

The complaint

Mr H complains that Ikano Bank AB (publ) hasn't accepted his claim under section 75 of the Consumer Credit Act 1974 ("section 75").

What happened

In February 2024, Mr H paid for the supply and fitting of kitchen from a merchant (who I'll refer to as "K"). K brokered a fixed sum loan agreement provided by Ikano for Mr H to pay for the contract. The loan was for £7,500 and Mr H was required to repay this, interest free, in 48 monthly instalments of £156.25.

The kitchen installation was set to take place in April 2024. When Mr H's existing kitchen was being removed it became apparent that the design agreed by K wouldn't work. This was in part due to hidden pipework, but also because K had incorrectly measured certain elements. Mr H agreed a re-design with K.

Mr H asked K to make some further amendments to the design of the kitchen at a later date and K agreed to these. There was then some disagreement about which appliances would be installed in the kitchen and an issue concerning Mr H wanting to place a fish tank in an area that K advised would be dangerous. Further, some final items that needed to be delivered were delayed by around six weeks. At this point Mr H said the kitchen installation had taken too long and he refused the final delivery until K would agree to pay him compensation for the delays. At the same time Mr H raised a claim under section 75 with Ikano.

K told Mr H that if he continued to refuse delivery for the final items they would destroy them and not be able to complete the kitchen installation. As Mr H continued to refuse delivery the items were destroyed. Mr H says the kitchen remains unfinished.

Mr H complained to Ikano about how long it was taking to resolve his section 75 claim. Ikano agreed it hadn't provided a good level of service to Mr H and offered him £65 compensation, but said it was still considering his claim. In February 2025, (six months after Mr H first asked Ikano for assistance) it told him that it would not be upholding his claim.

Our investigator recommended the complaint be upheld in part. She considered that Ikano had handled the section 75 claim poorly and that it ought to pay Mr H £500 compensation for any distress and inconvenience caused. She didn't think Mr H could now reject the kitchen, but she was of the view that a price reduction of £250 to reflect the delays caused by K would be fair and reasonable. She also considered that Ikano should arrange for the final items to be delivered, or if this wasn't possible, a price reduction to the value of those items. Lastly, she considered that Ikano should arrange for a fitter to install any remaining items that had yet to be fitted.

Ikano accepted that outcome. However, it said it wasn't possible to deliver the item Mr H had previously refused as it was a bespoke item and K had refused to manufacture a new one. Ikano said it would therefore provide a price reduction to the value of the item.

Mr H didn't agree that this resolved matters, so the complaint has been passed 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.

Much has happened between Mr H, K and Ikano in relation to this dispute and in particular between Mr H and K when trying to have the kitchen installation completed. If I don't comment on every event that took place or piece of evidence that has been provided this isn't because I haven't taken it into account, I have, but I simply don't consider some of them to make any material difference to the overall outcome I've reached. No discourtesy is meant by this, it simply reflects the informal nature of our service in resolving complaints.

The general effect of section 75 is that if Mr H has a claim for breach of contract or misrepresentation against K, he can bring a like claim against Ikano as the provider of credit. There are certain criteria that need to also be met for a section 75 claim to be made, but for completeness I'm satisfied those are met here. I've therefore considered whether Ikano acted fairly and reasonably in the way it responded to Mr H's claim and complaint for breach of contract by K.

It isn't in dispute that the installation of the kitchen took much longer than originally anticipated and that it is still currently unfinished. From the evidence available to me it appears some of these delays were caused by K, some by circumstances outside of K's reasonable control, and some by Mr H.

Mr H's contract with K was for supply and fit of the kitchen. I note Mr H also paid the fitter under a separate contract to carry out additional plumbing and electrical works to the kitchen which were in addition to what he had agreed with K. As this was a separate contract to the one Mr H entered into with K and Ikano did not finance the contract with the fitter, Ikano are not responsible for any issues relating to that separate contract for additional works.

When the kitchen was being fitted it came to light that pipes were positioned in places that made the proposed installation not viable and it required re-designing. I understand these pipes were hidden behind Mr H's existing kitchen units and therefore K couldn't have reasonably known about them when it first designed the kitchen.

It seems K also took incorrect measurements of Mr H's existing kitchen meaning the original design that had been agreed wasn't possible to be completed anyway even if the pipes hadn't been there. However, I understand Mr H accepted an alternative design. As he accepted an alternative design, any breach of contract by K was remedied by Mr H's acceptance of the contract variation.

