

## The complaint

Mr C complains about poor customer service received by Shop Direct Finance Company Limited (SD) trading as very, when an item he ordered didn't arrive on his catalogue shopping account. He's also unhappy they recorded negative information on his credit file.

## What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*Mr C opened his account in January 2023, and shortly afterwards had an issue regarding an item which wasn't delivered to him. He says there were many delays in this matter being resolved. To say sorry, SD sent Mr C a cheque for £30, but this ended up being marked as arrears on Mr C's account, which led to him seeing he had late payments on his credit file. Mr C was also unhappy with a phone call from a representative of SD who was calling to resolve his complaint – but he says they were rude and didn't seem to know what the issues were.*

*In their response, SD said Mr C was sent a cheque for £30 on 3 February 2023, but the cheque wasn't released until 8 February. This was after a statement was generated on 7 February. So, the £30 cheque actually was credited to Mr C's account first, clearing a debt due of £19.99 to collect an old fridge / freezer and the remaining £10.01 was credited towards the purchase of a TV. Because the cheque was issued after the credit of £30 had been allocated, this created false arrears on his account. They said sorry for this, and by way of an apology applied a further £30 credit to his account and refunded a £3.99 delivery charge. They added the call with the complaints representative wasn't in line with their usual high standards and would be giving feedback to the agent directly.*

*Unhappy with this, Mr C asked us to look into things. As part of our standard process, we asked SD for their version of events.*

*In response, they told us Mr C's missing delivery, and the charge for the delivery of the item, had been refunded. They said Mr C had received a £30 cheque, a £30 credit to the account and would like to offer an additional £50.*

*One of our Investigators put this to Mr C. In response, he said he didn't accept this as SD had opportunities to resolve this issue before he came to our service. He added SD had since reduced his credit limit which he felt was retaliation for bringing a complaint. In addition, he said SD hadn't corrected his credit file and it was showing in an unknown status. Our Investigator considered matters, and ultimately decided SD had done enough to put matters right, so he didn't ask them to do anymore.*

*Mr C didn't accept this. I've summarised in my own words what I consider to be the key points:*

- *SD are continuing to report his account status as U which he doesn't think is correct.*

- He says he's only received one gesture of goodwill of £30 – the other £30 was to correct the false arrears.
- When receiving the final response, Mr C asked the case handler to review matters, but they refused, so he doesn't think it's appropriate for them to offer a further £50 gesture of goodwill through our service.
- Without a credit check being performed and the fact the credit limit of the account was £650, he says SD's own misreporting of his account is what led to his limit being reduced to £500.
- The £50 hasn't been paid to him, and when speaking to SD before contacting us they said they wouldn't offer anything further – so he wants them to apologise to him.
- SD haven't contacted him directly since he raised his concerns to our service.

SD asked what Mr C wanted to resolve things. Mr C said he wanted a detailed apology from them explaining what went wrong, and what they're doing to remedy the situation. He also wanted a reasonable offer of compensation and suggested £250 was fair. And finally said he didn't understand why SD aren't speaking to him directly.

SD said they wanted to offer their further apologies to Mr C but didn't agree to his request for an increase in compensation. Mr C questioned why SD had asked him this if they weren't going to agree to what he said – he felt they were just wasting time.

As matters couldn't be resolved, the complaint's been passed to me to decide.

### **What I've provisionally 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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr C's complaint in considerably less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Mr C's view of things is that he has, to date, only received £30 compensation in the form of a cheque. SD say he's had a £30 cheque, a £30 credit to the account, and an offer of £50 when he referred the matter to our service.

In reviewing all of the information provided I can see Mr C was sent a cheque as both parties agree for £30. I can also see the £30 credit SD said they applied to his account on 16 March 2023 at the same time as they seemingly refunded a delivery charge of £3.99. This money was applied as a credit – so although I can see he's suggesting this was only done to remove the incorrect arrears, I am satisfied he's had the benefit of this £30 credit.

So, I think Mr C has benefitted from a total of £60 – and with the offer of £50 this brings the total compensation to £110 that SD have offered. I now need to consider whether that's enough for the issues he's experienced.

