

## The complaint

Mr A complains that Social Money Limited (trading as “Payl8r”) mishandled his claim under section 75 Consumer Credit Act 1974 (“section 75”) about an accountancy training course.

## What happened

In February 2025, Mr A entered into a regulated credit agreement with Payl8r to fund the purchase of an accountancy training course for his wife. The course cost around £2,000, and Mr A had to repay the loan over 18 monthly instalments of around £150 (including interest).

Mr A said his wife didn’t receive what was promised by the course provider (which I’ll call “R”). He said R failed to provide a “guaranteed” work placement with an accountancy firm as promised. He said R also failed to provide his wife with the correct type of certification.

After Mr A’s wife complained to R between May and June 2025, R offered to waive the usual £300 cancellation fee. But when she asked R about whether it would refund the cost of the course, R stopped responding.

As Mr A thought R had misrepresented the course and breached its contract, he asked Payl8r to take responsibility for this under section 75.

In its final response dated 4 June 2025, Payl8r said the course was provided to his wife and not Mr A and that the prerequisite “debtor-creditor-supplier” agreement wasn’t in place for a valid section 75 claim.

Our investigator agreed section 75 didn’t apply and that it wouldn’t be fair to ask Payl8r to do anything further. As Mr A disagreed, the complaint has come to me for 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.

Having done so, I’ve reached the same conclusion as our investigator. And for largely the same reasons. I’ve explained why below.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I’d like to assure both parties I’ve carefully considered everything they’ve sent.

### Section 75 Consumer Credit Act

Under section 75, Mr A can hold Payl8r responsible for a “like claim” against R for breach of contract or misrepresentation if certain criteria for section 75 to apply are met. These are set out in law and one is for there to be a valid “debtor-creditor-supplier” agreement.

I think it's helpful to first set out the relevant legal provisions in the Consumer Credit Act 1974 ("CCA") for determining whether a DCS agreement exists in Mr A's circumstances.

Section 75(1) CCA states:

"If the debtor under a debtor-creditor-supplier agreement falling within section 12(b) or (c) has, in relation to a transaction financed by the agreement, any claim against the supplier in respect of a misrepresentation or breach of contract, he shall have a like claim against the creditor, who, with the supplier, shall accordingly be jointly and severally liable to the debtor."

Section 12(b) CCA states that a debtor-creditor-supplier ("DCS") agreement is a regulated consumer credit agreement being:

"a restricted-use credit agreement which falls within section 11(1)(b) and is made by the creditor under pre-existing arrangements, or in contemplation of future arrangements, between himself and the supplier."

An agreement is a section 11(1)(b) restricted-use credit agreement if it's a regulated CCA agreement used "to finance a transaction between the debtor and a person (the "supplier") other than the creditor."

The significance of these provisions is that they illustrate Mr A cannot hold Payl8r liable under section 75 unless there's an agreement that financed a transaction between the debtor (Mr A) and the supplier (R). If the credit Payl8r provided Mr A instead financed a transaction between Mr A's wife and R, Mr A cannot hold Payl8r liable under section 75. The relevant transaction here is the contract for the supply of the training course.

Put simply, Mr A doesn't have a valid section 75 claim here unless he was a party to the services contract with R. But based on the evidence I've seen, I don't think he was.

The pre-contract correspondence is between Mr A's wife and R. The services agreement names Mr A's wife (not Mr A) as the contracting party, and contains only her signature. And I've not seen anything else to suggest that Mr A was instead (or was additionally) a contracting party. It follows that because Mr A was not party to the contract with R, he doesn't have a valid section 75 claim for any breach of contract or misrepresentation by R.

In short, I don't find Payl8r acted unfairly by declining Mr A's section 75 claim because the criteria for a valid section 75 claim had not been met.

### Service issues

Even if Mr A didn't have grounds for a section 75 claim, he suggested Payl8r should have:

- (1) warned him before signing the agreement section 75 didn't apply,
- (2) investigated the breach of contract or misrepresentation anyway, and
- (3) suspended his repayments while investigating his section 75 claim.

