

## **The complaint**

Mr E complains Studio Retail Limited (Studio) didn't provide him with support when he experienced financial difficulty during the Covid-19 pandemic.

## **What happened**

The background to this complaint is well known to Mr E and Studio. I won't repeat in any great detail what is already known to both parties. In my decision I'll mainly focus on giving the reasons for reaching the outcome I have.

Mr E has a catalogue shopping account with Studio. As a result of the Covid-19 pandemic, he experienced financial difficulty as he was furloughed from his employment.

To support him, between May 2020 and June 2021, Studio agreed to a number of measures including:

- A three month payment deferral in May 2020 which was extended for a further three months;
- Refunded interest in November 2020 and May 2021 totalling around £200;
- A number of payment plans set up from January 2021 onwards;
- Late payment charge refunded in March 2021;
- 30 days breathing space applied in May 2021;
- As a gesture of goodwill, waived £343 in arrears in June 2021.

Mr E complained Studio didn't do enough to support him. Studio said they had acted fairly.

Unhappy with their response, Mr E referred the complaint to our service. Our investigator recommended the case wasn't upheld. They believed Studio had acted fairly and reasonably during Mr E's time of financial difficulty. Mr E disagreed and maintained his position.

As an agreement couldn't be reached, the complaint has been referred to me to decide.

## **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 aware Mr E has mentioned it was irresponsible for Studio to lend to him from the outset and fraud was committed on his account. However as that wasn't subject to the complaint brought to our service, in this decision I will only be addressing whether Studio did enough to support him during his time of financial difficulty. Having done so, I'm satisfied they did, I'll explain why.

However as a starting point, I wish to say I'm sorry to hear Mr E experienced financial difficulty during the pandemic, I appreciate this would've been a difficult time for him.

In response to the pandemic, the Financial Conduct Authority ("FCA") published guidance which said borrowers negatively impacted could apply for a payment deferral up to six months meaning they wouldn't need to make repayments as it would be deferred to a later date. In this case, it's clear Mr E was impacted by the pandemic so I'm satisfied Studio treated him fairly by agreeing to a six month payment deferral in line with the guidance.

The FCA's guidance makes it clear that although a payment deferral may be agreed, financial businesses are still entitled to charge interest during that period. However based on Studio's account notes, I can see around November 2020, they agreed to remove around £130 in interest charges and later removed further interest charges in May 2021. As they weren't required to this so I can't say they acted unfairly.

Once a payment deferral came to an end, the expectation was for financial firms to find out from their consumers whether they were in a position to resume their contractual payments or if they were still experiencing financial hardship. In this case, the latter applied to Mr E as the employment industry he worked in remained significantly impacted. As a result, from January 2021, Studio agreed to a number of payment plans ranging from £5, £10 to £43. However based on correspondence I've seen, many of these payment plans were not followed by him.

Based on the evidence, there was a lot of back and forth communication between Mr E and Studio about the account and his financial circumstances. I'm satisfied they made numerous attempts to get an understanding of his financial situation including his incoming and outgoing expenses so they could determine what he could afford and set up payment plans accordingly. On that basis, I don't agree with Mr E's comments that they refused to accept his payments.

Studio's contact notes indicate Mr E made repeated requests for the debt to be transferred to an external debt collection agency but they explained they were willing to work with him and provide support as defaulting the account would have severe consequences. They also signposted Mr E to specialist debt charities who would be able to provide further help and support. In my opinion, it was clear Studio were trying to assist Mr E.

In the months that followed, I can see Studio applied a 30 day breathing space meaning they temporarily paused further interest. Moreover, in June 2021, they agreed to waive arrears of £343 as a gesture of goodwill. I must bear in mind that based on the terms and conditions, Mr E owed Studio this amount of money. Despite being entitled to the same, they agreed to waive what I consider to be significant amount in order to support him further. For that reason, I can't say they acted unfairly.

As it was clear Mr E wasn't in a position to resume the contractual payments, pay back the missing payments or follow the arrangements to pay, I find it was fair and reasonable for them to take further action in November 2021. They sent notice of sums in arrears and a final demand letter. I've reviewed both correspondence and I'm satisfied it was made clear to Mr E what would happen should the amount not be paid. From my understanding, Studio decided to default the account around December 2021.

Overall, having considered what has happened, I'm satisfied Studio provided reasonable and appropriate financial support to Mr E across a range of measures during his time of financial difficulty. So I don't agree with Mr E's comments they refused to help him and they didn't do enough. However despite their efforts, the account wasn't brought back up to date in a reasonable timeframe so further action was taken.

**My final decision**

For the reasons set out above, I've decided not to uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 28 September 2022.

Simona Charles  
**Ombudsman**