

## **complaint**

Mr O has complained about the quality of a bathroom and kitchen installation paid for using a fixed sum loan from Hitachi Capital (UK) Plc t/as Hitachi Personal Finance (Hitachi).

## **background**

In May 2017, Mr O entered into a fixed sum loan agreement with Hitachi to pay for a kitchen and bathroom installation. Mr O paid a £1,200 deposit and the total installation cost £10,870.84. To make things simpler I'll refer to the suppliers and their fitters as 'B'.

Mr O was extremely unhappy with how things went. He had issues with things arriving on time. He was unhappy with the behaviour of B. There were problems with the goods themselves. There were safety concerns due to the manner B installed the goods. And Mr O complained about damage caused to his property by B's poor workmanship.

Over the next year, Mr O corresponded back and forth with B many times. He had several visits from B to repair things. It's fair to say he was in constant contact with them. And, there were occasions he says he had to get his own traders to sort things out, where it wasn't possible or appropriate for B to attend his property.

B made various offers to Mr O in recognition of the problems and the inconvenience caused to him. But Mr O remained unhappy. Mr O didn't want to accept the offers because he didn't think they went far enough to put things right for him. He said he and his wife had to take time off work because of all the issues. He was unhappy with the state his house was left in by B and there were still issues with the installation. He said he'd been hugely inconvenienced, and he wasn't confident the installation would be corrected. He also said the whole matter had made him very unwell.

As things weren't getting resolved, Mr O brought a complaint against the creditor, Hitachi, to our service. When the complaint was referred to our service, to resolve things, Mr O asked for the contract to be terminated together with a full refund. He also asked for loss of earnings for him and his wife together with compensation for the trouble and upset caused.

Hitachi arranged for an independent report to be carried out in August 2018. I've summarised the conclusions of the report below:

- Gas hob – the inspector couldn't find anything wrong with it.
- Extractor fan – the inspector didn't think it needed replacing as it was working correctly. But he did say that it needed some paint removing and for it to be cleaned.
- Electric socket for gas hob – the inspector said this was a potential safety issue and that it didn't comply with the relevant regulations. The socket wasn't fitted properly and to do so the oven would need to be removed to gain access. The inspector also recommended *all* the electric work was checked, tested and certified by a qualified electrician and any other remedial work carried out.
- Waste pipe – the inspector said wire wool was used to fill the holes in the floor behind the base units and that this wasn't correct. He recommended various units, work surfaces and plumbing be removed so the holes around the pipe could be filled with concrete.
- Waste pipe under sink – the inspector said there were no current leaks. He said it was standard that PVC pipes are used. But he did say there was evidence of a leak at some stage because the bottom panel was discoloured, and the moisture content

was higher than usual. He recommended the base corner unit under the sink was replaced.

- Kitchen tap – the inspector said this wasn't leaking but had a tendency to drip after being turned off so should have new washers or ceramic discs.
- Bathroom taps leaking – the inspector said they didn't leak but had a tendency to drip after being turned off due to their design. He said no remedial action was required.
- Shower pipes adjoining water tank – the inspector says there'd been a leak which had stained the loft board. But he also said it was dry and structurally sound so didn't need replacing.

I think it's important to note here the independent report hasn't commented on all the problems Mr O said he had with the installation. And, it doesn't refer to the other various issues Mr O had with B.

After the report, B entered into further correspondence with Mr O for the next few months. They spoke about other problems not identified in the independent report, and B made further offers to put things right for Mr O. Mr O remained unhappy. He said several issues remained. He said he had to get his own traders in to carry out remedial work, and he also had to arrange a pest controller to visit because mice entered the property as a result of the poor installation of the waste pipe. He was very concerned about the electrical safety and said due to the problems, all of the electrical certificates on his house had been revoked.

B made a further offer to put things right in October 2019. It offered:

- £80 for the oven engineer visit.
- £1,140 compensation.
- £800 plus stock in allowance for the works specified under the independent report.
- To arrange for a NICEIC assessment on the electrics as completed in the contract.
- £500 in contribution towards hotel costs to allow Mr O and his wife to be away from the property for three days so remedial works can be carried out.
- To carry out any remedial works on the electrics or oven off the back of the visits.