I do find it disappointing that something as simple as the production of statements led to Mr C receiving a negative marker on his credit file. There is no dispute that for around four weeks, Mr C was showing as though he had late payments. But equally, when considering

*Mr C's credit file, it's clear that historically he's had some difficulties, as there are a number of County Court Judgments (CCJ's) showing on his credit file. So, although undoubtedly this error made things worse for Mr C, this is somewhat mitigated because of the existing position of his credit file.*

*SD are currently reporting Mr C's account with them as "U" – which for the specific credit reference agency Mr C has provided information from, means "No payment due yet or unclassified". SD have said this isn't a negative marker and given the status I'm satisfied that's correct. So, although Mr C doesn't agree "U" is the correct status for this account, I'm satisfied it's reasonable for this to be the status SD record.*

*In respect of reducing his credit limit SD have told us this was due to adverse information being reported on his credit file two months after they incorrectly negatively marked his file. And while I understand why Mr C would link this to the negative information they incorrectly reported, I'm satisfied what they've said is correct.*

*The reason I say that is because they've shown us a screenshot which says they'd received notification from a credit reference agency of Mr C being in arrears with a payday lender. So, I'm satisfied SD were told Mr C had recently had negative information recorded on his credit file.*

*I have noted Mr C disputes that – and provided a copy of his credit file to evidence he wasn't in arrears with any payday lender. Mr C's report was provided from one of the three credit reference agencies (CRAs) and this is dated May 2023.*

*But, not all lenders report all information to all CRAs. And we found out from SD it was a different CRA who had provided them with the information that led to them reducing Mr C's credit file – I'll refer to them as T.*

*SD said they get information from T on a regular basis – and it was T who told them Mr C had negative information recorded regarding a payday loan. T said the information recorded was an account showing with negative information in February 2023. The account was disputed with the lender – and when they didn't reply the reporting of the account was subsequently suppressed in March 2023. This means the account would no longer show – so when Mr C checked his credit file in May 2023, the account wouldn't have shown. I've asked our Investigator to share information with Mr C about this account so he's aware of what happened. But, overall, I'm satisfied SD received information showing Mr C had negative information recently recorded. In light of that, I can't fairly link the reduction of Mr C's credit limit, to the incorrect information SD recorded.*

*Mr C has talked about a lot of difficulties he's had in trying to resolve matters with SD – and talks in detail about a difficult call he had with one of SD's representatives.*

*I've not listened to this call, but I don't think it's necessary. I say that because SD have accepted the call wasn't handled well, so I've accepted everything Mr C has told us about how this call went where he's said the lady on the phone was rude and didn't have a grasp of the issues he was raising.*

*I've also considered Mr C's concerns about SD only communicating with us after he referred the matter to us – and offering him a further £50 when they told him they wouldn't offer anything further.*

*Generally speaking, financial businesses won't continue discussing a complaint with a consumer once a final response letter has been issued. Mr C received this, and I assume at that time SD planned for that to be their last response. On reflection, they've decided to*

*increase their offer by a further £50. I think it'd be unfair and unreasonable of me to criticise such an action when this is to Mr C's benefit. I take his point they told him they wouldn't, but I've not seen anything to suggest this was disingenuous at the time they said it.*

*Overall then, I agree with Mr C and uphold his concerns regarding SD incorrectly reporting negative information, and the customer service they've provided to him. I don't uphold his concerns regarding them reducing his credit limit, nor about their communication once he'd brought the complaint to our service.*

*Taking this into account, including what I've said about the net effect on Mr C's credit file, I'm satisfied the total compensation SD have offered is sufficient. As things stand, this is a further £50.*

## **Responses to my provisional decision**

Mr C replied. He said:

- Only one amount of £30 has been credited to him in the form of a cheque. SD added £30 and then removed it. Mr C also said there was no purchase of a TV as I've said. So, he's not had the benefit of £60 credit.
- Mr C said there were no arrears with a payday lender, and he'd checked this with T.

SD said they had nothing further to add.

## **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 understand Mr C remains of the opinion he's only had one £30 credit which was sent to him by cheque. But I'm afraid I remain of the opinion he did receive a second £30 credit which he's had the benefit of for the same reasons I've mentioned in my provisional decision.

The reference to the TV was taken from SD's final response letter. I'll admit when I looked at Mr C's statements, I saw a well-known brand name associated with TV's and assumed this is what SD meant. But, having checked the code attached, it was for a fridge freezer. I don't know why SD said TV, though it seems it was an error. Either way though, I'm satisfied it doesn't impact the overall outcome I've reached.

I do understand Mr C has spoken to T and they've told him there were no arrears. But I'm deciding this case against SD only, based on what they were told. We've been in direct touch with T, who have confirmed they did provide some information to SD. So, in the circumstances, I can't reasonably say SD have done anything wrong when relying on information I'm satisfied T gave them.

Overall, I remain of the opinion the further offer from SD is fair.

## **My final decision**

Shop Direct Finance Company Limited trading as very has already made an offer to pay a further £50 to settle the complaint and I think this is fair in all the circumstances.

So my decision is that Shop Direct Finance Company Limited trading as very should pay £50 to Mr C.

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

Jon Pearce  
**Ombudsman**