

The complaint

Mrs C complains Shop Direct Finance Company Limited trading as Very ('Very') acted unfairly when dealing with her account with it.

What happened

Mrs C complains about the way Very handled her account after she contacted it to set up a repayment plan.

Our investigator has set out a detailed timeline of events which both parties have seen. But for the sake of conciseness, the key events are set out below:

- Mrs C emails Very on 29 July 2021 requesting a reduced repayment plan. Very responds asking for Mrs C to complete an income and expenditure assessment;
- Mrs C contacts Very again on 2 August 2021 raising her affordability concerns;
- The completed income and expenditure form is returned on 3 August 2021. This demonstrates that Mrs C does not have sufficient disposable income to meet a reduced repayment plan. Very therefore declines Mrs C's request for a payment plan and refers her to a third party debt charity. Very applies a 30 day interest freeze on Mrs C's account;
- On the same day – 3 August 2021 – Mrs C's makes an online manual payment for the full amount of the account;
- Interest and charges are reapplied to Mrs C's account on 2 September 2021;
- Mrs C contacts Very next in October 2021 raising concerns with her ability to make repayments;
- Very stop all interest and charges from November 2021 onwards;
- A repayment plan is agreed on behalf of Mrs C with a third party debt charity in early 2022.

Our investigator recommended that Very refund all interest and charges from the point Mrs C contacted Very in August 2021. Very disagreed with this recommendation. It said it offered Mrs C sufficient forbearance by giving her a 30 day period of freezing interest and charges. It says it did not hear from Mrs C until October 2021 and therefore it was reasonable for it to reapply interest charges from September 2021 onwards as she had brought her account back up to date with the full payment in August 2021.

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 this complaint should be upheld. This is broadly for the same reasons that our investigator set out.

I have carefully considered Very's arguments in relation to this complaint. I acknowledge that when Mrs C first contacted it; Very did ask for information about her finances and did apply a 30 day interest freeze. The income and expenditure which was completed again highlighted that Mrs C's offer for reduced repayments was likely unaffordable and therefore referring her to third party debt charities was reasonable. I can also see that Mrs C did not make contact with it between August and October 2021.

However, I don't agree that Mrs C making the full repayment in August 2021 demonstrates that it was reasonable for Very to reapply interest and charges back onto the account. Very has said that this payment was made manually online and therefore there wasn't an opportunity for one of its agents to discuss how Mrs C managed to make the payment and/or what her financial circumstances were at the time.

But with that being said, I'm still persuaded that Very was aware Mrs C was in hardship; and that it did have information which suggested she was not in a position to meet her ongoing requirements of the full repayments. Further to this from the account statements it appears that Mrs C did not make full payments in September 2021 (for August's payments); which led to notices of default sums being issued in the end of September 2021. Mrs C then contacted Very shortly after this to again raise concerns with her ability to meet repayments. The system notes suggest a further notices of default sums issued letter was sent in early October 2021.

So, taking this into consideration, I'm satisfied that Very was reasonably aware Mrs C was experiencing hardship. It was aware in August 2021 via the income and expenditure assessment that she did not have sufficient income to meet her repayments sustainably and it froze interest accordingly for 30 days. However, it was also aware there were missed payments in September 2021 which demonstrated that Mrs C's position had not improved. As such I'm satisfied the fair and reasonable approach would have been to continue to freeze Mrs C's interest and charges to enable her more opportunity to come to a suitable repayment plan with Very. I note that Very did eventually do this later in November 2021.

Putting things right

As I'm satisfied Very should've done more to help Mrs C; I'm persuaded it needs to do something to put things right. In this instance I'm satisfied that Very should refund Mrs C any interest and charges it applied to Mrs C's account from the point the 30-day interest freeze period ended in September 2021.

My final decision

My final decision is that I uphold this complaint against Shop Direct Finance Company Limited trading as Very.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 1 December 2022.

Tom Whittington
Ombudsman