Mr O didn't accept the offer. B came back and offered another £179 so that he could get a splash back fitted. But he wanted further compensation, totalling over £30,000. And following on from this, Mr O found black mould and he provided an invoice for a dehumidifier to stop the mould coming back until the moisture problem could be resolved.

Around this time, our investigator issued an assessment on the complaint. She said she thought there had been a breach of contract. And she thought that the offer to remedy the issues highlighted in the independent report, along with the compensation was a fair starting point. She considered Mr O's request for further works and compensation but pointed out there was a lack of evidence for certain things he was claiming for. Overall, our investigator thought Hitachi could have done more to resolve things sooner for Mr O rather than relying on B to resolve everything. So, she recommended it also pay Mr O £250 compensation on top of what was already on the table.

Mr O responded to say he was glad it was nearer conclusion, but he disagreed with the offer. In summary he said:

- He would contact the supplier to resolve the issue with the hob and understood why no recommendations were made.

- B didn't follow building regulations when installing the extractor fan and it needs to be made good because the fan recycles air as opposed to extracting it outside. He felt a new fan would need to be installed.
- The electrical testing was done in 2018 but the installation was done in 2017 so on this basis he felt the safety certificate is void and electrical work is illegal. Therefore, he wanted removal, replacement and new certificates issued.
- Pipes needed fixing under the sink due to leaks that were shown in the independent report.
- He'd accept funds to get his own trader to fix the kitchen tap.
- There were problems with one of the radiators that were installed and that he'd get his tradesperson to generate an invoice for the works to rectify this.
- He'd accept replacement rings for the bath taps, but the basin tap would need replacing as it's a sealed unit.
- He wants the shower pipe made safe.
- He asked a trader about the moisture on the kitchen floor and that he thinks B caused the issues which led to this, so he wanted this putting right.
- The assessment didn't mention the board that covered the waste pipe.
- There is evidence of mice entering the property due to B's installation so he would like something as a way of an apology for this happening.
- There were problems relating to the gas caused in the installation which caused inconvenience and safety concerns.
- He was told his fuse board should have been changed prior to the work carried out by B.
- He doesn't have invoices for the additional work because he was focussed on trying to make his house safe and look after his wife. But he has asked for invoices to be provided.
- There's mould which was as a result of the poor installation from B which should be remedied.
- He didn't think the compensation was anywhere near sufficient.

Things moved on after our investigator sent her assessment on the complaint. Mr O continued to regularly correspond with Hitachi and B about the problems he was having. In early 2020, Mr O spoke to B again about the electrics because he was concerned about the safety of his property. There was a period Mr O was unable to use his kitchen for a few weeks because it needed to be certified safe to use. He asked another company to quote on rewiring and reinstalling the electrics which came to around £1,700.

B attended to carry out some works to make the kitchen safe and issue safety certificates for the cooker, water heater and general sockets. And it also paid Mr O £265 for cleaning following the electricians attending, along with around £150 for lunch for the day and a haircut for Mr O's wife.

Mr O remained unhappy. In addition to other costs he says he incurred, he said fixing the door seals due to dust caused during the works would cost £174. He complained about the extractor fan in the bathroom and sent in evidence of mice in the loft which he thinks was as a result of the poor installation. Further to this he complained about the way the boiler had been boxed in, and said it wasn't vented properly. He also says his washing machine failed prematurely because of the way the waste pipe was positioned. He complained about issues with the shower pump, the bath and the sink as well. Due to all the issues, Mr O said the best outcome for him would be to have the kitchen completely changed along with various parts of the bathroom being replaced too.

Another inspection was carried out on the installation in September 2020. In relation to the kitchen, the inspector said *there is a lot of cabinet damage and lots of errors by inexperienced tradesman*. He also said *there's a few safety issues which need immediate attention as they do not comply with building regulations for the boiler housing and extractor due to the size of the kitchen*. The inspector felt the whole kitchen would need to be replaced once the moisture issue was resolved by replacing the waste pipe.

After looking at the bathroom, the inspector said the tiling had not been completed to a professional standard. And he said there was an issue with the bath panel and that the extractor was a safety concern. He noted a few other issues in relation to the pipework and the flooring. And he didn't think the bath, sink, toilet and radiator were installed properly.

