

The complaint

Ms H complains about an account with Next Retail Limited, which was opened in her name and then used to place an order for some footwear.

What happened

In November 2019, Ms H was on holiday abroad, when she received an email from Next. The email confirmed that an account had been opened in Ms H's name, which allowed the account holder to order items from Next, but pay for them using the account's credit limit.

On the same day, Ms H received a second email from Next, which confirmed an order for some footwear, to be charged to the account. Ms H says that she didn't open a credit account with Next and she didn't place the order for the footwear. So, Ms H sent emails to Next to tell them about her concerns and that her personal details may have been used by a fraudster.

Next's say they cancelled the footwear order on the same day that it was placed and that the credit account in Ms H's name was closed on the following day. Ms H tried to speak to Next whilst still on holiday, following her emails. She says was unable to talk about the account, as she didn't have all the necessary details to hand. Next say they didn't speak to Ms H about the account, because she told them she preferred not to give any further personal details out.

About ten days after the emails Ms H received from Next, she returned from holiday. She says it was then that she found out the account had been closed and the footwear order cancelled. Ms H wrote to Next to complain and said that her holiday had been ruined because of the worry over the account that had been opened in her name. Ms H also said that she felt it necessary to contact a fraud prevention organisation, and apply a protective registration to her credit file, at a cost of £25.

In their response to Ms H's complaint, Next said that the account was closed, and the order was cancelled as soon as they had discovered what had happened. Next also said that Ms H's details were on their customer database, from when she had previously placed an order. It was these details the fraudster used to open a credit account. Next agreed to pay Ms H £25 for the protective registration fee, and gave her a £30 gift card as a gesture of goodwill.

Ms H didn't accept Next's response and brought the matter to us. One of our investigators looked into Ms H's complaint and persuaded Next to offer to pay the £30 to Ms H directly, instead of giving her store credit. The investigator concluded that it was a fraudster, rather than Next who opened a credit account in Ms H's name. She also found that Next acted quickly to stop the fraud, close the account and to make sure Ms H's credit file showed the correct information. In addition, the investigator said that Next had handled the matter fairly by paying the protective registration cost and offering to pay Ms H £30 directly, rather than in a gift card.

Ms H disagreed with the investigator's findings. She said that Next caused a delay in telling her the account had been closed and this ruined the rest of her holiday. Ms H questioned how the fraudster was able to open the account and that Next could have done more to help her at the time. She felt that it was the contact she made with Next, which prompted the action, rather than Next recognising what the fraudster had done. Ms H told the investigator that Next had more questions to answer and that the compensation offered, needed to reflect the loss of enjoyment from her holiday.

The investigator didn't change her conclusions. She said Next's records show that they dealt with the matter promptly and that they were unable to speak to Ms H about the account closure, as Ms H didn't want to give out her personal details, until she returned from her holiday. Ms H didn't accept this and said the information she gave to Next on her return from holiday, was the same information she was asked for whilst abroad. She also said Next had deliberately left some information off their records.

Ms H's case has now been passed to me to make a final 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.

I'm sorry to hear Ms H has been the victim of a fraudulent application in her name. I know this can't have been easy for her and I acknowledge she was worried when it happened. But, I'm not upholding her complaint as I think Next has acted fairly and reasonably throughout. I don't believe there's anything more they could have done.

When someone has been the victim of a fraudulent credit application, it follows that they would like to know how it happened. During her complaint to us, Ms H raised various suspicions about how the fraudster was able to use the details, held about her with Next. However, our role is to look to see if Next have treated Ms H fairly, when they discovered what had happened, rather than how the fraudster was able to use her details.

The opening and closing of the credit account

Next have sent us their internal notes which show when the credit account was opened. These notes suggest that the fraudster opened the account on the same day that Ms H received the welcome email from Next. The notes also show that the credit account was converted from the details Ms H had used previously, to order items from Next.

Having considered all the evidence, I think it was the fraudster who obtained Ms H's details and used them to open a credit account. I don't think Next opened the account in error, some months prior to the footwear order being placed.

The emails Ms H has sent to us show that the first message she received from Next in early November 2020, was the confirmation that a credit account had been opened. I can see from Ms H's reply to this email, that she told Next the account wasn't opened by her.

Next's records show that although the credit account was opened, the order for the footwear was cancelled on the same day. The records also show that the credit account was closed on the following day. Next have said that this was because the delivery address was changed during the order, to a different address.

