

The complaint

Mrs R complains about the way Klarna Financial Services UK Limited trading as Klarna ('Klarna') dealt with her claim for a refund.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Whilst I've read and considered everything Mrs R and Klarna 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. I want to say that I very much sympathise with Mrs R's situation, and I've noted the reasons for her purchase which was for her son. However, having looked at all the circumstances of this case, I'm reaching the same outcome as our investigator. I'll explain why.

My understanding of this complaint is that Mrs R purchased an electric scooter (the 'e-scooter') through a fixed sum loan agreement with Klarna on 21 October 2024. This was purchased through a Buy Now Pay Later option. I can see that in May 2025, Mrs R reported a fault with the e-scooter to both the retailer and Klarna. The fault was with the battery which had failed.

In this decision, I want to make clear that I'm not considering the actions of the supplier (retailer), but whether Klarna acted fairly and reasonably in how it handled Mrs R's request for help in recovering her money. Because Mrs R paid for the e-scooter using credit provided by Klarna, it considered the claim she made in light of the joint liability provisions for breach of contract under section 75 of the Consumer Credit Act 1974 ('section 75'). So, I've taken section 75 into account and all relevant law including the Consumer Rights Act 2015 (goods should be of satisfactory quality etc).

I know Mrs R says the e-scooter's battery was faulty and therefore, Klarna should at the very least pay for it to be replaced at the cost of £260. However, I've reviewed the evidence Mrs R presented as part of her claim. In particular, she obtained a diagnostic report (the 'report') from a local garage. But I don't think Klarna was acting unfairly or unreasonably for declining the claim based on the evidence presented in this report. I say this because the report doesn't appear to have been done by someone with specialist knowledge with e-scooters. A general garage typically isn't best placed to assess issues that go wrong with e-scooters as it is unlikely it has the specialised knowledge, or diagnostic equipment for this type of item.

From what I can see, the retailer, who was likely to have the specialist diagnostic equipment to identify what the issue was, did make several offers to help Mrs R such as offering to inspect and diagnose the problem in its workshop free of charge. Further, the retailer offered to provide repair guidance to help Mrs R avoid postage costs. From what I can tell, Mrs R appears to have declined these offers of help instead she wanted Klarna to rely on the findings of a local garage, who as I said, was unlikely to have the specialised knowledge required to diagnose what the problem was and to say whether this was a problem present (or developing) at the point of sale. So, I don't think Klarna saying the garage didn't have the required expertise to make the assessment of liability in this case, was unreasonable or unfair. All in all, I don't think Mrs R has provided sufficiently persuasive evidence that by declining her claim, Klarna has acted unfairly or unreasonably. So, I'm not upholding this part of her complaint.

I can see that whilst the matter was with us Klarna offered Mrs R £80 for customer service issues. It accepts things took a little longer than it should've done. For this one off mistake, I'm satisfied £80 is fair and reasonable compensation. I also note that Klarna said in its final response it decided to write off £40 from the amounts owed which was a goodwill gesture.

I understand Mrs R has not continued to make repayments under the agreement she has with Klarna. I note Klarna has been in touch with Mrs R about this. But for the reasons I've set out above, I find no basis on which to find Klarna ought to refund Mrs R as she has requested. I would, however, take this opportunity to remind Klarna of its obligations to treat those in financial difficulties with forbearance and due consideration which (financial difficulties) may (or may not) be applicable in this case.

For all the above reasons, I won't be asking Klarna to do anything more than pay Mrs R £80 in compensation. I appreciate this is not the outcome Mrs R was hoping for. As noted above, my role is to look at things informally. So, if Mrs R disagrees, she can reject my decision and pursue matters by alternative means if she wants, such as court (seeking appropriate advice in the process).

My final decision

My final decision is that Klarna Financial Services UK Limited trading as Klarna should pay Mrs R £80 for the distress and inconvenience it's caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 9 February 2026.

Yolande Mcleod
Ombudsman