The inspector also noted some other issues that Mr O had mentioned. In summary, he says:

- The landing was damaged during the installation and the repairs were not up to scratch.
- The installers damaged a rug by dripping plaster on it.
- Mr O filmed the installers showing how poorly they acted.
- The installers damaged Mr O's French doors by getting wood chippings in the seals.
- There was evidence of rodent infestation and the rodents could climb the waste pipe and reach all levels of the house.

Following on from this, Hitachi arranged another independent inspection on the kitchen and bathroom. The inspector looked at the problems identified in the first report, as well as the further issues Mr O raised. The inspector noted many issues with the installation. In summary, he said:

*Due to poor quality of workmanship the kitchen and bathroom installations fall well short of industry standard.*

*The quality of workmanship is extremely poor and manufacturers guidelines for the extractor hood and gas boiler have not been adhered too and subsequently relevant British Standards have not been met.*

*It is hard to find anything positive about both installations and the more you look the more you find in terms of sub-standard workmanship.*

The inspector made a significant number of recommendations to bring the kitchen and bathroom up to industry standard.

Further to making recommendations relating to the kitchen and bathroom, the inspector also said the following should be done:

- Make sure the outside tap is connected correctly.
- Cement the hole used by the over-flow pipe.
- Make sure the chipboard is secured on the stairs.
- Take the French doors apart and clean the seals and reassemble.

Hitachi reviewed the report and spoke to B about it. In light of the report, B made a new offer to resolve things. It offered:

- A full refund of the kitchen and bathroom totalling £10,870.84.
- Compensation of £6,000.

Our investigator put the offer to Mr O, but he didn't accept it. He said he wanted the kitchen and bathroom replaced and that all aspects of the installation to be investigated. He also didn't think the compensation went far enough. He thought he was still out of pocket with expenses. He said there was multiple electrical issues not covered in the report. He said the fitters should not have touched or moved the water meter and there would be costs involved in resolving this issue. He also said the kitchen and bathroom would require re-plastering.

Overall, Mr O was very concerned that if the kitchen and bathroom were replaced, there might be unknown problems which could lead to extra costs and works being required. He was concerned that the moisture in the property damaged it, but more importantly might've affected his wife's health. He thought he'd incur costs because he and his wife wouldn't be able to stay in the property while rectification works were carried out. And he didn't think the compensation offered would be enough to resolve all outstanding issues.

I issued a provisional decision on the complaint saying:

*When considering what is, in my opinion, fair and reasonable, I've taken into account relevant law and regulations; regulator's rules, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.*

*As a starting point, I want to say I'm very sorry to hear that Mr O and his wife have been unwell. I appreciate the time and effort it has taken Mr O to bring his complaint to our service.*

*Secondly, I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. The complaint covers a period of many years and there is a significant amount of evidence and correspondence on file. I want to assure Mr O and Hitachi that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.*

#### *Relevant considerations*

*I thought it would be helpful to set out why we are able to investigate Mr O's complaint and explain a little bit about the relevant considerations.*

*Mr O bought his kitchen and bathroom using a fixed sum loan agreement. This sort of agreement is a regulated consumer credit agreement. Our service is able to consider complaints about claims raised with fixed sum loan providers.*

*When considering if Hitachi acted fairly in dealing with Mr O's claim, I take into account the relevant law. So, in this case, section 75 of the Consumer Credit Act 1974 (CCA) makes Hitachi responsible for a breach of contract or misrepresentation by the supplier under certain conditions.*

*I know that Mr O's wife is on the supply contract and Mr O is on the finance agreement. Hitachi hasn't raised an issue with this. And given the purchase was part of their joint affairs, I'm happy all the necessary criteria for section 75 are met here.*

*The Consumer Rights Act 2015 (CRA) is also relevant to this complaint. Mr O effectively paid for a service using the fixed sum loan from Hitachi. The service was for B to install a kitchen and bathroom.*

*The CRA implies terms into that contract that traders must perform the service with reasonable care and skill. And the CRA also sets out what remedies are available to consumers if statutory rights under a services contract are not met.*