I can see why Ms H says that it was her email, which prompted Next to take action over the account. Ms H told Next she hadn't placed the order within two hours of being told about it.

But, Next's records show that the account was opened just after 11pm, GMT, and the order cancelled on the same day. This means the footwear order was cancelled within an hour of it being placed. I do acknowledge though, that Ms H's emails would have helped Next confirm their own suspicions about the account.

Having considered all the information, on balance, I think it was Next who spotted the fraudulent activity on the credit account. I think Next acted independently of Ms H's email, to take action to prevent further loss to Ms H. So, I think Next have treated Ms H fairly here, by cancelling the order and closing the credit account, promptly after it had been opened.

When Ms H found out the credit account had been closed

Ms H says that she tried to speak with Next about the credit account whilst she was on holiday. She says that Next told her they couldn't resolve the matter until she returned home. Next have told us that they could not confirm anything to Ms H, until she had answered the security questions they used to verify Ms H when she called.

Next no longer have a copy of the call recordings from when Ms H tried to get some information about the credit account, when she was on holiday. But, I think it's likely Next would have needed her to answer various security questions, to talk about the account. Especially, as they already had a suspicion of fraudulent activity happening with the footwear order.

I can see why Ms H may have been unable to provide the answers to the questions she was asked. Ms H has said that some of the information she was asked for, was a customer number. This customer number doesn't appear on any of the emails Ms H was sent whilst she was on holiday. And she has told us she didn't have it.

Having considered everything, on balance, I think Ms H was asked for specific information by Next which she was unable to give to them, when she was abroad. Whilst I can understand that Ms H felt distressed at the thought of her personal details being used by a fraudster, I don't think Next treated her unfairly by not being able to talk about the account.

When Ms H returned from holiday, around ten days after the account was closed, she called Next again. During the telephone call, Next were able to speak about the credit account and explained to Ms H that the order has been cancelled and the account closed, almost as soon as it was opened. Ms H says that Next could have spoken to her sooner and that a large proportion of her holiday had been ruined, because she was very worried about what had happened.

I'm persuaded that Ms H was worried about her personal details being used by a fraudster. But, I think Next had taken action to cancel the order and close the account almost as soon as it was opened. I also think Next were unable to talk to Ms H about the account, until she had contacted them and answered the specific security questions they asked. So, while I understand Ms H was very worried with what happened, I don't think Next should have compensate Ms H for any loss of the enjoyment she experienced, whilst on holiday.

Next's records show that they made contact with the credit reference agencies they use, on the same day as they confirmed to Ms H that the credit account was closed. Next did this to remove the account from reporting on Ms H's credit file. Although this was around nine days after the account had been closed, I think Next have treated Ms H fairly, by removing any information about the account and any connection to Ms H, after speaking to her directly.

The £25 protective registration fee refund and the £30 payment

When Ms H returned from holiday, she contacted a fraud prevention organisation and paid for a protective registration. This meant that any potential lenders, which uses that organisation, would be able to see that Ms H's personal details are at risk. Those lenders will also be able to take additional steps to protect Ms H, if any future credit application is made.

I think this was a reasonable step for Ms H to take. I can understand why Ms H felt very concerned that a fraudster had used her personal details, and wanted to try and prevent it from happening again. I also think Next sought to try and reassure Ms H, that they had taken the necessary steps to put things right by closing the account and updating her credit file. So, by paying Ms H for the protective registration fee, I think Next took further measures to try and ease her concerns.

Having considered everything, I think Next have treated Ms H fairly by paying her the £25 cost of the protective registration fee.

Ms H says that her holiday abroad was ruined because of the worry of thinking about the account that was opened in her name. I have concluded that Next cancelled the order and closed the account, before any loss could be suffered by Ms H. I have also found that I don't think Next treated Ms H unfairly, by not being able to tell her about their actions, until she returned from holiday.

As a gesture of goodwill, Next sent Ms H a £30 gift card, for her to spend with them. I know that Ms H hasn't accepted the gift card and that Next has subsequently offered to send her the £30 directly, for her to spend as she likes. I don't think Next has to offer Ms H any more than they have done already. So, I leave it to Ms H to choose to either accept the gift card, or to contact Next with her bank account details, if she'd like to receive that payment directly.

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 Ms H to accept or reject my decision before 16 November 2020.

Sam Wedderburn
Ombudsman