

The complaint

Mrs W complains that Shop Direct Finance Company Limited trading as very failed to provide her with a breakdown of the interest and charges being refunded to her after they agreed they'd lent to her irresponsibly. She's also unhappy with the calls she's been receiving from them regarding arrears on her account.

What happened

Mrs W has a catalogue shopping account with Shop Direct, and in November 2021 they agreed they shouldn't have increased her credit limit beyond £1,000. So, to put things right, they agreed to refund interest and charges applied to her account on balances above £1,000. Shop Direct's lending decision and offer to put things right has already been dealt with in a previous complaint, so this decision is only focusing on what happened after that.

When Shop Direct put their offer to Mrs W in their November 2021 final response letter, they provided a breakdown of the amount that would be refunded to her. However, Mrs W was concerned the refund had been calculated incorrectly and asked for a more detailed breakdown.

While these issues were ongoing, Mrs W had been receiving calls from Shop Direct about arrears on her account. However, Mrs W doesn't agree this is the case and says she's been making the necessary payments towards her account. She was also unhappy that when she spoke to them, they wouldn't discuss the breakdown of her refund. So, she raised a complaint.

Shop Direct issued their final response in June 2023. In this, they explained Mrs W's concerns about the breakdown of her refund had been passed to the team who dealt with her previous complaint, and they'd been in touch with her in due course. And regarding the status of Mrs W's account, Shop Direct maintained it was in arrears and that they'd contacted her in line with their normal policy. They also said Mrs W could contact their Customer Arrears Support Team if she was in financial difficulties and required extra support.

Mrs W remained unhappy with Shop Direct, so she brought her complaint to our service.

Our Investigator partially upheld Mrs W's complaint. He explained he didn't think Shop Direct had treated her unfairly when calling her about the arrears on her account and explained she could contact their Customer Arrears Support Team if she needed help with her repayments. However, he did think Mrs W's complaint about receiving a breakdown of the refund should be upheld. That's because this information wasn't provided until mid-July 2023 and he didn't think it was fair she had to wait that long for the information.

Shop Direct accepted our Investigator's findings, but Mrs W didn't. As such her complaint was passed to me for a final 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 considered everything, I'm upholding this complaint – albeit not as Mrs W hoped. I'll explain my reasoning below. As this complaint is made up of multiple points, I'll address each one in turn.

Arrears on Mrs W's account

Following Shop Direct's investigation into their lending decisions for Mrs W, they considered they shouldn't have increased her credit limit beyond £1,000. However, given Mrs W's previous credit limits and usage of the account, her outstanding balance is greater than £1,000. Therefore, Mrs W's revised credit limit is £1,000 and any balance exceeding that amount needs to be cleared to bring her account up to date. That is why in statements Mrs W has received from Shop Direct, it's said her minimum payments have been amounts over £1,000 – basically the difference between her £1,000 credit limit and the full outstanding balance on the account. So, while Mrs W may have been making payments towards her account, she is in arrears because she still owes more than her £1,000 credit limit.

Given the above, I don't consider Shop Direct gave Mrs W the wrong information when they explained her account was in arrears. And as it was in arrears, I also don't think it's unusual or unreasonable that they've tried to contact her to discuss clearing those arrears.

While I'm satisfied Shop Direct could try contacting Mrs W about the arrears on her account, I have to balance that against the background of this complaint. That is, that Shop Direct have accepted Mrs W's credit limits above £1,000 were unaffordable for her. As such, it's not unreasonable to assume that she may not be able to repay the full outstanding balance above the £1,000 credit limit. In those circumstances, I would expect a financial business, like Shop Direct, to work with their customer to determine what support they may need in order to repay what is owed.

Having read Shop Direct's June 2023 final response, I was pleased to see they explained Mrs W could contact their Customer Arrears Support Team and provided their contact details. So, I would encourage Mrs W to speak with them so that they can discuss and agree an appropriate repayment plan and/or any other support available for her outstanding balance.

Shop Direct has also told our service and provided supporting evidence to show that they've been refunding interest and charges that would ordinarily be applied to Mrs W's account each month. And this is in recognition of what she's explained to them regarding her financial circumstances. I consider this was the right thing to do – particularly given she owes more than her £1,000 credit limit.

The breakdown of Mrs W's refund

When Shop Direct accepted they'd lent to Mrs W irresponsibly and offered to put things right, they provided her with a breakdown of the refund they'd be crediting to her account. And the way this was set out is common for complaints of that nature. So, in the first instance I don't think Shop Direct acted unreasonably in the way it explained things in their November 2021 final response. However, there are occasions where a consumer would like more detail on the way the refund had been calculated, and that's what happened in this case. And I don't consider that was an unreasonable request on Mrs W's behalf.

It's not disputed that it took Shop Direct longer than we'd expect for them to provide a more detailed breakdown for Mrs W. But I can see that they did provide more information in mid-July 2023.

Mrs W is saying that Shop Direct has calculated her refund incorrectly. And while I appreciate her strength of feeling on the matter, I've not seen sufficient evidence from her that demonstrates her point. The breakdown provided by Shop Direct detailed the balances on Mrs W account up to the date of their offer and the amount of interest and fees that were being refunded over that timeframe. And in the absence of her providing evidence that shows these calculations are incorrect, I can't fairly say that Shop Direct needs to do anything further.

Having reviewed the correspondence between Mrs W and our service, it appears that her and Shop Direct might be talking at odds. That's because the breakdown they provided covered the period up to their final response in November 2021. However, Mrs W has spoken at length about the interest she believes has been applied to her account since that date – and they are two different things. And, as I've mentioned above, I've seen evidence that demonstrates Shop Direct have been refunding interest and fees applied to her account, on an ongoing basis. It seems where Mrs W's statements mention estimated interest, she might be assuming the amount is actually being applied to her outstanding balance.

For the reasons the above, I don't consider it would be fair in the circumstances to conclude Shop Direct needs to provide any further information. That's because I've not seen enough to persuade me that they've sent Mrs W incorrect information. However, the detailed breakdown could and should have been sent to Mrs W sooner. It's for this reason I consider the £100 suggested by our Investigator is fair when I weigh up the reasons given to Shop Direct for the need of a detailed breakdown, and the time Mrs W had to wait.

In light of the above, I'm upholding Mrs W's complaint.

My final decision

My final decision is that I'm upholding Mrs W's complaint about Shop Direct Finance Company Limited trading as very.

To put things right, Shop Direct Finance Company Limited trading as very should pay Mrs W £100 in recognition of the distress and inconvenience caused by the time it took for them to provide a more detailed breakdown of her refund.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 February 2024.

Sarrah Turay
Ombudsman