

The complaint

Miss N complains that Next Retail Limited (Next) refunded the cost of returned items to her Next account not to her debit card and unfairly froze her account. She would like compensation for the distress and inconvenience.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons for my 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 have reached the following conclusions:-

- Next has evidenced from its terms and conditions that when goods are returned credits are applied to the Next account, not to the card that the payments were made from. As such I can't say that Next were wrong in applying refunds to Miss N's account in the way that it did.
- Similarly, its terms and conditions allow Next to review credit limits from time to time. I have seen a communication Next sent Miss N in which it explained why it placed a temporary hold on her account. This was a business decision Next was entitled to take according to its terms and conditions.
- I appreciate Next made some exceptions for Miss N by making refunds direct to her debit card. In its final response letter dated 7 June 2022 Next confirmed that had refund a total of £417.50 back to Miss N's debit card between 2-6 June 2022. It also said it wouldn't issue further refunds in this way in the future. However, Miss N has evidenced further refunds were made later in June. Whilst I appreciate that was to Miss N's advantage I think it added to the confusion for Miss N as to how refunds are applied. So, I think the £100 distress and inconvenience payment our investigator recommended is fair for any distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Next Retail Limited should pay Miss N £100 compensation for the distress and inconvenience of inconsistent information with regard to refunds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 28 July 2023.

Bridget Makins
Ombudsman