

The complaint

Mr I is unhappy with how Shop Direct Finance Company Limited have engaged with him about his retail account. Mr I feels he's been treated unfairly by Shop Direct because they did not properly take into account his circumstances when dealing with him.

What happened

I issued my provisional findings to both parties setting out why I thought Mr I's complaint should be upheld, and invited both parties to provide any further submissions in reply to my provisional decision.

The background to this complaint was set out in my provisional decision together with my provisional findings, which are included below and now form part of this final decision.

Background

Mr I signed a credit agreement with Shop Direct on 10 January 2022, which had a revolving credit limit of £400 to purchase various goods.

On 17 November 2022 Mr I let Shop Direct know that, through his choice, he had left his place of work and so requested that the account be placed on hold for a month until he found new employment. In the circumstances, this was agreed to by the agent. By placing the account on hold it would stop Mr I being chased for payment.

However, the account wasn't placed on hold and Mr I received several forms of contact from Shop Direct about the outstanding debt.

On 8 December 2022 Mr I spoke with Shop Direct about this as he felt he was being harassed when Shop Direct had already been made aware of his circumstances. He spoke with a different agent and unfortunately the conversation deteriorated so that nothing was resolved. Mr I said the agent he talked to was particularly rude and a complaint was raised.

Shop Direct replied to Mr I's complaint on 22 December 2022. They accepted that Mr I's account had not been placed on hold when it should've been, and that this had resulted in Mr I receiving unnecessary calls and contact. To recognise this Shop Direct arranged to send Mr I a £30 cheque. Shop Direct also apologised for what had happened, and noted that an administration charge for £12 had also been refunded to Mr I on 16 December 2022.

Shop Direct didn't uphold Mr I's complaint about the agent whom he spoke with on 8 December 2022.

On 6 January 2023 Shop Direct's notes record Mr I told them that due to his mental health he was unable to leave the house in order to be able to cash the cheque.

Shop Direct's notes, on 9 January 2023, record that they spoke with Mr I to advise the money could not be put back onto Mr I's card nor could they complete a refund to his bank. Mr I was told that a credit could be made to his account. On the same day, Mr I referred his

concerns to this service.

The cheque for £30 was cleared on 19 January 2023.

When submitting their case file to this service Shop Direct said that after reviewing the call between Mr I and their agent on 8 December 2022 again, they felt Mr I should have received better service from their agent and therefore offered to pay Mr I a further £50.

Mr I's account has been on hold during the course of his complaint.

Our Investigator concluded Shop Direct's steps to settle the matter were fair in the circumstances, and they said the further £50 should be paid to Mr I via a bank transfer. However, Mr I didn't feel the Investigator had properly considered everything and did not accept their investigation or conclusions, so the complaint has come to me to decide.

My understanding is that, following various exchanges, the £50 has now been applied to Mr I's account to reduce the outstanding balance.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I've only included a summary of events above, I'd like to reassure both parties that I've reviewed all the available submissions on this case, including the calls that took place between Mr I and Shop Direct's agents on 17 November 2022 and 8 December 2022.

I understand Mr I is particularly unhappy with how Shop Direct have treated him by not properly taking into account his health and situation, and what he told them about being unable to leave his house in order to cash cheques. Mr I has told our service this matter has caused him considerable stress and he now simply wants to be able to clear and close his account with Shop Direct.

Shop Direct have already accepted they did not do what they said they would in terms of putting Mr I's account on hold, and that this led to them contacting Mr I when they should not have done.

Having listened to the call on 8 December 2022, it is clear that the unexpected contact from Shop Direct had caused Mr I a lot of stress and upset. Mr I said he'd been called three times that day and received two text messages as well, and felt he was being harassed. During the call Mr I let the agent know that he was struggling to meet priority payments and that he was suffering with his mental health. It did not help when the agent commented that contact from them was what happened if you fell behind with payments.

As noted earlier, Shop Direct issued their response to Mr I's complaint on 22 December 2022 and said they were sending him a cheque for £30 to recognise Mr I should not have been contacted by their systems when they'd agreed to remove him for that period of time. After this Mr I then told Shop Direct he felt unable to leave his house to cash the cheque. Shop Direct's notes suggest they looked at some other ways to send Mr I the compensation, but said they couldn't pay it to his bank or back to his card. I've considered whether, in the circumstances, this was fair.

As the lender, I would remind Shop Direct of the regulator's requirements to ensure they are paying due regard to the interests of their customers, understanding the needs of vulnerable customers and treating them fairly.

At the time of letting Mr I know the limits of what they could do with the payment, I think it's reasonable to say Shop Direct were aware Mr I was in financial difficulties and that he was experiencing mental health challenges which were preventing him from being able to leave his home.

Given Mr I's vulnerabilities I think Shop Direct could have done more to step out of their usual processing limits and accommodate the option for Mr I to receive the payment direct to his bank account (something they have since indicated they are able to do). By not doing this, Mr I has described the difficulty he experienced in having to leave his house to pay in the cheque, and the significant impact on his health at an already difficult time.

Because of this, and given the upset caused to Mr I from receiving contact from Shop Direct when he reasonably wasn't expecting it, I think Shop Direct should pay Mr I a further £200.

I consider compensation of this amount is fair where the impact of the business's actions or inactions have caused considerable distress, upset and worry and/ or significant inconvenience and disruption. I think this describes Mr I's experiences as a result of Shop Direct's errors.

I think the offer of £50 to recognise what was said during the call on 8 December 2022 is reasonable in the circumstances, as was the refunded charge.

I am sorry to hear of the difficulties Mr I is experiencing, and I would remind him of the various charities that are available for support should he find this helpful. If Mr I would like details of these charities, our Investigator can provide them to him directly.

And I would remind Shop Direct of their responsibility to support borrowers in financial difficulty with appropriate forbearance.

My provisional decision

For the reasons above, I intend to uphold Mr I's complaint and tell Shop Direct to pay £200 to Mr I's bank account, or reduce the balance on his Shop Direct account if that is his preference.

Responses to my provisional decision

Mr I and Shop Direct both responded to my provisional decision to accept my provisional findings. And Mr I confirmed he would wish for the payment of £200 to be made directly to his bank account. After consideration, Shop Direct have agreed to do this for Mr I on receipt of his acceptance to resolve the complaint in this way.

As both parties replied before the deadline set out in my provisional decision, I have now gone on to complete my final review.

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.

In light of the responses to my provisional decision there is no new evidence or submissions for me to consider, so I see no reason to alter my conclusions as set out in my provisional findings above.

That is, I think Mr I's complaint should be upheld and Shop Direct should pay Mr I £200 to recognise the upset their actions have caused him – notably the upset caused by not placing Mr I's account on hold when promised, and for not giving proper consideration to Mr I's particular circumstances so as to treat him fairly during the course of these events.

Putting things right

Shop Direct Finance Company Limited should pay £200 to Mr I's bank account.

My final decision

For the reasons above, my final decision is that Mr I's complaint is upheld and Shop Direct Finance Company Limited should settle the matter as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 18 July 2023.

Kristina Mathews
Ombudsman