

The complaint

Mr G complains about the outcome of a claim he made under section 75 of the Consumer Credit Act 1974 to Ikano Bank AB (publ) ("Ikano").

What happened

In September 2020, Mr G entered a contract with a company I'll call 'C' for spray foam insulation to be installed in his loft space. The contract price was £6,468. Mr G paid a deposit of £468 and financed the remaining amount using a fixed sum loan agreement with Ikano.

Mr G sent in a claim to Ikano under section 75 of the Consumer Credit Act 1974 (s75) in 2024 in which he said:

- C led him to believe that spray foam insulation would help to reduce heating costs whilst improving the insulation to his roof and adding value to his property.
- C failed to install a membrane while installing the spray foam, as required.
- He had been advised, and had seen information confirming, that he would be extremely restricted in being able to remortgage due to the risk of structural damage due to the moisture being absorbed in the wood.
- No pre-accessibility report had been completed by C.
- An independent company had inspected his property and stated in its report that:
 - there was evidence of poor workmanship by C as some rafters were completely covered in foam.
 - there was a 13% moisture reading in the rafters which was almost 10% greater than what it should have been.
 - there was visible shrinkage with the excessive weight of moisture which meant the spray foam would collapse damaging the ceilings below.
 - there was mould on the rafters.
 - the spray foam had covered the eaves and two air bricks which meant the cavity couldn't allow air to help disperse condensation.

Mr G asked Ikano to refund all payments he'd made to them under the fixed sum loan agreement, the deposit he paid to C, and for the loan agreement to be terminated at no detriment to his credit file. Mr G also asked Ikano to cover the cost of removing the spray foam.

Ikano said to Mr G the report he'd provided wasn't independent and they required something from a RICS-qualified professional. Mr G then provided a report from a different company.

Ikano didn't think Mr G's claim should succeed. They wrote to him in April 2025 saying the following:

- They hadn't seen evidence that the impact that spray foam insulation might have on future mortgage lending would have been a material consideration for Mr G at the time of the sale, and it wasn't something C had a duty to disclose to him at that time.
- C couldn't have known that Mr G might have a problem remortgaging if they installed spray foam in his property.
- There was no documentary evidence in the second report that Mr G sent to them showing that the application of the spray foam wasn't uniform across the rafter and that there were some areas exceeding 100mm depth and areas with gaps on the application, as the surveyor had claimed.
- The surveyor in that report hadn't alleged that C caused any damage to Mr G's roof space,
- The surveyor had advised the roof had a leak at the time the spray foam was installed but hadn't said there had been any issues with the roof before it was installed or afterwards. And it wasn't C's responsibility to rectify any issue that may have been present.
- The surveyor said there was no vapour control layer (VCL) between the sarking felt and that spray foam had been applied to the rafters. However, the relevant BBA certificate only started mentioning VCL's in 2021, which was before the installation.
- There was no evidence there was trapped moisture present in Mr G's roof, and the gaps present in certain areas as detailed in the report might be assisting with ventilation, as it would prevent the accumulation of excess moisture.
- There was no current evidence of timber decay or mould or an issue with the structural integrity of Mr G's roof.
- They couldn't determine whether C had made an error by not removing the pre-existing fibreglass wool insulation before the spray foam was installed as the contract didn't make it clear C would remove this.
- Cold air shouldn't be allowed to enter the roof space as the spray foam was intended to create a 'warm roof' space.
- A lack of a pre-evaluation assessment of the roof or condensation risk assessment didn't appear to have caused Mr G any direct loss and there was no evidence either of those things were required before the spray foam was installed.

Ikano subsequently sent a final response letter to Mr G stating they didn't uphold his complaint about the outcome of the s75 claim.

Our investigator didn't recommend that Mr G's complaint about the outcome of his s75 claim should be upheld. He did though feel Ikano had unnecessarily delayed giving Mr G an outcome to his claim, and recommended they pay him £200 for this, which Ikano agreed to do.

Mr G didn't accept our investigator's view, and so his 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.

Where the evidence is incomplete, inconclusive, or contradictory, I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

When considering what's fair and reasonable, I'm required to take into account; relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice; and, where appropriate, what I consider to have been good industry practice at the time. I think relevant law in this case includes s75.

S75 affords consumers (debtors) a right of recourse against lenders (creditors) that provide the finance (in part or in whole) for the acquisition of goods or services from third-party merchants (suppliers) in the event there is an actionable misrepresentation and/or breach of contract by the supplier.

In short, a claim against Ikano under s75 essentially mirrors the claim Mr G could make against the supplier.

Certain conditions must be met if the protection afforded to consumers is engaged, including, for instance, the cash price of the purchase and the nature of the arrangements between the parties involved in the transaction. I'm satisfied the relevant conditions are met here.

I consider that The Consumer Rights Act 2015 ("CRA") is also relevant here. This implies terms into Mr G's contract with C that, amongst other things, the service being provided would be done so with reasonable care and skill. What is considered reasonable care and skill isn't focused on the results achieved, but the manner in which the service was carried out. And it is usually taken to mean the level of care and skill that would be expected in that particular industry.