#### *Breach of contract*

*I don't think it's in dispute there's been a breach of contract here. The installation hasn't been carried out with reasonable care and skill. Everyone seems to be in agreement on this point.*

*What's left in dispute is the steps required to put things right.*

*Here, the supplier, B, has offered to give Mr O a full refund of the cost of installation as well as £6,000 compensation. Mr O doesn't think this goes far enough and would like Hitachi to make up the difference.*

*The complaint I'm considering is against Hitachi – who under section 75 is jointly liable for the breach of contract. I'm planning on directing Hitachi to provide the resolution for Mr O. But it's not right Mr O gets paid by Hitachi and B, so I think it's fair that Hitachi can deduct anything paid by B from the resolution.*

*To put things right, considering the recommendations of the most recent independent inspections, Mr O will need to replace most of the bathroom and kitchen. And in the circumstances, I can understand why Mr O would essentially want to start again.*

*So, I agree Mr O should be refunded everything paid under the agreement. As there has been a breach of contract, I think Hitachi should add 8% per year simple interest from the date each payment was made by Mr O, to the date of settlement as well as remove any adverse information about the agreement from Mr O's credit file.*

*Refunding Mr O everything paid puts him back in the financial position he'd have been in had he not bought the kitchen and bathroom. But this doesn't fully resolve things for him. He's still got a kitchen and bathroom he's not happy with. He's worried about other damage caused by B. He says he's out of pocket for other things. And he also wants to be fairly compensated for the distress and inconvenience that's been caused to him over the last few years.*

*With regard to the kitchen and bathroom, I think Hitachi should either:*

- Arrange to have all goods paid for under the contract with B to be removed from Mr O's property – at a time that's convenient to him. And this must be done by a reputable trader that's not linked to B. Or*
- Cover the reasonable cost of removal of B's kitchen and bathroom when Mr O arranges for new suites to be installed (upon receipt of evidence).*

*Either option would enable Mr O to arrange his own trader to install something that's suitable for him. And it would also enable a clean break.*

### *Other matters*

*The other things left in dispute relate to consequential losses and the distress and inconvenience caused.*

*B has offered compensation of £6,000 to Mr O. It felt this amount was fair compensation for everything that happened. And this offer is still on the table. So, I must take this into account when deciding if Hitachi needs to do anything else to put things right.*

*Mr O has mentioned significant costs he's incurred or might be about to incur as a result of B's installation. When deciding if I can fairly direct Hitachi to compensate Mr O there are a few things I need to take into account. I must bear in mind that I'm not considering a complaint against B. I'm considering the liability of Hitachi for a 'like claim' against B for a breach of contract. So, I need to think about what a court might award against B in similar circumstances.*

*Generally speaking, when thinking about Mr O's consequential losses, I think it's fair to ask:*

- Does the loss flow directly from the breach of contract?*
- Was the loss reasonably foreseeable?*
- Is the loss Mr O's?*
- Did Mr O mitigate his losses?*
- Has the loss occurred yet, or is it due to happen in the future?*
- Has Mr O already been reimbursed for the loss?*

*I've highlighted these costs below, from what I can make out:*

- Cost of the oven engineer visit.*
- Money to get a new splash back fitted.*
- Cost of the dehumidifier Mr O needed to get because of the mould.*
- Cleaning of the house on various occasions before and after trader visits.*
- Cleaning and ironing of clothes due to excess dust as a result of the installation.*
- Damaged rug.*
- Cost of extra work on the extractor fan.*
- Cost of pest controller.*
- Cost to repair damp.*
- Rewiring.*
- Retesting safety of gas and electric.*
- Wasted water due to leaks.*
- Food while the kitchen was out of use.*
- Cost to remove dust affecting door seals caused by B.*
- Replacement washing machine.*
- Cost of a rental property while the kitchen and bathroom are reinstalled.*
- Cost of plumber to investigate issue with the sink.*
- Filling in hole by waste pipe and ceiling and chasing behind cabinets.*
- Plastering kitchen and bathroom.*
- Moving the water meter.*
- Time taken off work.*

*Mr O has already been reimbursed for some of the losses included in the list above. He's also going to receive a full refund for the cost of the kitchen and bathroom, and I've recommended the cost of removing the kitchen and bathroom is covered too. So, I don't think I need to get Hitachi to reimburse Mr O anything else in relation to those things.*

