

LIFESTYLE TV PROBE DITCHED

The **Official Receiver's Office** has abandoned its investigation into **Lifestyle TV**, disappointing scores of creditors who will get only a tiny sum from the remnants.

Lifestyle TV, supplier of a diamond crystal mirror system, including television screens, in-salon channels and programming, was wound up last summer.

Complaints from salon owners ranged from alleged fraud to misrepresentation, non-delivery and the supply of non-functioning equipment.

The Official Receiver's Office, which looked into why the company failed as well as the conduct of its directors, said it had discovered "nothing that would cause alarm" so the investigation was abandoned.

Linda Parkinson, investigating case officer, said an "agent" had been appointed to recover an estimated **£13,000** worth of equipment from "an employee", with a view to resale and the proceeds could be shared equally between the **63** creditors.

Many salons are still battling with finance companies to get out of lease contracts which they had not always appreciated they were taking on.

Julian Sampson, partner of legal firm **Wright & Wright**, who is helping several salons, identified three types of case: those where Lifestyle TV representatives had been allegedly "blatantly fraudulent"; potential civil claims for revenue that had been promised from advertising that never materialised; and civil actions where the promised service had not continued.

Sampson said leasing companies were starting to sue salons that had

stopped paying instalments. "My consistent advice is to continue paying the leasing company. Unless you believe you are on very sure footing about the circumstances leading up to the agreement, there is only one winner. They can sue you for the whole amount.

"In most cases the screens still work – so continue to pay while you resolve your individual case and take legal advice because there are many firms that can assist or there will be advice through schemes available with groups such as the NHF."

Wright & Wright briefed a barrister who concluded she could see no obvious way of attacking the agreements with the finance firms on the basis of misrepresentation and breach of contract.

There was some potential under consumer credit regulations but only in limited circumstances surrounding whether the agreement was signed for business purposes or not, and this was largely restricted to mistakes made by the leasing company.

However, allegations raised by salons of false signatures added should be investigated. "If evidence can be found to support these allegations the agreements would be unenforceable," the barrister said.

She also said that the thrust of the case law was in favour of finance companies and prevented them being made responsible for the acts of the dealer as their agent.

"Statute was intended to obviate these common law difficulties. Section 75 of the *Consumer Credit Act*, which



JULIAN SAMPSON
"Continue to pay while you resolve your case."

allows in some circumstances for a claim against the leasing house for a misrepresentation or breach of contract by a supplier, does not apply in the present circumstances as the leasing house and legal owner are one and the same entity."

One salon owner, **Jayne Sansom**, of **Serenity**, in Atherstone, Warwickshire,

had just been issued with a court summons for the recovery of **£11,500** for six screens when *SalonFocus* called her. "I stopped paying four or five months ago," she said.

Cambridgeshire-based **Molbys** is in dispute with another company, **Simply Media**, which acquired the assets of **Vision TV** two years ago (*SalonFocus* May-June 2008). Molbys maintains Vision TV promised verbally that advertising commission would pay for the screens but no payments were forthcoming.

Simply Media managing director **Patrick Smart** said he recognised the difficulty some salons had got into with Vision TV and the leasing companies but his company was providing a good service to salon customers, regularly updating content.

"No one can say we haven't done the best we can to make sure whatever people have signed up to that it works and they get something out of it. If they are unhappy, we can't just tear up the agreement.

"It's a vicious circle when you've got cowboys and Indians messing it up for legitimate businesses like us. It could be a very good business but it's been tainted. It's something we just have to deal with."