

The complaint

Miss N complains Shop Direct Finance Company Limited unfairly defaulted her account.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll 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 considered everything, I've reached the same conclusions as our Investigator for these reasons:

- Miss N was unable to make online payments towards her account because she was abroad. So, after her payments wouldn't go through, she called Shop Direct. I've listened to the recording of this call that took place at the end of January 2020. In this, they discussed the arrears on the account and what Miss N could afford to pay to bring it up to date. Throughout the call Miss N offered to pay £100, however she also explained she was on maternity leave and couldn't confirm if making a £100 would impact her ability to pay for food or her priority bills. Shop Direct's advisor asked Miss N several times whether making a payment that day or agreeing a repayment plan would impact her ability to pay for food and priority bills – and every time Miss N was asked this, she explained she wasn't sure.
- If making a payment towards an outstanding credit balance is likely to intervene with a consumer's ability to pay priority bills or pay for food, I wouldn't expect a reasonable business to accept a payment they weren't sure their customer could afford. So, given the content of the call, I think Shop Direct's advisor did the right thing by not accepting Miss N's offer of payment. I also consider the adviser did the right thing by referring Miss N to a debt charity who could help her calculate what she could afford to pay towards her outstanding balance. As Miss N was unable to be transferred to the debt charity at that time, the advisor placed a 28 day hold on her account to give her time to do this, and she told Miss N to call them back once she'd spoken to the charity. This is the level of support I would have expected Shop Direct to provide.
- I'm satisfied Miss N went away from this call knowing she had an outstanding balance to pay, and what she needed to do in order to put a repayment plan in place. Given the clarity of the information she was provided, Miss N ought to have known she needed to make her contractual payments – or call Shop Direct to agree a repayment plan if she needed support. As Miss N didn't do either of these things, her account fell further into arrears.
- I appreciate Miss N couldn't make online payments because she was abroad, and

her trip was unexpectedly extended because she couldn't travel back home due to covid restrictions. However, Miss N's statements explained that card payments can't be made from abroad. And the call she had with Shop Direct at the end of January 2020 ought to have made her aware she could make card payments towards her account over phone. That's because the advisor offered to take payment before Miss N couldn't confirm if the payment was affordable.

- Miss N had access to online statements, so she could have seen the arrears accruing on her account after her January 2020 call. I've also seen evidence that shows Shop Direct's collections department sent Miss N several text messages each month between January and June 2020. And these messages were sent to the mobile number we have on file for Miss N. Therefore, I'm persuaded Miss N had access to enough information to make her aware payments were required. As such, I can't agree the travel restrictions prevented Miss N from making payments towards her account if she could afford them as she's now told our service. But if she couldn't afford them, she ought to have known she needed to get in touch with Shop Direct and that they would offer her some support.
- Financial businesses, like Shop Direct, are expected to default an account when there are around three to six months of arrears. As Miss N didn't make payments to her account for six months, Shop Direct defaulted it in line with this good industry practice. It's for this reason I consider Shop Direct acted reasonably when it defaulted Miss N's account.
- I'm aware Miss N maintains Shop Direct should have taken the £100 she offered in January 2020. But even if they had, that wouldn't have changed things. That's because her outstanding balance was greater than this amount, and there's nothing to suggest she attempted to make payments after this date.

I know this will come as a disappointment for Miss N, but for the reasons above, I'm not upholding her complaint.

My final decision

My final decision is that I'm not upholding Miss N's complaint about Shop Direct Finance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 17 April 2024.

Sarrah Turay
Ombudsman