

The complaint

Mr P complains about how National Westminster Bank Plc dealt with his claim about a faulty kitchen under section 75 of the Consumer Credit Act 1974.

What happened

In March 2022 Mr P entered into a contract with a third party ("the supplier") for the supply and installation of a kitchen. He paid a deposit of £1,194.29, of which £800 was paid with his NatWest credit card and the remainder was paid with his debit card with another bank. The balance of the purchase price was to be financed by a loan with a third bank ("the lender"). However, he says that loan has never been activated and he has made no payments towards it.

The supplier delivered and installed the kitchen, but its work was not satisfactory. The supplier accepted that remedial work needed to be done and this was carried out, but it did not resolve the issues, and the supplier offered to carry out further work. Being dissatisfied with that offer, Mr P instead asked both NatWest and the lender for a refund under section 75. He asked NatWest for a refund of his deposit, and also for compensation for his lost earnings (he had taken seven days off work to deal with this matter, and he asked for £380 a day), £1,000 for damage caused by a water leak which he said had resulted from the botched installation, and the cost of the takeaway meals he had bought during the month he had been without a kitchen.

NatWest asked Mr P for further evidence, including proof that he had not raised a section 75 claim with the lender (to avoid double recovery). Mr P did not provide the requested evidence, and so NatWest declined his claim. Mr P then brought this complaint against NatWest to our service.

One of our investigators upheld this complaint. He accepted that the kitchen had not been installed with reasonable skill and care, and that NatWest was responsible for that under section 75. He accepted that the loan had not yet been activated, and so the risk of double recovery was very small. On that basis, he recommended that NatWest remove the kitchen at no cost to Mr P, and pay Mr P the entire deposit (£1,194.29). NatWest accepted that recommendation. But the investigator did not think that NatWest was liable for the leak, or the cost of Mr P's meals, or his lost earnings. Mr P did not accept that decision, and so this case was referred for an ombudsman's 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 do not uphold it, because on 5 September 2023 the lender upheld Mr P's section 75 claim and offered him three options, one of which was to remove the kitchen, end his loan agreement and refund the deposit. That clearly vindicates NatWest's decision not to uphold his claim.

The lender has not offered to pay Mr P for the other expenses or losses he says he has incurred. And I think that is fair, so NatWest need not refund these either. I will explain why.

I don't think NatWest should have to pay Mr P for his takeaway meals. If he had had a working kitchen, he would still have spent money on food, just not on takeaways. Perhaps the takeaways may have been a little more expensive than what he would have cooked for himself, but I don't know that for sure. In any case, the takeaways would have taken up less of his time than cooking, so any extra expense was made up for by saving time.

The evidence I have seen does not suggest that the leak was necessarily caused by the sink or washing machine not being installed properly. So I can't be satisfied that NatWest is liable for consequential loss arising from any water damage.

It may not have been necessary for Mr P to take time off work to deal with the kitchen. As NatWest is only liable for foreseeable losses resulting from a breach of contract by the supplier, I don't think it should have to pay him for this.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 December 2023. But we will not entertain any further representations about the merits of this complaint.

Richard Wood
Ombudsman