I'll address these specific objections in turn.

I can appreciate why Mr A would have liked to know if he had the benefit of section 75 protection before agreeing to the loan. I also accept that Payl8r, as a responsible lender, should ensure Mr A is provided with enough information to make an informed decision about entering into the credit agreement.

That information should include, for example, providing Mr A with details about the loan and the terms of its repayment. However, I think it goes too far to say Payl8r ought to have checked or warned Mr A that he might not benefit from a statutory protection (section 75 here) that may or may not become relevant in the future. Especially given I'd only consider it as ancillary to the main purpose of the agreement (to finance the purchase of services).

Additionally, I've not seen anything to suggest Payl8r was aware beforehand that section 75 protection was a key reason for Mr A agreeing to the finance. So overall, I don't find Payl8r acted unfairly by not proactively discussing section 75 protection with Mr A at the outset.

I've thought carefully about Mr A's assertion that Payl8r should have investigated whether R had misrepresented its services or breached its contract with his wife. And while I appreciate why Mr A wanted Payl8r to take further action, I don't agree it's done anything wrong.

Once Payl8r established it had no liability under section 75, it became unnecessary to conduct any further investigation. That's because even if it had looked into things further, and established there was a breach of contract or misrepresentation, that outcome wouldn't change Payl8r's liability. In those circumstances, I don't think Payl8r acted unfairly by stopping its investigations at the point it was clear there was no valid section 75 claim.

I've also considered whether Payl8r treated Mr A unfairly by refusing to stop his loan repayments while investigating his section 75 claim. Mr A said that because he had been asked to pay for a service that wasn't as described, Payl8r should have paused the loan instalments while the claim was ongoing.

Mr A's complaint here is understandable. A successful section 75 claim might result in his credit agreement being cancelled and his previous payments being refunded. Given that possibility, I understand Mr A probably feels that Payl8r asking him for repayments that might have to be refunded anyway was unfair. In continuing to ask for those repayments, he suggested this could amount to an "unfair relationship" under section 140 CCA.

However, I haven't seen anything in the relevant rules that would require Payl8r to stop repayments for a customer who raises a section 75 claim. Additionally, the credit agreement clarifies, in the event goods or services are unsatisfactory, Payl8r will continue to process the loan repayments unless the retailer confirms a return or refund is in progress.

While R agreed to waive a £300 cancellation fee, R hadn't agreed to refund the cost of the services. According to the terms of the agreement, that meant Payl8r wasn't obligated to stop processing the loan instalments. So in the circumstances, I don't find Payl8r's refusal to stop the loan repayments was unfair.

In his latest submissions, Mr A asked whether it was fair for him to be left with the full financial burden of paying for a training course that wasn't delivered as promised. He said that it wouldn't be "fair and reasonable" for Payl8r to continue asking him to repay the loan.

I sympathise with Mr A's situation. Based on the emails I've seen, I can see why Mr A strongly believes that R offering to waive the £300 cancellation fee, and then ceasing to respond, might indicate R accepted it did something wrong.

However, I think it's important to note that the main source of Mr A's frustration is R's actions, not Payl8r's. And as there's no valid section 75 claim here, Payl8r isn't responsible for R's conduct.

When thinking about what a fair and reasonable outcome to this complaint would be, I need to look at everything from an independent and impartial perspective. This means I should

take into account *both* Mr A's and Payl8r's circumstances. And having done so, I'm not persuaded it would be fair to ask Payl8r to stop collecting payments as suggested and leave it out of pocket, given that Payl8r hasn't done anything wrong here.

For the reasons set out above, I won't be asking Payl8r to do anything further.

For clarity, my decision doesn't preclude Mr A from bringing a claim against R directly through the court system. If that's an avenue he'd like to pursue, he may want to seek independent legal advice.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 March 2026.

Alex Watts  
**Ombudsman**