

The complaint

Miss K complains about how Studio Retail Limited have administered her account with it.

What happened

Miss K's complaint centres on how Studio Retail have handled her account. She says errors by Studio Retail have led to a default being unfairly recorded; which has in turn led to further distress and inconvenience. Miss K's recent submissions explain Studio Retail's actions have negatively impacted her credit file; resulting in a mortgage application being declined.

Our investigator initially looked into Miss K's complaint and set out a detailed timeline of events to this complaint which both parties have had sight of. So for conciseness I won't repeat it here. However the pertinent facts not in dispute are:

- Studio Retail defaulted Miss K's account in October 2019;
- In late October 2019, Miss K called Studio Retail after the default had been registered and attempted to settle the account in order to prevent the default. She was told it was too late; so she raised a complaint about this. She made a payment for the outstanding balance on this day too.
- In January 2020 Miss K received communication from a third party who had been sold her debt; chasing her for further payment. Miss K informed this party she had already made the relevant payment. Miss K provided evidence to the third party to demonstrate the money had been paid.
- The third party debt owner did not received the relevant payment from Studio Retail until May 2020. The account was put on hold pending this.
- Miss K contacted our service in August 2021 to complain there were still negative markers relating to this account on her credit file.

Our investigator felt that Studio Retail's actions had not be in line with what he would expect; and recommended it pay Miss K £200 compensation to recognise the distress and inconvenience that had been caused. This payment was to reflect poor communication and some administrative failings after Miss K had settled the debt; and being contacted by the third-party debt purchaser. Miss K also highlighted that her credit file had not been updated correctly. Our investigator noted that Studio Retail had applied to remove any negative information on Miss K's credit file as the relevant debt had since been settled. He explained this could take some weeks to action.

Significantly our investigator highlighted that we could not consider whether Studio Retail had correctly applied the default on Miss K's account. This is because he noted that Miss K had previously complained to Studio Retail and our service about this issue. Our service had explained to Miss K previously under a separate complaint reference, that we could not consider the merits of this complaint as she had referred the complaint to our service too late.

Miss K remained unhappy with the outcome our investigator had reached. She maintained Studio Retail's actions had caused significant distress and inconvenience, including her recent mortgage application being declined.

Studio Retail agreed with our investigators recommendations.

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'm satisfied that this complaint should be upheld in line with our investigator's recommendations. That is to say I'm satisfied the recommended £200 distress and inconvenience payment is fair and reasonable in the circumstances of our complaint.

I think the important thing to note here is that Miss K's complaint in essence still centres on the fairness of Studio Retail's registration of the default on her account. As has been explained to her, I'm unable to comment on this aspect of her complaint. That is because it has been considered and resolved under a separate complaint reference with our service. I hope Miss K understands why I've therefore not considered this when making my final decision.

With that being said I've considered all of Studio Retail's actions after this event. And to that extent I agree with our investigator that Studio Retail have made errors in the administration of Miss K's account.

It is clear that Studio Retail could've acted better in the handling of the passing the relevant payment to the third-party debt owner. Whilst Studio Retail has explained that these payments do take time to transfer; I'm satisfied that considering Miss K made the necessary payment in October 2019; it wasn't reasonable for an outstanding balance to be passed on some five months later in May 2020. This delay resulted in Miss K being contacted by the third party and chased for a debt that she had already settled. I can understand how and why this would cause her distress and inconvenience. I can also see there was poor customer service and conflicting information from Studio Retail around this payment; which I don't think helped matters and caused Miss K further distress and inconvenience.

There was also a delay in Studio Retail amending Miss K's credit file to reflect the fact that the account had been settled and issued the correct satisfied date. This was not done at the correct time; and was only corrected once Miss K had highlighted the error. Studio Retail has confirmed it has applied to the relevant credit reference agencies to have this corrected.

So considering the above I'm satisfied Studio Retail's actions have caused Miss K distress and inconvenience. As such it should make a payment to recognise this.

Miss K's recent submissions have also included her concerns that Studio Retail's errors have led to a recent mortgage application being declined. Whilst I sympathise with Miss K's point of view; I've not been provided with any further information from her which clearly demonstrates that the markers recorded by Studio Retail were the reason her mortgage application was declined. As has been explained to Miss K, I need to be satisfied that her recent mortgage application being declined was because of Studio Retail actions alone; and not other potential factors.

In any event; as I'm also unable to comment on the merits of the default; it is unlikely that I could make any further finding in relation to this aspect of her complaint even if further information were to be presented.

So whilst I understand Miss K will be disappointed with my final decision; I hope my reasoning is clearly set out.

Putting things right

As mentioned above I'm satisfied Studio Retail's actions have caused Miss K to suffer distress and inconvenience. I'm satisfied that it has made repeated small errors that have caused Miss K a reasonable degree of distress and inconvenience. As such, I'm satisfied an award of £200 is appropriate. Therefore, in order to resolve this complaint, I require Studio Retail Limited to pay Miss K £200.

Studio Retail Limited has confirmed to our service that it has applied to update Miss K's credit file to reflect the correct status of her account with it. However, if it has not yet done so it must also do this.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 27 October 2022.

Tom Whittington
Ombudsman