Mr G's recollection of the sale and the reason why he decided to proceed with the spray foam insulation was that C had promised this would help reduce his heating bills and increase the value of his property. It's difficult for me to conclude however that either of these things were misrepresentations. I don't for example have copies of Mr G's heating bills pre and post insulation to compare and, even if I did, it would be unlikely I could point to any lack of reduction in costs, or even an increase in costs, to be attributable to the presence of spray foam such that it had no effect or a detrimental effect on Mr G's heating costs. And energy costs have increased substantially since 2020.

If C did say Mr G's property could increase in value with regards its future sale price, then I think they probably had little evidence on which to base that statement. But I don't have much detail of what C specifically said about this, and I note Mr G said C told him spray foam would 'add value' to his property. That could have been a broader statement about the product's benefits adding value more generally rather than a statement about it increasing the value of Mr G's property.

Mr G also mentioned to Ikano in his claim about how the presence of spray foam in properties is negatively viewed by mortgage lenders. I'm not persuaded here that at the time of the spray foam sale Mr G was actively considering remortgaging or possibly selling his property. I say this because the sale occurred in 2020. It wasn't until 2024 that Mr G raised his concerns. Had the option of remortgaging or property selling been an active consideration in 2020, then I think Mr G would've likely raised things sooner.

I appreciate that some businesses current lending criteria may be against spray foam insulation. But I've seen no evidence that all lenders would be against mortgage lending at the time of Mr G's sale, or that at that time in 2020 there was common knowledge within the spray foam industry (or from experts within that industry) of a risk mortgage applications would be declined solely because of spray foam being present. Every lender will have their own criteria, which can change over time. I've not seen evidence that every lender will decline an application due to spray foam.

On balance, I don't believe potential remortgaging or property selling was something that was discussed at the time of sale. But even if it was, I'm satisfied C wouldn't have been reasonably aware at that time that there may be possible problems because of the installation. So, it follows that at the time of Mr G's sale I don't believe C had to disclose that spray foam being installed may impact future mortgage applications.

I mentioned above that the CRA implied a term into the contract between Mr G and C that the services provided would be done with reasonable care and skill. Mr G provided two reports to Ikano as part of his claim which he feels shows C breached their contract in that regard.

I think Ikano were entitled to not place much weight on the first report Mr G sent them. That's because Mr G confirmed the company concerned had contacted his wife unprompted saying there were problems with spray foam and with C in particular. In my view, Ikano acted reasonably in casting doubt about the independence of this company when they had essentially cold-called Mr G's wife and offered their services to remove the spray foam at cost.

Mr G subsequently provided a second report from a different company and the surveyor who inspected the spray foam was RICS-accredited. He was likely therefore to have been suitably qualified to provide an expert opinion on the spray foam installation.

The report mentioned the spray foam covered the rafters and sealed up the eaves. It also mentioned that an air and vapour control layer hadn't been installed and this increased the risk of timber rafter decay. But I've not seen any evidence in the survey, or elsewhere, of any damp or decay found in the roof. That is probably explained in part by the surveyor making it clear in his report that his inspection was 'non-invasive' and that he wasn't inspecting the roof for any issues with damp or decay. But it's notable I think that the company who removed the spray foam from Mr G's roof didn't comment on any damage caused to Mr G's roof and said the moisture levels were at an 'extremely low level'.

I note the report showed the existing insulation Mr G had, hadn't been removed by C. It's normally the case that when insulation is installed in the rafters, the insulation in the floor is taken out. Where it remains in place, this has the effect of creating a hybrid roof and I've not seen evidence to show that C intended Mr G's roof to have been 'hybrid'. But I've also not seen any evidence that this actually caused a problem.

I note also that the report indicates that current ventilation requirements for a warm roof state there should be a gap between the underlay and the insulation, and there should be ventilation in the eaves and roof ridge. However, open cell spray foam is 'breathable' to allow moisture to escape. And as I've mentioned above, the company who removed the spray foam took moisture readings which they said were at an 'extremely low level'.

Finally, the report states that C didn't carry out a pre installation survey or a condensation risk assessment. But even if C should have done this and failed to advise Mr G on the possible impact spray foam had in relation to timber rot, timber decay and condensation build-up, I've not seen enough evidence to show that Mr G's property was impacted in relation to those things.

Overall. I haven't seen enough persuasive evidence to show me that C breached the contract to install the spray foam with reasonable care and skill or that they misrepresented anything to Mr G about the product.

I do though agree with our investigator that Ikano took an unreasonable amount of time to provide an answer to Mr G's claim, bearing in mind the evidence they used to determine their position was the report he had sent them by October 2024. I find that a payment of £200 for the inconvenience this caused Mr G to be fair in the circumstances.

Putting things right

Ikano should pay Mr G £200 for the inconvenience caused to him by their handling of his s75 claim.

My final decision

I uphold this complaint in part and direct Ikano Bank AB (publ) to pay Mr G £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 May 2026.

Daniel Picken
Ombudsman