

The complaint

Mr C complains about the way that Shop Direct Finance Company Limited, trading as Very, has dealt with the purchases that he's made on his credit account.

What happened

Mr C has a credit account with Shop Direct that he used to buy a sofa in June 2019. There were issues with the delivery of the sofa so it had to be reordered twice and adjustments were made to his credit account. He complained to Shop Direct that the balance on his account wasn't correct and that goods that he'd paid for on "*buy now, pay later*" terms had been and transferred onto his flexible account without his approval.

Shop Direct said that, after adjustments made to his account in January 2020, he'd been charged the correct amount but it removed administration charges totalling £72 and interest of £117.93 and requested that any adverse information due to non-payment that had been exchanged with the credit reference agencies be removed. Mr C wasn't satisfied with its response so complained to this service.

Our investigator said that Mr C's account had been incorrectly adjusted but that it had been corrected by Shop Direct when it removed the administration charges and interest. Although she was satisfied that Shop Direct had put things rights, she said that Mr C would have been caused some confusion and frustration by the way that his account was managed. She recommended that Shop Direct should pay him £150 compensation for the distress and inconvenience caused.

Shop Direct has agreed to pay that compensation to Mr C but he says that he wants: the arrears removed from his account; his account reinstated to what it was before any mistakes from Shop Direct had been made; his credit file to be amended; and a payment plan put in place to recover the money owed on his account.

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 agree with the conclusions reached by our investigator for these reasons:

- Mr C ordered a sofa from Shop Direct but it wasn't delivered to him because it was damaged, he ordered a replacement sofa using a credit advance from Shop Direct but that sofa was also damaged so a third sofa was ordered and further adjustments were made to his account;
- it's clear that his account was incorrectly adjusted so the outstanding balance of his account wasn't correct and he complained to Shop Direct about that;
- it upheld his complaint and said that after adjustments made to Mr C's account in January 2020, he'd been charged the correct amount but it removed administration charges totalling £72 and interest of £117.93 and requested that any adverse

information due to non-payment that had been exchanged with the credit reference agencies be removed;

- Mr C then made a payment for the sofa in July 2020 and Shop Direct refunded deferred interest of £237.92 as had been agreed;
- the issues with Mr C's account will have caused him confusion and frustration so I agree with our investigator that it would be fair and reasonable for Shop Direct to pay £150 to Mr C to compensate him for that distress and inconvenience – and it has agreed to pay that compensation to him;
- Shop Direct said, in its final response letter, that Mr C's account balance had been corrected and that he shouldn't withhold further payments to his account because of his dispute with it – but he hasn't made the payments as they've become due and his account had gone into arrears;
- it says charges applied, and information shared with the credit reference agencies, since then have been correct and in line with the terms and conditions of the account;
- Mr C says that it should remove the arrears from his account; his account should be reinstated to what it was before any mistakes from Shop Direct had been made, his credit file should be amended and a payment plan should be put in place to recover the money owed on his account;
- I consider that Shop Direct has provided enough evidence to show that Mr C's account has been corrected and I'm not persuaded that he's provided enough evidence to show that the balance is incorrect or that he's now been charged the wrong amount for goods bought on "*buy now pay later*" terms;
- Mr C hasn't made the required payments to Shop Direct since his account was corrected and I'm not persuaded that it would be fair or reasonable for me to require it to remove the arrears from his account or to refund any charges that have been applied to his account;
- Shop Direct is required to record true and accurate information with the credit reference agencies and I'm not persuaded that it would be fair or reasonable for me to require it to remove any adverse information that it's recorded on Mr C's credit file about the payments that he's missed since his account was corrected;
- I don't consider that it would be fair or reasonable for me to require Shop Direct to put in place a payment plan on Mr C's account but I suggest that he contacts its customer arrears support team as advised to try to agree an affordable repayment plan for the amount that he owes it – and it's required to respond to any financial difficulties that he's experiencing positively and sympathetically; and
- I find that it wouldn't be fair or reasonable in these circumstances for me to require Shop Direct to pay any compensation to Mr C, other than the £150 referred to above, or to take any other action in response to his complaint.

Putting things right

I find that, if it hasn't already done so, Shop Direct should pay £150 to Mr C to compensate him for the distress and inconvenience that he's been caused by the way that it's dealt with his account.

My final decision

My decision is that I uphold Mr C's complaint in part and I order Shop Direct Finance Company Limited to pay him £150 (if it hasn't already done so) to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 November 2021.

Jarrold Hastings

Ombudsman