

## **The complaint**

Mrs H is unhappy about the way Next Retail Limited handled her credit account. She returned items to store but these weren't credited to her account and her credit file was affected.

## **What happened**

In February 2021 Mrs H raised a query with Next because items she'd returned to store hadn't been credited to her account. Mrs H provided details of the items and was advised that these would be credited but this didn't happen.

In April 2021 Mrs H queried this again. Next said it couldn't find any record of the previous query and asked Mrs H to provide details of the items again. However, by this time, payments to the outstanding balance on her account were in default and her credit file had been affected.

Mrs H complained to Next. In response, it said it wouldn't remove the adverse information on her credit file because she hadn't made the minimum payment on her account.

Mrs H was unhappy with the response and complained to this service.

Following the referral of the complaint to this service, Next credited all of the items and offered £100 compensation for the distress and inconvenience caused. But it said it didn't think it was right to remove the adverse information from Mrs H's credit file.

Mrs H wasn't happy with the offer so this service investigated the complaint.

Our investigator upheld the complaint. He said that if Next had credited the returned items when Mrs H first raised her complaint, he thought it was likely that she would have made a payment to clear the balance on her account in full, as she had always done this previously. The investigator said he didn't think Next had acted fairly by reporting adverse information on Mrs H's credit file and asked Next to remove it.

Next didn't agree. It said that although it had provided poor service, this didn't affect Mrs H's obligation to pay the minimum payment. Next said that the amounts in dispute didn't cover the whole balance and that Mrs H would have been aware that a payment was necessary.

## **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 understand that all of the items have now been credited back to Mrs H's account. So, the only remaining aspect of Mrs H's complaint is the impact of the adverse information on her credit file.

I've looked at Mrs H's account. There's no indication that Mrs H has a history of missed or late payments. Generally, she pays the outstanding balance in full by the due date as opposed to making the minimum payment.

I can see, however, that Mrs H missed payments whilst the disputed items were being dealt with by Next. So, I've thought about whether Mrs H would have missed these payments if Next had done what it should have done and credited the account when Mrs H first raised the issue in March 2021.

Mrs H has told this service that she was more than willing to pay the balance on her account but that she wanted to pay the correct amount. She doesn't think it's fair that she's been penalised with adverse information being reported on her credit file when she had made every effort to make Next aware of the issue regarding the disputed items.

Next says that there was a balance on Mrs H's account which was separate from the disputed items and in respect of which a payment was required. It says the payment was due by 16 April but that no payment was received until June. Next says it has a duty to report factual information to the credit reference agencies. It says it doesn't agree that the adverse information should be removed because Mrs H should've made a minimum payment towards the non-disputed balance.

I've taken into account what both parties have said. I'm persuaded that if Next had credited Mrs H's account with the disputed items in March 2021, which it said it would, then she would have paid her account balance in full. I don't think Next acted fairly when it reported adverse information, because the reason for Mrs H not making a payment was due to the balance of the account being in dispute as a result of the failure by Next to credit the disputed items.

I appreciate that Mrs H missed payments whilst the issue of the disputed items remained unresolved. But taking all the circumstances into account, I don't think Next acted fairly here.

### **Putting things right**

To put things right, Next Retail Limited must remove the adverse information from Mrs H's credit file.

### **My final decision**

My final decision is that I uphold the complaint. Next Retail Limited must remove the adverse information from Mrs H's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 6 September 2022.

Emma Davy  
**Ombudsman**