*Some of the items on the list above are very hard to quantify. And some of the costs haven't come about yet. We also don't have all the evidence of the actual losses Mr O says he's incurred. So, I've asked myself how can I fairly make a direction that resolves the issues above as fairly as possible? And should there be an award in addition to the £6,000 that is already on offer?*

*Taking into account the steps Mr O will need to take to put things right, I think the fairest way to resolve this is to ask Hitachi to refund Mr O everything he's paid to traders so far in relation to any work on his kitchen or bathroom since they were installed, on receipt of reasonable evidence – providing neither B nor Hitachi has already reimbursed Mr O for the invoice.*

*Based on the evidence, I think it's safe to say that after installing a brand-new kitchen and bathroom, Mr O should have been able to expect there to be no costs arising from the installations for a significant amount of time. So, I think any costs that Mr O has outlaid in relation to the kitchen and bathroom since the installation should be recoverable. I think money paid to traders for work on the kitchen and bathroom ticks the boxes of being reasonably foreseeable and directly flowing from the breach of contract. To be clear, this will cover all costs in relation to work carried out by B, up until the date of acceptance of a final decision – should Mr O wish to do so. I think it's reasonable to keep this separate to the compensation that B thought was fair. I also think it's fair that Hitachi add 8% per year simple interest to those sums too.*

*I've finally gone on to consider Mr O's claim for compensation in relation to the distress and inconvenience that's been caused.*

*Compensation for distress and inconvenience is limited with this type of complaint. Firstly, I must bear in mind that Mr O is the customer of Hitachi here. And it's important to note I can only consider the impact of the breach of contract on Mr O himself.*

*It's been three and a half years since the kitchen and bathroom were installed. It's not possible for me to say I know what Mr O has been through. The situation is still causing issues and it must be deeply frustrating for Mr O. Mr O has said the problems have affected his health, and therefore his ability to work. And to make matters worse, Mr O's wife has been very unwell too.*

*As I've said above, there are considerations I must have before awarding compensation for distress and inconvenience. I can't fairly direct Hitachi to pay compensation in relation to Mr O's wife's illness. And no amount of money can change what's happened here. But it's clear the whole situation has had a huge impact on Mr O's life for the last few years. He's been caused discomfort in the home. And I don't doubt it's affected his health and caused him a great deal of distress and inconvenience.*

*That being said, I have to take account of the offer that's been made by B. As I'm planning on directing Hitachi to put Mr O back in the financial position so that he can start again, the only thing left to decide is whether I can fairly tell Hitachi to pay more in compensation than what's already on offer. And I don't think I can do that. Courts do consider what's known as*



*general damages. But awards in building cases where distress and inconvenience have been caused tend to be modest.*

*The offer from B is a significant sum and is much more than what I'd consider modest. I think the situation has caused Mr O significant upset and discomfort in the home. I accept that Mr O has had to take some time off work because of all the issues. And I also expect there will be some further disruption when the new kitchen and bathroom are reinstalled, together with some extra costs. So, I think it's fair this is recognised by an award of compensation. But I can't fairly ask Hitachi to pay more than the £6,000 on offer.*

*As the complaint is against Hitachi, I'm planning on directing it to arrange to have the payment made to Mr O. But as above, it's fair for it to deduct anything paid to Mr O direct by B.*

*Our investigator also recommended Hitachi pay Mr O £250 for the way it handled the claim. I agree with what our investigator has said here. Hitachi is jointly liable for the complaint about the breach of contract. I think it could have done more, sooner, to take ownership of the issue when Mr O contacted it for help. I think this added to the distress caused to Mr O, so I think the £250 award recommended by our investigator is also fair in the circumstances.*

Hitachi responded to the provisional decision after speaking to B. B said it accepted it will provide a full refund and £6,000 compensation. But it doesn't think it should have to cover removal costs because the original contract contains removal charges. As this is already due to be refunded it doesn't think it should have to pay this again.

With regards to the other costs Mr O incurred, B said its offer of £6,000 was significantly in excess of its obligations and so it did not feel it should have to pay any more.

