

The complaint

Miss Q complains that Shop Direct Finance Company Limited gave her incorrect information about the date she needed to pay the balance of a Buy Now Pay Later purchase to avoid being charged interest.

What happened

Miss Q has a catalogue shopping account with Shop Direct, from which she purchased goods using its By Now Pay Later (BNPL) facility. This allowed her to delay paying for certain transactions for up to 52 weeks without paying any interest as long as she paid the full cost of the transaction by the end of the delayed payment period.

In early 2021, Miss Q purchased an item for around £760. She says Shop Direct told her several times over the phone that the BNPL for this item was ending on 28 May 2022. However, she later started to receive messages from Shop Direct telling her the delayed payment period ended on 8 April 2022. Miss Q was charged over £1,000 in interest because she didn't make the payment by the April date.

Miss Q complained to Shop Direct who said Miss Q had been given the correct information over the phone. It referred to several phone recordings, including a conversation in December 2021 where Miss Q was told her next BNPL was due on 8 April 2022.

Miss Q remained unhappy and asked our service to consider her concerns. Our investigator didn't uphold her complaint. So, Miss Q asked for the matter to be considered by an ombudsman.

Shop Direct then offered to remove the interest it had charged for the item as a gesture of goodwill. However, it said it wasn't proposing to amend any information recorded on Miss Q's credit file as it believed it to be a true reflection of her credit history.

Miss Q rejected Shop Direct's offer to settle the complaint. She was concerned about the impact of late payment markers remaining on her credit file. So, the complaint has been passed 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

Shop Direct's terms and conditions say:

"BNPL Plans will have a delayed payment period of up to 52 weeks (depending on the offer) from the date of order. You will not have to make any payments during this delayed payment

period... If you pay the cost of your transaction in full before the end of the delayed payment period you will not be required to pay any interest on the BNPL Plan..."

From what I've seen and been told, Miss Q purchased the item in April 2021.

Shop Direct has provided screenshots of statements it says would have been available to Miss Q online. I've seen monthly statements from August 2021 to March 2022. On all of these "*Buy Now Pay Later Ending 08 Apr 22*" is listed with a balance of £759.99, interest charge of £1,027.69 and the wording "*If You Pay The Balance by 08 Apr 2022 You Will Not Pay Any Interest.*"

Miss Q says that shortly after she purchased the item, she was told over the phone that a discount was approved on 28 May 2021, and the BNPL was moved to 28 May 2022. She says that any time she paid BNPL bills she would ask when the due date was, and the answer was always 28 May.

Miss Q says she asked Shop Direct to send her recordings of all of the conversations she had with its customer services from the date she ordered the item. However, Shop Direct only provided a few of the calls.

Shop Direct says it wouldn't be able to pull every call due to the time it would take to review them. It told us it would be willing to provide further calls if Miss Q could be more specific about the date and time. However, Miss Q hasn't been able to do this. She says she had to make a few calls before the item was put on BNPL. She made several calls relating to an issue with the discount which needed to be rectified. She says she remembers a manager giving her the date of 28 May around that time and she was given this information again each time she called to make payment for other bills.

I've listened to the recordings Shop Direct has provided – from May, October and December 2021. Shop Direct didn't give Miss Q incorrect information about the BNPL due date in any of these calls.

In the conversation of 15 December 2021, Miss Q asked Shop Direct when her next BNPL was due. In response, Shop Direct said: "*Your next Buy Now Pay Later is due on 8 April 2022 with a balance of £759.99*". Miss Q replied: "*Okay in April. Thank you very much.*"

I appreciate Miss Q believes she'd be able to evidence that she was given the date of 28 May 2022 if recordings of all of her conversations with Shop Direct from April 2021 were made available. However, she's suggested that the incorrect information was given to her on several occasions prior to the 15 December call. So, even if there was evidence of this, I wouldn't be persuaded that Shop Direct was wrong to consider her payment to be late.

I'm satisfied that Shop Direct gave Miss Q clear information about when the BNPL was due on her statements. It also gave her the correct information over the phone on 15 December 2021. Miss Q didn't seem to be surprised when she was told this. Nor did she query the date when she spoke to Shop Direct again on 24 December. Miss Q mentioned that her next BNPL was due in April or May but didn't ask for confirmation of the due date.

Miss Q says she was overseas from December 2021 to May 2022 and this made it difficult to access information about her account and contact Shop Direct. She says she started to receive emails from Shop Direct about arrears in December 2021, but it was unclear what these were about. Emails she tried to send from outside of the country wouldn't go through. Phone calls were expensive, and Shop Direct's customer services weren't able to explain what the arrears were for.

From what I understand there was some confusion regarding a minimum payment. I've listened to a call that took place on 24 December 2021, where a Shop Direct customer service adviser was trying to look into the matter and Miss Q was concerned about the cost of the call. However, this appears to be a separate issue to the date of the BNPL.

Shop Direct has acknowledged that Miss Q has been a long-standing consumer who historically makes full cash payments to items on a BNPL promotion prior to the interest being charged. It says it partially refunded the interest Miss Q was charged in May 2022 by crediting £340.16 to her account. It's offered to credit her account with the remainder of the interest she was charged (£687.53) as a gesture of goodwill. I think this is reasonable compensation for the customer service issues Miss Q experienced.

I appreciate Miss Q is concerned about the information on her credit file. However, businesses have a duty to record accurate information about a customer. I'm satisfied that the BNPL payment was due on 8 April 2022. Shop Direct's records show the payment wasn't received until 25 May 2022. And I've explained why I don't think Shop Direct is responsible for Miss Q paying late. So, I won't be asking Shop Direct to remove adverse information from Miss Q's credit file.

Putting things right

Shop Direct should credit Miss Q's account with £687.53.

My final decision

Shop Direct Finance Company Limited has already made an offer to credit Miss Q's account with £687.53 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Shop Direct Finance Company Limited should credit Miss Q's account with £687.53.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Q to accept or reject my decision before 29 November 2022.

Anne Muscroft
Ombudsman