

## The complaint

Mr B complains that Clydesdale Financial Services Limited, trading as Barclays Partner Finance (“BPF”), did not uphold his claim for compensation under section 75 of the Consumer Credit Act 1974 in relation to his purchase of bedroom furniture and two kitchen units.

## What happened

In June 2023 Mr B entered into a regulated fixed sum loan agreement with BPF to finance his purchase of kitchen units and some bedroom furniture from a third party.<sup>1</sup> He paid a deposit of ten percent, and the rest of the purchase was funded by the loan. His contracts with the third party (“the supplier”) were only for the supply and not the installation of the goods. The wardrobes came with 10-year and 15-year warranties.

The goods were supplied in due course, but in August Mr B complained to BPF that they had not been delivered on time, and this had prevented his own installer from completing the installation work. He also complained that some of the goods supplied were not what he had ordered. In particular, two fitted wardrobes had not come with plinths at the bottom, and some panels of the wardrobes were the wrong colour.

BPF told Mr B that he had not provided enough evidence for it to uphold his claim under section 75 (but also said that it would reconsider his case if he provided further evidence). Being dissatisfied with that response, Mr B brought this complaint to our service.

Our investigator upheld part of Mr B’s complaint. She accepted that the wrong colour panels had been provided, but she thought that the supplier’s offer to replace them and to pay £300 towards the cost of re-fitting them was a fair resolution. She didn’t think that BPF was liable for an additional panel which was supplied as a replacement (Mr B says this cost £57), and she noted that the supplier has agreed to pay a total of £600 for the issues raised by Mr B. But she did think that Mr B’s contracts with the supplier clearly showed that plinths were part of the wardrobe design. As the supplier had not provided the plinths, Mr B had added one himself, which had invalidated his warranty. As compensation for that, she thought that BPF should give Mr B a price reduction of ten percent.

BPF agreed that a 10% reduction in the price in the wardrobes would have been fair (which it said was £75:24), but not a 10% reduction in the price of everything (£782:32)<sup>2</sup>. It also argued that the supplier’s offer of £300 was generous, since BPF did not agree that the wrong colour panels had been supplied, and so this made the investigator’s proposed price reduction even more unfair. That was because Mr B had installed the kitchen items in his bedrooms, and as the kitchen and bedroom items belonged to different product ranges, it was not the supplier’s fault if they didn’t match. BPF said that only the plinth point had merit.

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<sup>1</sup> The loan agreement does not mention the bedroom furniture, but the cash price of the kitchen units stated on the loan greatly exceeds the cost of the units and can only be explained if the other orders are included. BPF has not contested that section 75 applies to the purchase of the bedroom furniture.

<sup>2</sup> This figure is 10% of the total amount payable according to the loan agreement.

Later on, the supplier offered to let Mr B keep his warranty, as well as having a 10% refund on the wardrobes.

Mr B did not accept that offer. He asked for an ombudsman to review this case, and he asked for a 50% price reduction. (That was some time ago, and so I would like to apologise to both parties for how long it has taken for this case to be assigned to an ombudsman.)

I wrote a provisional decision which read as follows.

### **What I've provisionally 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.

There were three contracts between Mr B and the supplier: two for bedrooms and one for kitchen furniture. Mr B intended to install the kitchen furniture in the two bedrooms, not in his kitchen. The contracts each state the colour schemes for the furniture, and the same colour names were used for the kitchen furniture as for the bedroom furniture, so I think it was not unreasonable of Mr B to think that they would match. And the supplier agreed to replace the offending panels with matching ones, which does suggest that the wrong panels had been supplied. So I think it is fair to treat this as a separate issue to the plinth issue, and that I should not deduct the £300 which the supplier offered Mr B for this issue from the compensation I award for the plinth issue. That £300 was to cover the costs of Mr B's contractor replacing the panels.

I agree with the investigator that the supplier's offer in relation to all the panels is fair. That includes the other replacement panel, since Mr B accepted the supplier's solution at the time (a significant discount), so I think BPF acted reasonably in declining that part of his claim.

Turning to the wardrobes, it is clear in the contracts that plinths were included in the design, so I uphold Mr B's complaint about that. It only remains for me to decide what would be fair compensation for that.

Since the supplier has agreed to honour Mr B's warranty notwithstanding that it would normally be voided by him adding plinths himself, I do not think it would be fair to compensate him with a price reduction of 10% of the price of all of the goods.

