

The complaint

Mr M says J D Williams & Company Limited (“J D Williams”) irresponsibly lent to him. He has requested that not only should the interest and late payment charges he paid on the accounts be refunded but he also thinks the debt should be written off.

What happened

This complaint is about two catalogue shopping accounts provided by J D Williams to Mr M.

Account A was opened on 29 September 2020 with Mr M being given an initial credit limit of £150. Account B was opened in October 2020 with Mr M being given an initial credit limit of £150. The credit limits on both accounts were never increased.

In 2021, Mr M complained to J D Williams to say that the accounts shouldn’t have been opened for him because they weren’t affordable.

Our adjudicator upheld Mr M’s complaint. He thought that J D Williams ought not to have offered the credit accounts it did. He thought that because Mr M had a number of credit accounts with balances on them, and a number of those already in default.

J D Williams has agreed with that finding and has offered to make the payment of our standard redress as specified by our adjudicator, which I will detail later. So, in the absence of any argument about the merits of the complaint, I propose to say nothing more about them in this decision.

Mr M is not happy with the suggested redress and feels that his existing debts should be written off.

The complaint has therefore been passed to me.

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.

We’ve set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website.

I’ve read and considered the whole file, but I’ll confine my comments to what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to consider it but because I don’t think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what’s fair “in the round”.

In the assessment the adjudicator explained how J D Williams should put things right. He said,

“How to put things right

- *I don't think Mr M should've been given either of the accounts. I think Mr M should pay the cash price for any goods he has kept.*
- *But I don't think Mr M should have to pay any interest or charges, so all interest (including any Buy Now Pay Later (“BNPL”) interest) and charges should be removed.*
- *JD Williams should work out how much Mr M would have owed after the above adjustments. Any repayment Mr M made since 29 September 2020 should be used to reduce the adjusted balance.*
- *If this clears the adjusted balance any funds remaining should be refunded to Mr M along with 8% simple interest* - calculated from the date of overpayment to the date of settlement.*
- *If after all adjustments have been made Mr M no longer owes any money then all adverse information regarding this account should be removed from the credit file from 29 September 2020.*
- *Or, if an outstanding balance remains, JD Williams should look to arrange an affordable payment plan with Mr M for the outstanding amount. As the debt was sold to a third party – Debt Managers, JD Williams are to either repurchase the debt or liaise with the debt owner to ensure the above steps are undertaken. Once Mr M has cleared the balance, any adverse information should be removed from the creditfile.*

I would like to remind JD Williams of its obligations to treat Mr M fairly if they are having difficulties meeting the repayments. If Mr M feels they have been treated unfairly they are to discuss this with JD Williams first, and we can consider this as a separate complaint if he is unhappy with their response

**HM Revenue & Customs requires JD Williams to deduct tax from any award of interest. It must give Mr M a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.”*

I think that this is the correct redress for this case. So, I think that J D Williams should put things right as detailed above.

Mr M thinks that the capital balance of both accounts should be written off. Mr M said that he couldn't afford any payments from the outset and that should have been clear to J D Williams from the start. Mr M also thinks that J D Williams made a mistake in giving him credit and shouldn't profit from their error.

But I think that Mr M has had the benefit of the goods he purchased. It wouldn't generally be reasonable to say that Mr M shouldn't pay the cash price for them. However, the redress directed above sets out that I'd expect J D Williams to set up an affordable repayment plan

for any capital that is outstanding. If Mr M demonstrates to JD Williams that he isn't in a financial position to pay anything towards the capital balance for the foreseeable future I would expect them to treat him with forbearance, which may include considering whether writing off some or all of the capital would be appropriate.

Mr M has set out why he thinks J D Williams will still profit from selling him goods even if it has to refund all interest. However, any redress I award should ensure that Mr M hasn't lost out financially as a result of J D Williams' actions. Our service isn't the financial services regulator, so it isn't our role to punish businesses. I'm satisfied that the redress I've set out ensures that Mr M is appropriately compensated for J D Williams making unfair lending decisions.

Putting things right

J D Williams & Company Limited should put things right in the way set out above.

My final decision

For the reasons set out, I'm upholding Mr M's complaint. J D Williams & Company Limited should put things right in the way set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 June 2022.

Douglas Sayers
Ombudsman