Mr O responded. In summary he said:

- He's concerned about having moisture released into his house over so many years and that if there's any damage in relation to it, the relating works should be covered.
- He's worried his wife's health has been put at risk due to the moisture levels. Aside from the health concerns, he's also worried their life insurance premiums may go up.
- He would like a CCTV inspection on the waste pipe.
- The gas and electrics need changing and aren't legal.
- He should be compensated for lost water due to the dripping taps and the electric used for the dehumidifier and heaters.
- The replacement microwave wasn't the same quality.
- His kitchen door was never replaced. And the bathroom door has been damaged by the moisture.
- He thinks Hitachi hasn't followed the FCA principles. He thinks it should be punished and offer further compensation for its failings.
- He thinks interest should be added every month rather than every year.
- He wants to make sure he's reimbursed fairly.
- The poor electrical work wasn't mentioned.
- He would like clarity on what's going to happen to future costs such as the electrical works and a replacement washing machine.
- He wants to be reimbursed for days taken off work for him and his wife.
- The poor workmanship has affected his wife's health.

- He would like hotel costs covered when the kitchen and bathroom are reinstalled and would like for his possessions to be placed in storage when this happens.
- He would like a security guard to look after the property when work is being carried out.
- He thinks that new quotes he will get for a replacement kitchen and bathroom will cost more than what he originally paid. And he doesn't think he should have to pay for a new kitchen and bathroom.
- He's unhappy about having to pay for things before getting a refund.
- He's unhappy it required more than one report to establish all the issues.
- He's lost a re-mortgage rate due to his credit rating.
- He's had further losses and inconvenience incurred as a result of the poor workmanship.
- The process has caused Mr O long term damage.
- He wants Hitachi to send him items it refers to on its website to help reduce stress, or to have the monetary equivalent so he can source his own.
- He would like the boiler and central heating checked for damage by B.
- He would like the house redecorated and food replaced for the time he's out of the property.

### **my findings**

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

Hitachi didn't think the costs to remove the kitchen and bathroom should be awarded because the original contracts contained removal charges. Having reviewed the contracts again, I agree. I can see that the original contracts for the kitchen and bathroom installation both had £153 removal costs included. As Mr O is going to be receiving a full refund of what he paid under the original contracts, he's essentially going to receive the money back to be able to have the current kitchen and bathrooms removed again should he wish to do so. So, it wouldn't be fair to ask Hitachi to cover this cost again.

Our investigator wrote to both parties to explain my position on this point. I'm therefore not going to be recommending the future removal costs are covered separately to the full refund that has already been proposed.

I've thought about the other objections from the parties to the proposed redress. But having done so, I'm still of the view the other recommendations in my provisional decision are a fair and reasonable way to resolve the complaint.

Hitachi has said that B thinks its offer of £6,000 compensation was in excess of its obligations so it doesn't think it should pay any more.

Mr O on the other hand doesn't think the compensation has gone far enough. And I've set out above the other points he wants me to consider when making my final decision.

I'm not going to go over everything in my provisional decision again in detail, nor respond to every point raised, but I think it would be helpful if I summarised my thoughts to the main objections.

It's not in dispute that something went very wrong here during the installation. And matters have still not been resolved. My final decision can't change what's happened. But its aim is

to put Mr O in the position he would have been in had the mistakes not happened, as far as is reasonably possible.

I appreciate Mr O is understandably very concerned about the knock-on effects of the installation, the gas, electrics, and water meter along with any potential rectification costs involved. The issue I have is that I simply don't *know* there will be other costs or, if there are, what they will be. Sufficient evidence hasn't been provided. We also don't know if a similar kitchen and bathroom will be more expensive than the price Mr O paid. Making directions on what may or may not happen is difficult. And Mr O has mentioned some things that haven't been mentioned before. So, I've thought about what evidence there is available now to help me decide the case.

I think I must put most weight on what the independent expert has said needs to be done to put things right. It's a detailed, independent, expert report on what went wrong with the installation. In essence, the independent inspector has said that a significant amount of works needs to be carried out on the bathroom and kitchen to bring them up to a reasonable standard. But there is a full refund on the table. Mr O can use the money to remedy the issues with the bathroom and kitchen as set out in the report, or he has the option to effectively start again. And he'll be paid interest on the refund too. So, I think the offer is fair in the circumstances and resolves the issues with the kitchen and bathroom that the report highlights.

