

complaint

Mr G complains about the quality of furniture he bought in January 2015 through a loan with Creation Consumer Finance Ltd. He complained to it under Section 75 of the Consumer Credit Act 1974.

background

In summary, Mr G says the furniture he bought is poor quality. And the attempts at repair and replacement are not good enough. He wants to return them and get compensation.

Our adjudicator thought that the goods were not of satisfactory quality. He said that Mr G should be able to return them, cancel the finance and get a refund of all his payments plus interest.

Creation says that the goods were replaced twice out of goodwill and there isn't any fault. It says the markings are natural.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr G had a complaint about this matter with another ombudsman service which is looking at the actions of the retailer. I was concerned that we were looking at the same issue. However, Mr G has now specifically confirmed that this other service isn't looking at the quality of goods issue. Therefore, I am happy to proceed with looking at this matter.

I know Mr G is unhappy with the way the retailer acted towards him. These customer service issues are not something which Creation is responsible under Section 75. But it is responsible for the quality of goods which it financed.

In this case the finance was used to pay for a suite for Mr G. Mr G says the suite is faulty, and that the attempts to fix the problem have failed. From what I have seen I believe this is true.

Firstly, Mr G has given a highly detailed and credible account of his problems with the suite, and the replacements/repairs which followed when he raised the issues with the retailer. I find his story believable.

Secondly, Mr G's account is backed up by photographs which clearly show damage to the sofas. I can see tears and white marks. Despite what Creation has said I don't think these look like natural markings to me - they appear unsightly.

Considering the sofa is fairly new I wouldn't expect these markings to appear when they have. And I don't think the issues have been caused by Mr G either. By the looks of it he complained about them fairly early on, and there is no suggestion that he has misused the suite.

In fact it seems that Creation doesn't dispute that the dealer tried replacement or repair on several occasions. Taken with what Mr G said and the wider circumstances it suggests to me that the dealer accepted there were at least some faults from the start. And by the looks of the photos that Mr G has shown us, along with his credible account, I believe that he still has problems with the finish on at least one of the sofas.

I think it is best that a line is drawn here. I don't think further attempts at repair or replacements are reasonable. I know that Creation says that Mr G should have asked for another remedy from the outset but I think he has been patient in accepting attempts to put things right. And I don't think he should be penalised for this. I think Mr G should be able to return the suite for a refund and have the finance cancelled.

I know that Mr G wants extra compensation on top of this. And I could award something for the inconvenience caused directly by the faulty goods. But I note that our adjudicator said that Creation should pay Mr G a full refund when normally I would make some deduction to recognise at least partial use of the goods during the year or so he has had them. I also note that some of the issues Mr G is unhappy with are customer service issues with the retailer – which I can't fairly hold Creation responsible for under Section 75. And it's worth noting that Mr G is being awarded 8% interest on all refunded amounts too.

Overall, I think that what our adjudicator has proposed is a fair outcome. It is now up to Mr G if he wants to accept it.

my final decision

Creation Consumer Finance Ltd should:

- pick up the suite without charge;
- cancel the finance agreement and refund Mr G all of the payments he has made under it including any deposit; and
- pay Mr G simple yearly interest on all refunds at 8% from the date of payment to the date of settlement.

If Creation considers it is legally obliged to deduct tax from my interest award it should provide Mr G with a certificate of tax deduction so he may claim a refund if applicable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 29 March 2016.

Mark Lancod
ombudsman