

The complaint

Mrs M had a shopping account provided by Shop Direct Finance Company ('Shop Direct') trading as Very Pay. She is complaining about Shop Direct's decision to close her account due to it not being used. She says wasn't properly notified about it.

What happened

Shop Direct says it wrote to Mrs M in June 2023 saying that as she hadn't been using her account for some time it would be closing it within two months. This then happened, with the account being closed in September 2023. .

Mrs M is unhappy that her account has been closed. She also says she never received the notification from Shop Direct advising her that the account would be closed if she didn't place any further orders.

Shop Direct offered to compensate Mrs M for issues she experienced when contacting it by phone, offering her £50 compensation

Our investigator didn't recommend upholding the complaint. She said the evidence showed that Shop Direct had written to Mrs M at her correct address. The letter referred to the terms and conditions which allowed Shop Direct to close a dormant account. Overall, our investigator thought that Shop Direct had properly followed its own processes.

As Mrs M doesn't agree her complaint has been 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.

Shop Direct will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Shop Direct regularly reviews the account usage of its customers. Its terms and conditions provide for an agreement to be terminated on the basis of 2 month's written notice by Shop Direct. It wrote to Mrs M to say it would be closing her account on 26 June 2023. There is a question about whether this was by post or by email, or a combination of both – although email seems the most likely for reasons I will explain. The account was then closed on 6 September 2023 with the credit agreement also being terminated. I have seen the evidence of these events, including the communications that were sent to Mrs M, from screenshots taken from Shop Direct's system notes.

When Mrs M contacted Shop Direct by phone on several occasions, the calls didn't go as well as they should have done, with Mrs M being given wrong information about how she'd

been contacted by Shop Direct. As a result of this, Shop Direct offered to pay Mrs M some compensation for poor service.

Mrs M says she didn't receive the letter from Shop Direct advising her that her account hadn't been used for some time and may be closed. This is what she would have expected as she says she always receives account communications and statements by post. Shop Direct, however, has told us that Mrs M had requested that her statements be sent to her by post. So other communications would reach her by email.

So it seems that Shop Direct had emailed her in June 2023 about her account being terminated rather than sending a letter by post. I therefore think that on balance it's likely that Mrs M had agreed to being contacted by way of email by Shop Direct and had provided her email address when she opened the account to make this possible. I should add here that even when communications are sent by post, it is possible that post can sometimes go astray.

Our investigator has looked further into Shop Direct's communications with Mrs M. Shop Direct sent us further evidence from its own systems showing that after the account had already been closed, Mrs M was sent further copies of the closure letter in November and December 2023. I can appreciate that this may have been confusing to Mrs M, given that these letters referred to an event that had already happened. But I also recognise that Shop Direct wanted to ensure that Mrs M was properly aware that her account was now closed.

I realise that having her account being closed in this way has been extremely frustrating for Mrs M, especially since she had been using her account to build up a good credit history for several years. So I do recognise how Mrs M can feel that she has lost out of Shop Direct's actions. Shop Direct has also recognised there was a miscommunication involving the number of letters it had actually sent to her and has offered to compensate her for that.

Having thought about all the evidence and information that's been made available to me, I'm satisfied that Shop Direct has followed its own processes in accordance with its terms and conditions. So I don't think Shop Direct has acted unfairly in closing the account. I'm sorry to have to disappoint Mrs M on this occasion.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 August 2024.

Michael Goldberg
Ombudsman