

The complaint

Miss B complains Studio Retail Ltd refused to change her payment due date on her account, didn't respond to her repeated request for this to happen, causing charges to be applied to her account and its eventual default.

What happened

Miss B had an account with Studio. She became ill and left her job, with her income then being provided through benefits. These were paid to her later in the month than her previous wages, meaning she began to struggle to meet the minimum payments on her account on the due date. In May 2019, having only been able to make a part payment by the due date, Miss B asked for the payment date to be moved to later in the month – after her 'new' pay day, so she could always pay on time in the future. Studio said they were unable to change the date and advised Miss B she was now in arrears.

There followed a series of exchanges, the vast majority via email, in which Miss B continued to ask them to change the date - Studio saying 'No' to this and asking Miss B to phone their financial services department to discuss her payment arrangements. However Miss B didn't make any payments after May 2019, her account fell into arrears, charges were added, and the account was defaulted in September 2019.

Miss B complained that Studio refused to change the payment date. Studio replied that they weren't able to do this – and this was made clear to Miss B on many occasions. Unhappy with this, Miss B brought her complaint to us. However, our investigator said Studio had acted fairly. He explained Studio had specifically asked Miss B to phone their financial services team, and this hadn't happened. And that Studio had repeatedly told Miss B the date couldn't be changed, pointing out this was made clear on their website. And whilst understanding her unhappiness about the number of times she's emailed Studio, he said she was still required to make monthly repayments, but these had stopped in May 2019. He said Studio was allowed to take the recovery actions they did, including defaulting the account and selling the debt on, because no payments were made.

Miss B wasn't happy with this, again mentioning the number of times she'd tried to contact Studio, and how they'd never phoned her when she'd asked them to. Although she agreed she should have continued making payments. She asked for the case to be looked at by an ombudsman, so it's been passed to me to review.

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.

I want to begin with the crux of Miss B's complaint – she wanted to change her payment date. This is a simple matter to consider. Studio made it clear to Miss B many times that they couldn't change the date. This was effectively part of their standard process – dates couldn't be changed. From what I can see from Studio's account notes, this was first made clear to Miss B in February 2019. I know Miss B was unhappy about this and continued emailing Studio many times to ask them to make a change, notwithstanding she'd been told many times it wasn't possible. Accordingly, I don't think Studio did anything wrong here. They clearly and repeatedly told Miss B a payment date change wasn't possible. This was their standard operating process, and I'm satisfied this was applied to Miss B fairly.

But I also need to consider whether Studio did enough to help Miss B, once she'd raised that she was unable to make the full May 2019 payment. In such a situation, we'd expect Studio to treat Miss B fairly, try and get an understanding of the reasons for the reduced payment, and proactively try to find a workable solution to allow her to get back on track.

Here, Miss B made it clear what the problem was from the outset. She emailed Studio as soon as she'd made a reduced payment in May 2019 to again ask about moving the date. She asked for late charges to be stopped. She didn't say she couldn't afford the payments, just that she was now being paid too late in the month to meet her contractual payment date. So Studio were aware the problem was, according to Miss B, short term only.

A few days later, Studio email Miss B to advise how much her June payment will be, which includes the £10 arrears. The email repeats her payment date can't change but asks her to provide information including why the account fell into arrears, whether Miss B was behind in her priority bills, and will she be able to maintain her payments moving forward. Studio also inform Miss B they'll allow her 30 days "*breathing space*" for her to respond. Whilst the email doesn't specifically address the nature of Miss B's problem, and in some respects ignores what she's already told them – that she's paid less in May because of the change in income date, it does provide Miss B with an opportunity to enter into discussions with Studio to try and get back on track. At this point, I think it's reasonable to have expected Miss B to take advantage of this opportunity and engage with Studio in the way they were asking.

Instead, I can see Miss B continued to email Studio to ask them to change the date – which they'd already said they couldn't do. I can't see any evidence she did phone Studio's financial services department during this 30-day period. She also didn't make any further payments. Given Miss B was falling further behind with her payments, Studio continued to ask Miss B to provide her income and expenditure details. I think this was an appropriate thing to do, and something we'd expect to see a business do when a consumer is in increasing arrears. This information wasn't provided, and Studio continued to pursue the increasing debt, which in the circumstances I think it was reasonably entitled to do.

I have sympathy with Miss B that one instance of under-payment, creating a relatively small arrears amount, escalated in the way that it did. However, the evidence provided by both Studio and Miss B suggests that Miss B repeatedly ignored Studio's message that her payment date couldn't be moved – she continued asking for this to happen. And Studio gave Miss B a month breathing space to discuss and find a way forward, but this opportunity wasn't taken up by Miss B. And Studio continued to ask Miss B to phone them to explore a solution, which didn't happen. I know Miss B is unhappy because she believes Studio didn't phone her back when she asked them to (in her various emails). However, I've seen Studio's account notes, and I'm satisfied calls were attempted. And regardless, Studio had repeatedly asked Miss B to phone them, which I think is fair.

So, taken together, I think Studio acted fairly in refusing Miss B's request to change her payment date, and in providing Miss B with space to try and arrange a solution to deal with her £10 arrears amount, and get back on track. Because Miss B didn't take advantage of that offer, and didn't make any further payments, I think Studio were entitled to continue with their collection procedures. And this includes, eventually, defaulting the account. Accordingly, I won't be asking Studio to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 16 November 2020.

Mark Evans
Ombudsman