

The complaint

Ms T complains that after a temporary payment deferral on her catalogue shopping account had ended, J D Williams & Company Limited told her she had to make two payments within a month, which she couldn't afford. As a result, she says she's had fees and interest added to her account.

What happened

Ms T agreed a temporary payment deferral on her catalogue shopping account with J D Williams. This ended on 30 September 2020. Ms T says she was sent a letter saying she needed to make a payment by 21 October, so she made a payment of £120 on 20 October. She was then sent a statement on 21 October that said she needed to pay a minimum payment of £108 by 11 November.

Ms T wasn't able to make another payment so close the previous one. She complained to J D Williams in November as her account had been restricted and she'd been charged a fee. J D Williams responded in January to say it didn't think it had done anything wrong so didn't uphold her complaint.

A default notice was issued in April 2021, as no payments had been made since the payment in October 2020. Ms T contacted J D Williams in May 2021 to explain she was suffering financial difficulties. At this time a payment arrangement was agreed where no interest would be charged if Ms T paid £50 every 28 days.

I issued a provisional decision about this complaint where I explained why I thought J D Williams had done something wrong and what I thought needed to be done to put things right. I said:

"Unfortunately, neither Ms T nor J D Williams have been able to provide a copy of the actual letter Ms T was sent when the temporary payment deferral ended. But J D Williams has said a letter was sent on 2 October and it has given us the template for the type of letter that was sent. This said:

- This payment will be due to be paid by , which is when your next statement (following your temporary payment deferral) will be issued*

Ms T's next statement was due to be issued on 21 October. So, based on the wording set out above, it's likely the date in the letter would have been 21 October. I appreciate J D Williams disagrees, but it's not explained why the date would have been anything different to the next statement date, given what the template letter says.

I'm satisfied Ms T was under the impression she had to make a payment by 21 October, and that's what she did. But even if that wasn't as a result of something J D Williams did (which to be clear, I think it probably was), I don't think this was dealt with by J D Williams very well when Ms T raised it with them.

What's actually happened here is that Ms T made her payment too soon – she paid it before

the statement was issued, so it didn't count as her minimum payment for that month. That's why she was charged an administration fee and the account went into arrears.

I'm not clear why, when Ms T raised this with J D Williams, it didn't just waive the administration fee and amend its records to show the payment had been made. After all, it had received a payment towards the account for more than the minimum payment set out on the statement, albeit sooner than it needed it. Given what it knew about Ms T's circumstances – she'd just finished a payment deferral period, which had been agreed because she was struggling financially. And she'd said she couldn't afford to make another payment. I would have expected J D Williams to do more to help.

Overall, I think J D Williams has done something wrong. Where my decision differs from what the investigator said is in what J D Williams should do to put things right.

Putting things right

When deciding what J D Williams needs to do to put things right, I need to think about what position Ms T would have been in if it hadn't done anything wrong. In this case, that means I need to decide what position Ms T would have been in if J D Williams hadn't sent a letter with the incorrect due date for the payment.

If the letter had included the correct payment date, I think it's likely Ms T would have made the payment by the due date set out in the statement, rather than before the statement was issued. So she wouldn't have incurred the administration fee and her account wouldn't have gone into arrears in November 2020.

Our investigator thought that if J D Williams had put things right when it issued its final response letter in January, Ms T is likely to have spoken to J D Williams sooner about her financial difficulties and she would likely have agreed the payment arrangement sooner. As a result, our investigator thought Ms T probably wouldn't have paid any interest between January and May 2021.

While it's possible Ms T might have contacted J D Williams sooner, I can't ignore what she actually did. Despite being sent letters explaining her account was in arrears and she needed to make payments, Ms T did nothing until around the time she was sent the default notice. I appreciate Ms T had an ongoing dispute with J D Williams about the one payment in October/November 2020, but she would have known she had missed all the payments since then, and that she'd still have an outstanding balance with J D Williams, whatever the response to her complaint. And she chose not to contact J D Williams to discuss her situation.

Based on everything I've seen, I think it's more likely Ms T would still have waited until May 2021 before contacting J D Williams, even if it had put the October/November payment right in January 2021. So she would always have incurred the interest she did on the account up until the point the payment arrangement was agreed. And her credit file would always have shown missed payments for these months.

Ms T has recently raised concerns about J D Williams charging interest and charges on her account, despite knowing about her financial difficulties. But my decision is only about what happened in October/November 2020, as that's what Ms T complained about. If she's dissatisfied with what J D Williams has done since it dealt with her original complaint, she'll need to make a new complaint about this to J D Williams in the first instance.

In summary, I currently think J D Williams should:

- *Refund the £12 administration fee Ms T was charged in November 2020 and make sure she hasn't been charged any interest in relation to this fee*
- *Remove any information recorded on Ms T's credit file about the missed payment in November 2020."*

J D Williams responded to my provisional decision to say it would agree to do what I'd set out in my provisional decision if Ms T accepted it. Ms T has now confirmed she accepts my provisional decision, but she's made several points about her current balance and the interest and charges that have been applied to her account.

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.

As neither J D Williams nor Ms T have provided any new evidence or arguments in response to my provisional decision, I see no reason to depart from my provisional findings.

I appreciate Ms T is unhappy with the current position of her account and the way J D Williams has treated her since her original complaint. I can understand why she thinks it's all linked with what happened in October/November 2020, as the position with her account has got worse since then. But while Ms T says she would have continued with the payments if nothing had gone wrong in October/November, I'm not persuaded this is likely.

When Ms T contacted J D Williams in May 2021, a payment arrangement was agreed where she paid £50 a month. Presumably this was because Ms T couldn't afford to pay more than this at that time. So it's doubtful she would have been able to afford to continue making the minimum payments, thereby avoiding the extra interest and charges she incurred, as well as the impact on her credit file, if nothing had gone wrong in October/November.

As our investigator has explained, if Ms T is unhappy with the way J D Williams has dealt with her account since January 2021, when it looked at her original complaint, she will need to make a complaint to J D Williams in the first instance. I am not able to look at a complaint until the financial business has had a chance to do so.

For the reasons set out above, and in my provisional decision, I uphold Ms T's complaint.

Putting things right

To put things right J D Williams should:

- Refund the £12 administration fee Ms T was charged in November 2020 and make sure she hasn't been charged any interest in relation to this fee.
- Remove any information recorded on Ms T's credit file about the missed payment in November 2020.

My final decision

For the reasons I've explained, I'm upholding Ms T's complaint. J D Williams & Company Limited should put things right for Ms T in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 7 October 2022.

Claire Allison
Ombudsman

