



# Section 75 Claims

When discussing consumer rights, reference is often made to section 75 claims. What does this mean? Section 75 refers to the section of the Consumer Credit Act 1974, which makes a credit card company equally liable with a retailer for any breach of contract or misrepresentation by the seller. What this means is that the credit card company can be as responsible for refunding the cost of goods or services, where the original seller is failing to remedy the situation.

Section 75 also applies to store cards, store credit and some car finance agreements but not hire purchase agreements.

## What can I claim?

To be eligible to make a claim, the value of the goods/services purchased with the credit card must have been at least £100 and no more than £30,000. This means that you can use the card to pay a deposit for goods/services and if the cost of the goods is at least £100, the full total of the goods will be covered by section 75, even if the deposit paid is less than that. It is therefore good practise to pay for any deposit of a large value item with a credit card where possible.

Section 75 claims also cover transactions abroad including those bought online and supplied from abroad.

## When can I claim?

A claim under section 75 can be made to the credit card company if:

- The goods/service are not satisfactory;
- Any goods ordered are not supplied;
- The seller goes bust and does not deliver the goods/service.

You don't need to have reached a stalemate with the provider of the goods or services, but you do need to prove the facts to the credit card provider. Sometimes a seller/supplier who has been unresponsive to your complaints may become more responsive if they are advised a section 75 claim is an option is available to you. A claim can be made to both the seller and the credit card company at the same time, but any losses can only be recovered once.

## How do I make a claim?

Each credit card company will operate in a slightly different way and the first thing to do is to contact them direct. Some may deal with you by way of web chat, others will require you to complete a form or speak to a member of their team. You will generally need to provide copies of any documents and correspondence with the seller.

The credit card company may issue a refund immediately or may contact the seller/supplier for further information and details. If the outcome of this is unsatisfactory, you have 6 months to appeal to the Financial Ombudsman.

## Is there anything that is not covered by section 75?

Section 75 claims are for credit arrangements and therefore does not apply to payments made by debit cards. For those payments it may be possible to contact your bank and arrange a chargeback. This is different to the legal right of section 75 and will be subject to individual bank rules and which may vary with the Visa, Maestro and American Express networks. It can be used even if goods/services are under £100.

The credit arrangement must be part of a creditor-debtor-supplier arrangement with no intervening third parties.

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This means that if the credit card is used as part of a Paypal transaction will not be covered. Any issues concerning this type of transaction should be raised with the company concerned and with Paypal using their Buyer Protection Programme.

### **What if the section 75 claim is rejected?**

If the credit card provider rejects the claim, the options are to take action against the supplier directly, possibly via the small claims court and or to complain to the Financial Ombudsman. In making the decision on what to do next it is advisable to consider the reasons why the section 75 claim was rejected as these may be relevant for any future cause of action.

For more information or guidance on any of these issues please contact the helpline.

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