The inspector also said there were some further works that should be carried out, as a result of the poor installation – including works on the outside tap, a hole by the over-flow pipe, the chipboard on the stairs, and the French doors. I think my direction for Hitachi to cover reasonable costs for remedial work in relation to the kitchen and bathroom installation up to acceptance of a final decision is also a fair way to resolve things in the circumstances. It means that everything within the independent report has been considered. I will clarify this in my directions below.

I've gone on to think about the compensation.

I've explained in my provisional decision why I can't fairly award compensation against Hitachi for what's happened to Mr O's wife, as she is not the eligible complainant. Again, I want to say I'm very sorry to hear that Mr O's wife is unwell and that the installation has impacted her. But I've explained the reasons I'm unable to award compensation for this. So, I'm not going to go over that again.

Mr O has asked for the interest to be calculated monthly. But I'm satisfied that 8% simple annual interest is the fair way to resolve things. We award interest at this rate because it's the current rate that's used on judgment debts. So I'm not going to amend this.

Mr O has also mentioned his credit rating. I've not seen any evidence that Hitachi has recorded anything incorrect but, for completeness, I'm directing it to remove any adverse information recorded on his credit file in relation to the agreement.

Mr O has pointed out he wants alternative accommodation costs covered for the time he has a new bathroom and kitchen installed – along with other associated costs. He mentioned that this was previously on offer from Hitachi. But I need to highlight that this was proposed prior to the £6,000 offer. Mr O has also referred to other losses that aren't included in my directions such as the water cost from the dripping taps and extra electricity that's been used. Along with a request for Hitachi to send him products on its website that are aimed to reduce stress.

Mr O has also said the compensation doesn't go far enough. He's highlighted the impact of the installation on him personally, and the time he's taken off work. He thinks Hitachi should at least be matching the compensation offer from B.

I think it's right Mr O is compensated fairly. But I need to be clear, I'm considering a complaint against Hitachi – not B. Hitachi is jointly and severally liable to Mr O for claims in respect of breaches of contract or misrepresentation. I have to take into account the offer that's already been made. And, I've explained the considerations I need to have when deciding compensation for distress and inconvenience in building cases. So, I'm not going to go over that again other than to say, in the round, I think £6,000 compensation is fair in all the circumstances.

Finally, on a separate note, the payment of £250 I've agreed that Hitachi should make is in relation to its actions when Mr O first contacted it about the claim, prior to our service's involvement. I've already set out that I think it could've handled things better when Mr O first asked for help, and why it should pay some compensation. So, I'm not going to direct Hitachi to increase this.

I understand Mr O will be disappointed I'm not directing Hitachi to take further action. But after considering everything both parties have said, I think my recommendations are a fair way to resolve things and puts Mr O back in the position he would have been in, as far as is reasonably possible, based on the evidence I have. I should point out he's not obliged to accept this final decision. He's free to pursue the complaint by other means, such as through the courts. If he's thinking of taking Hitachi to court, he might want to seek independent legal advice before accepting the final decision. This is because he may not be able to go to court to ask for further compensation if he accepts the final decision.

### **my final decision**

My final decision is that I uphold this complaint and direct Hitachi Capital (UK) Plc t/as Hitachi Personal Finance to:

- Refund Mr O all payments made towards the fixed sum loan agreement.
- Remove any adverse information relating to the agreement recorded on Mr O's credit file.
- Reimburse Mr O any reasonable costs for remedial works in relation to the kitchen and bathroom installation by B up to acceptance of the final decision – upon receipt of evidence.
- Interest\* should be added to the above amounts at a rate of 8% per year simple from the date each payment was made to the date of settlement.
- Pay Mr O £6,000 compensation in relation to B's offer.
- Pay Mr O £250 compensation.

Hitachi can deduct anything paid by B from the resolution.

\*If Hitachi considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr O how much it's taken off. It should also provide Mr O with a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.

Hitachi must pay the compensation within 28 days of the date on which we tell it Mr O accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% per year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 April 2021.

Simon Wingfield  
**ombudsman**