

The complaint

Mr D complains that Studio Retail Limited (“SRL”) have provided poor customer service and about issues involving arrears on his account. He’s also unhappy they’ve delayed in sending him information and complains about issues linked to a refund they sent. Mr D also complains SRL threatened to default his account and he continued to receive catalogues despite requesting them to stop sending marketing information.

What happened

The background to this complaint is well known to both parties, so I won’t go over it in great detail. However, in summary, Mr D held an account with SRL which allowed him to purchase items. Mr D made a number of complaints to SRL, he says he didn’t receive call backs and he received a default notice and was charged a £12 late fee. Mr D says he made a Subject Access Request (“SAR”) but SRL delayed in sending him information. Mr D also complained about the method used by SRL to send a refund, incorrectly threatening to default his account which led him to repay the outstanding amount sooner and also sending him catalogues when he’d asked them not to send these. SRL responded and accepted their service had fallen below a reasonable standard and offered £50 compensation.

Our investigator looked into things for Mr D. She agreed SRL had made errors and recommended they pay £300 compensation. Mr D disagreed so the matter has come to me for a decision.

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’ve decided to uphold the complaint. And, I think the investigator’s recommendation here is a fair way to resolve matters. I understand Mr D will be disappointed by this but I’ll explain why I have made this decision.

Firstly, I’ve looked at the service given to Mr D. My role requires me to say how a complaint should be settled quickly and with minimal formality and so I’ll focus on what I consider to be the crux of the complaint. The key facts about the complaint aren’t in dispute. SRL have admitted they got things wrong when they didn’t return calls which were promised, the time taken to collect items and arrears incorrectly showing on his account which led to a late fee being charged and sending a default notice. SRL have refunded the late fee and have ensured Mr D’s credit file wasn’t impacted. The only issue I have to decide is whether their offer to put things right is fair and reasonable.

I think it’s right that SRL should compensate Mr D for the upset and inconvenience caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I’ve looked at the errors by SRL and what the impact of those errors have been.

SRL accept they didn’t return Mr D’s calls but explain that it’s not always possible for a manager to call back every customer. I do acknowledge there might be factors which might lead to a business being unable to return all calls within a given timeframe, for example,

where the demand for calls is unexpectedly high and the business has limited resource. But, I would still expect a business in those circumstances to manage a customer's expectations about the likelihood of a manager returning a call. In this case, SRL accept calls weren't returned despite Mr D being promised they would. So, I think this has caused Mr D to become frustrated at the communication with SRL, particularly at a time when Mr D was already worried about being incorrectly told his account was in arrears.

I can see SRL accept, when Mr D was sent notice of arrears and a £12 fee was charged to his account, he didn't actually owe any money. SRL have taken some steps to resolve this by refunding the fee and also ensuring no adverse information is recorded against his credit file. I think the steps taken here are reasonable, but Mr D has been left upset and frustrated by this error as he was led to believe there was money outstanding on his account. And, because he then received continuous emails and text messages asking for the outstanding amount to be paid and how late payments would impact his credit file, he decided to pay this sooner than he needed to. I do acknowledge why this has had an impact on Mr D. Firstly, any communication about arrears will understandably be upsetting and worrying, but particularly so in this case where Mr D wasn't in arrears. And, secondly, there's the inconvenience caused to Mr D in having to pay the outstanding balance almost five months sooner than he needed to in order to stop SRL chasing him for payment.

I can see Mr D started requesting information under a SAR from SRL from May 2021 and SRL did respond to these. Mr D's concern here though is around the delay, he says requests were made before May 2021. SRL's notes don't show this but I've considered Mr D's testimony together with the information I do have. This shows that the problems giving rise to Mr D's complaint started in December 2020 when he ordered bedding which was faulty. Mr D then experienced issues in relation to the return of the bedding, his account going into credit beyond the limit, and being told this could lead to a default. It's clear Mr D was chasing SRL for updates and also raised a complaint at the time. So, given that Mr D was clearly worried about what was happening, I believe it's more likely than not he would've asked for information to help him understand what was happening on his account.

Mr D asked to be removed from SRL's marketing and, while SRL confirm this request was actioned on their system immediately, Mr D did continue to receive catalogues. SRL say these are sent six months in advance and are already pre-packaged and ready to be distributed. And, SRL say this would make it difficult for them to locate Mr D's individual catalogues to remove. I do accept why this would be a difficult task but SRL are aware of their own processes so, when Mr D asked to be removed from their marketing, I believe they should've been aware that, in light of their mailing process, there remained a possibility Mr D would still receive some catalogues. Had this been explained to Mr D, I think this would've avoided the frustration caused to Mr D when receiving further catalogues.

I can see Mr D was owed a refund and system notes provided by SRL show the refund has been made. I note Mr D feels SRL should pay him 8% simple interest for the period he was without his funds. He says the money became owed to him from December 2020 as that is when he told SRL about the faulty items and he says he wanted a refund at this point. He says it was SRL's errors which led to the items not being collected and the refund being delayed.

I do acknowledge Mr D's testimony around the problems he faced in SRL arranging collection of the items but I haven't seen any evidence that Mr D wanted a refund at that time as opposed to the funds being credited to his account. I've seen Mr D asked for a refund in February 2021 and the refund was made within a reasonable period thereafter. In addition to this, SRL say they can't provide a refund to a card until a plan has matured – in this case, that would've meant May 2021. I understand Mr D wanted the refund to be made to his card so if SRL were to apply their policy, Mr D wouldn't have received the refund until May 2021 –

but he actually received it before this. So, I don't believe it would be fair for SRL to pay 8% interest on the refund for the period Mr D was without the funds.

Taking all the information into account, I think SRL should pay compensation to Mr D for the upset, frustration and inconvenience caused. Given the issues have been resolved now and, given there's no ongoing issues or anything which I think will have a longer and lasting impact on Mr D, I believe compensation of £300 is fair and reasonable in the circumstances.

I understand Mr D will be disappointed, and I acknowledge his reasons for why he believes the compensation should be higher. I wish to reassure Mr D I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Putting things right

I've taken the view that SRL have made errors which have had an impact on Mr D. So, in addition to the £50 already paid to Mr D, they should pay an additional £250 for the upset, frustration and inconvenience – bringing the total paid for this complaint to £300.

My final decision

My final decision is that I uphold the complaint. Studio Retail Limited must pay £250 compensation to Mr D, bringing the total paid to £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 September 2022.

Paviter Dhaddy
Ombudsman