

## **The complaint**

Mr J complains Shop Direct Finance Company Limited trading as very have continued to charge him interest on a Buy Now Pay Later (BNPL) purchase he says they said they wouldn't.

## **What happened**

In December 2020 Mr J purchased a TV from very on a BNPL arrangement. The amount owing was £2,299 and was due to be fully repaid on 11 December 2021 otherwise interest would be charged. Mr J paid off £700 during the year and was due to get paid on 15 December 2021 – so asked very if he could make the payment a few days later. But when he didn't pay off the balance of the TV by the due date £613.82 interest was added – when Mr J only expected three days' worth of interest to be added because he was late.

Mr J says he spoke to very, who told him this was the only interest that would be charged – and he wouldn't be charged any interest on this interest. Mr J complained to very when they began charging him interest on the £613.82 interest payment they'd added to his account.

In their response very said the BNPL terms are on their website and explain if the cash price hasn't been repaid by the end of the interest free period, then the remaining cash price and lump sum interest will be added. The website also explains this lump sum of interest will be added to his account and will attract further interest going forward. They added they'd listened to a call Mr J made on 17 February 2022 where he was querying interest applied as a payment had been missed a few days earlier. They said Mr J was correctly and repeatedly told interest would continue to be added to every statement.

But very said in a call on 9 March 2022, Mr J asked again about interest, and was told as long as he continued to make minimum payments then no further interest would be applied. They said sorry for this and applied a £25 credit to his account.

Unhappy with this, Mr J asked us to look into things. One of our Investigators did so. They didn't think very should refund any of the interest charges but thought compensation of £100 was a fairer outcome in this case for the misinformation given in the March 2022 call.

very accepted this outcome, but Mr J didn't. In summary, he said the person he spoke to in December 2021 told him he wouldn't have to pay interest. Our Investigator asked very if they could provide the call recordings, but they said they couldn't without more information from Mr J. We asked Mr J for more details, but he said having contacted his phone provider he wasn't able to provide anything more. Overall, he didn't think they should be charging him interest on the interest. So, as Mr J didn't agree with our Investigator, the complaint's 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.

I firstly need to consider whether very have applied the interest in line with the terms and conditions of the account Mr J agreed to when he took out this account. If they have, then I need to consider whether the misinformation very have accepted happened has led to any detriment to Mr J.

The terms and conditions of the account Mr J signed up to say, in relation to BNPL type of purchases:

*“Interest is calculated from date of order, compounded every 28 days (so you are charged interest on interest) and will be applied to your account as a lump sum immediately after the delayed payment period ends. This lump sum will attract further interest going forwards, meaning you will be charged interest on interest.”*

With this in mind I'm satisfied very have applied interest in line with the terms and conditions of the account. So, I can't reasonably say they should be refunding any of the interest charged because it appears to have been done correctly.

I've listened to the call in February 2022 which very have provided. This does also make it clear interest would be charged on the lump sum interest charged.

I've not been provided with the call from March 2022, but as very have accepted they made an error I don't think it's necessary for me to get this and listen to it. In this call, very have said they made an error in explaining how the interest is applied on Mr J's balance. But, I think by this point Mr J should have been aware of how interest is applied from the terms and conditions of the account, and his February 2022 phone call.

I have noted his comments about a December 2021 call. But, he's not been able to provide any information to help very find the call he says took place, and very have said they have no records of a call. In the absence of that evidence, I'll be deciding things based on the evidence I have before me.

Here it's clear very have made an error in explaining how the interest works, but I do think that was mitigated by Mr J's previous conversation in February 2022, and the terms and conditions of the account. Bearing this in mind, I'm satisfied £100 compensation total is fair.

### **Putting things right**

I understand very have, so far, credited £25 to Mr J's account. If Mr J wants to accept the £100 compensation, then I'd require very to pay him a further £75 directly – rather than as a credit to his account. If Mr J wanted the £25 which has previously been credited to his account to be paid to him directly as well (so £100 to be paid directly) then he could discuss that with very directly. I say this because the removal of the £25 could have implications for any balances he owes, and it'd be for very to explain that to him.

### **My final decision**

For the reasons I've explained above I partially uphold this complaint and require Shop Direct Finance Company Limited trading as very to pay Mr J £100 total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 December 2023.

Jon Pearce  
**Ombudsman**