Some of the later delays in installing the kitchen appear to have resulted from Mr H changing his mind about the size of certain units that he wanted fitted in the kitchen and where appliances would be going. Due to these changes K had to order new components which understandably extended the time that the kitchen could be completed.

I understand there was also a disagreement between Mr H and K because Mr H wanted to install a fish tank above a unit which K said would be dangerous and wouldn't agree to assist him with this. Due to this disagreement there were some further delays in getting a satisfactory resolution. From what I've been presented with I'm not persuaded that these delays could reasonably be considered a breach of contract by K.

Mr H did agree to have some bespoke panels made and there were delays in getting this delivered to him. It appears some delivery dates were agreed between Mr H and K but that these failed due to delays with K's supplier. I understand these panels were the final items that needed to be delivered to enable the complete installation (as per the agreed contract between Mr H and K) to be finalised.

However, Mr H then rejected delivery of the panels when delivery was finally attempted. I've seen that K offered to send a different fitter to install the final panel if Mr H was concerned about a breakdown in relationship with the previous fitter and K repeatedly tried to get Mr H to agree to a delivery and installation date, but Mr H refused. As Mr H prevented the installation from being completed and the final item being delivered, I can't fairly say it was fully down to K's actions that the kitchen remains unfinished.

Clearly, K did make some errors initially for which Mr H accepted a suitable remedy by way of a redesign of the kitchen. I understand K also made several modifications to that redesign at Mr H's request. However, K did delay in delivering some final items (by around six weeks) and this understandably caused Mr H inconvenience and upset.

I don't agree with Mr H that it would be fair, reasonable or proportionate to allow him to now reject the kitchen, especially when it appears only minor work remains outstanding and this has only failed to be completed due to Mr H refusing a delivery and installation. However, I do accept that the contract hasn't been performed as well as it could have been and issues and delays have been caused by K. I think this is a breach of contract for which Ikano could be jointly liable under section 75. Taking everything into consideration, I think a price reduction of £250 would fairly reflect the fact that the services part of the contract was not performed within a reasonable time and without significant inconvenience.

Mr H refused delivery of the final panel that he hadn't received. K warned him that it would only store the panel for a short while before destroying it if he continued to refuse delivery of it. As Mr H wouldn't accept delivery, K destroyed the panel and has said it won't manufacture another one as these are bespoke items. Ikano says that it is unable to provide Mr H a replacement panel in these circumstances. I don't think that's unreasonable. It has instead offered to refund him the cost of that panel. I think that is a fair way to put things right in relation to that missing panel.

K appears to be of the view that other than the final panel that Mr H refused delivery for, the kitchen has been completed. However, Mr H says that a number of other items still require to be fitted. It is far from clear what remains left to be fitted. However, I do think Mr H is entitled to have any remaining items fitted as per the contract with K. Ikano should therefore arrange for any outstanding items to be fitted as per the contract if Mr H can demonstrate what is outstanding. These should be fitted at no cost to Mr H. The only exception is the panel Mr H refused delivery for. As this can no longer be supplied by K due to Mr H refusing to accept it, I don't think Ikano needs to pay for fitting it. I consider refunding him the cost of that panel to be sufficient in the circumstances.

Lastly, when considering Mr H's section 75 claim and complaint, Ikano handled things poorly. It appears to have accepted this too by offering Mr H £65 compensation initially. When Mr H made his claim there were avoidable delays and Ikano didn't appear to take any ownership or responsibility for trying to resolve the issue for Mr H. Instead, it appears to have tried to defer all communications and decision making in relation to the claim to K.

As Ikano is aware, Mr H was making the claim against Ikano (as well as K, separately), and therefore it was for Ikano to investigate and respond to Mr H's claim and complaint. I think this lack of engagement with the claim unnecessarily delayed a resolution and caused Mr H further unnecessary distress and inconvenience. Our investigator recommended Ikano pay

£500 compensation for the way it dealt with the claim. Ikano has agreed to pay this amount. Having considered all the circumstances here, I'm satisfied that is a fair way to put things right.

My final decision

For the reasons given above, I uphold this complaint and direct Ikano Bank AB (publ) to:

- Pay Mr H £250 as a price reduction for the goods and services he purchased.
- If Mr H can demonstrate that some items have not been fitted as originally agreed (except for the panel that he refused delivery for), Ikano should arrange for those items to be fitted at no cost to Mr H.
- Refund Mr H the cost of the panel that Mr H refused delivery for.
- Pay Mr H £500 compensation for the distress and inconvenience caused in the way Ikano dealt with the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 April 2026.

Tero Hiltunen
Ombudsman