took the FHIO to reach its final answer, or Mr W's disappointment with the outcome. I also don't think it's fair to direct Santander to pay compensation for any failures by K when supplying the sofa to Mr W, because he wouldn't generally be able to claim for non-financial losses under a breach of contract claim in a court.

I do think Santander ought to have reviewed the S75 CCA claim and explained its reasons for matching the outcome the FHIO issued when Mr W contacted it in May 2025. So I think it let Mr W down here by adding to the stress and inconvenience Mr W faced.

Mr W says stress worsens a health condition he has. I'm sorry to hear this and would like to thank him for sharing this information with me. I've considered this carefully, and I think Santander's actions caused Mr W more distress and inconvenience than most customers. To reflect this, Santander should pay Mr W £150 for the upset and stress caused by not assisting Mr W with a S75 CCA claim in 2023, and not clearly explaining the outcome of his claim in May 2025.

Summary

For the reasons set out above, I think Santander has acted fairly and reasonably by relying heavily on the findings of the FHIO when considering Mr W's claim.

But I think Santander needs to refund a fair amount towards the cost of an independent report Mr W obtained for his claim with the FHIO, as he's entitled to claim this under a like-claim. I also think Santander didn't handle the S75 CCA claim as well as it could have in 2023 and 2025 – and this caused Mr W added stress.

I know this isn't the answer Mr W was hoping for, and I'm sorry to hear how he's been upset with the problems with the sofa. I would remind Mr W that our involvement, if Mr W chooses not to accept the outcome of this final decision, doesn't prevent him from pursuing other ways of resolving the matter with the merchant.

Santander accepted my provisional decision, but said it would need to see an invoice showing Mr W paid for the inspection, before it would refund £150 towards this. It agreed to pay the total refund to Mr W's bank account.

Mr W accepted some of my findings but said that he should receive a full refund for the independent inspection he bought, as well as the advice he paid for. He said he had no

option but to get these in order to progress his claim, and the FHIO hadn't told him about a report costing £150. Mr W also requested I get a copy of a report K had commissioned, as the inspector who did it "laughed out loud upon seeing the sofa". Mr W said he disagrees the FHIO reached the right outcome and Santander shouldn't rely on it when his report proves the sofa isn't of satisfactory quality.

As Mr W didn't agree, I've now made a final 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.

I don't intend to repeat the findings I already made in my provisional decision here – instead I will focus on the further comments provided by Mr W.

I understand Mr W didn't feel supported when raising his dispute with Santander and I've addressed the impact this had on him. He's also unhappy with the outcome of the FHIO, but as this complaint is about Santander's actions, I'm unable to make a finding on the way he was treated by the FHIO. But I don't agree he had no option but to pay over £800 for his report. I think it's reasonable for consequential losses to be clearly evidenced, reasonably foreseeable and directly flowing from a breach of contract. I also think there needs to be sufficient evidence a customer has tried to mitigate the loss they faced.

Even if Mr W wasn't aware of the reports offered by the FHIO, I would expect to see evidence Mr W shopped around for prices and options, to try and mitigate the additional costs involved. Mr W hasn't shown me sufficient evidence he did this – so, I can't fairly say Santander needs to refund him more than a reasonable cost for this evidence. As a similar report was available for £150, I think this is a fair amount for the refund.

Santander has requested Mr W provides proof of payment for the report before it will refund him £150 – I think this is a reasonable request. If Mr W can't provide this to Santander, he should let it know so it can discuss the next steps with him.

Mr W has also told me he needed to get independent advice about his claim and paid £185 for this. He's offered to send this, but even if Mr W provides this to Santander, I'm not persuaded he had no option but to pay for advice. I've not seen sufficient evidence to show he needed advice that wasn't reasonably available for free online or from consumer advice services. Therefore, I don't think it's fair for Santander to refund this amount to Mr W.

Finally, Mr W has asked me to obtain a copy of a report commissioned by K during the FHIO's investigation. The FHIO mentioned this evidence in its findings so if Mr W wishes to see it, he may need to contact the FHIO directly – as it likely won't share the details with a third party. I've explained my role isn't to review the FHIO or the outcome it reached. Our service is an informal alternative to the courts, and our remit covers the financial activities carried out by Santander. I appreciate Mr W doesn't accept the outcome the FHIO reached – but I've explained why I think Santander reasonably relied on this outcome when responding to his S75 CCA claim.

I do understand why Mr W is disappointed and unhappy with the quality of the sofa he received from K. But for the reasons above, my final decision remains the same.

Putting things right

As the finding from the FHIO is not binding, I think Santander UK Plc's offer to endorse it is fair and reasonable. If he wishes, Mr W can choose one of the two following offers:

1. Mr W can keep the sofa with a price reduction of 50% of the cash price, with the rest being refunded to him. Or,
2. Mr W can reject the sofa, it will be collected and he will pay 40% of the cash price. The rest will be refunded to him.

I think Santander UK Plc's proposal to endorse the above offers is fair and reasonable in the circumstances of the complaint. If K doesn't complete the remedy within 30 days of Mr W letting it know what he wants to do, Santander UK Plc must complete it instead. Mr W should show Santander he's tried to get K to complete his chosen remedy, and then allow Santander up to 30 days to complete the remedy instead.

In addition to the above, I think Santander UK Plc needs to also:

- Refund £150 to Mr W towards the cost of his inspection report, after it receives proof of payment from Mr W. It should add interest at 8% simple to this refund, from the date Mr W paid for the inspection until the date of settlement. *
- Pay Mr W £150 compensation for the impact of the way it handled the claim.

*If Santander UK Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is to uphold this complaint. Santander UK Plc needs to put things right as set out above.

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

Hannah Dunkley
Ombudsman