However, I was surprised to see that the price reduction for the wardrobes had been calculated as £75:24. That seems to be too low. The total price of the wardrobes on the contracts I've seen appears to come to £3,702:78,<sup>3</sup> and 10% of that would be £370:28. But a refund of that much actually seems to me to be a little too high.

But rather than quibble about how much the wardrobes cost, I think that a simple refund of a definite amount would be fair compensation for Mr B's trouble, rather than reducing the price by a percentage. I currently think that £200 would be fair (taking into account the rest of the supplier's offer). That is only for the plinth issue; BPF is not responsible for general customer service issues by the supplier.

So my provisional decision is that I intend to uphold this complaint. Subject to any further representations I receive from the parties by the deadline ... I intend to order Clydesdale Financial Services Limited to:

- Pay Mr B £200 (in addition to the £300 which the supplier has already offered him), and

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<sup>3</sup> £2,637:18 in Appendix 1 and £1,065:60 in Appendix 3 (the bedroom contract packs).

- Obtain and provide written confirmation from the supplier that the warranty on the wardrobes will be reinstated if Mr B accepts my final decision.

### **Responses to my provisional decision**

BPF accepted my provisional decision. Mr B did not. He said that his complaint was not about section 75 of the Consumer Credit Act, but about breaches of the Consumer Rights Act 2015. He corrected a small factual error, and I have made the necessary correction above. He said he had sent BPF all of the requested evidence, but BPF had not responded. He explained that the delivery staff had been misled because the designer had omitted important information from his contract. He questioned some of the figures given in my provisional findings (so I've added an explanatory footnote above). And he was sceptical that the supplier would honour the reinstated warranty. He asked for a refund of 50%.

### **The law**

The Consumer Rights Act 2015 sets out some statutory *implied* terms of contracts for the supply of goods by a trader to a consumer. These include terms that the goods will be of satisfactory quality and so on. The Act applies to Mr B's contract, but it isn't very relevant to his case because he is actually alleging breaches of the *express* terms to supply him with the wardrobes he ordered, in the colours he chose. As I have already found, the supplier breached those terms. So Mr B's remedy against the supplier was to sue the supplier for breach of contract.

Instead of doing that, Mr B asked BPF to refund him instead. But BPF wasn't a party to his contract with the supplier, and BPF didn't commit any breaches of contract.

However, BPF was still responsible for the supplier's breaches of contract, because sometimes when goods are paid for with credit, section 75 of the Consumer Credit Act 1974 makes the creditor jointly liable for a breach of contract by the supplier of those goods. Section 75 applies to Mr B's loan. So BPF is responsible for the supplier failing to send him the plinths that were supposed to come with the wardrobes.

Since BPF did not give Mr B what he wanted, he complained to our service. Our service's jurisdiction over this complaint derives from BPF's obligations to him under the loan agreement, which include its obligations to him under section 75. And if I had found that section 75 didn't apply to his loan, then that would have been fatal to his complaint. The investigator and I have therefore treated this case as a complaint that BPF failed to do what section 75 required of it.

### **My findings**

Neither party has challenged my finding that the supplier breached its contract with Mr B, and so I do not need to revisit that issue here. I only need to reconsider whether the redress I proposed to award is fair.

However, I remain of the view that £200 is in line with what I would award in a case such as this.

I completely understand Mr B's reluctance to trust that the supplier will honour its offer to reinstate the voided warranty, which is why in my provisional decision I said I would require BPF to get written confirmation from the supplier that the warranty will do that. However, I neglected to say what would happen if the supplier failed to co-operate. I will therefore add a clause to say that if this is not provided, then BPF will have to refund 10% of the cost of the wardrobes, in addition to the compensation for Mr B's trouble.

## **My final decision**

My decision is that I uphold this complaint. I order Clydesdale Financial Services Limited to:

- Pay Mr B £200 (in addition to the £300 which the supplier has already offered him), and
- Obtain and provide written confirmation from the supplier that the warranty on the wardrobes will be reinstated if Mr B accepts my final decision. Alternatively, if that confirmation is not provided within 28 days of the date on which we notify Clydesdale Financial Services Limited that Mr B has accepted my final decision, then Clydesdale Financial Services Limited must pay Mr B £370:28 (in addition to the £500 I have referred to in the previous paragraph).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 December 2024.

Richard Wood  
**Ombudsman**