

The complaint

Miss H complains Shop Direct Finance Company Limited trading as very have charged her for an item on her catalogue shopping account even though she's returned it.

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.

Miss H purchased hair straighteners for £127.52. The first set weren't received, so she contacted very and a refund was applied, and then ordered a second set of straighteners. This happened in December 2021 / January 2022.

In June 2023 Miss H says the second set were faulty, so she contacted very to ask if they could be returned for a refund – she says she wasn't sure as it'd been 18 months. She says she was told yes these could be refunded – so on 16 June 2023 she sent them back. Miss H had some issues getting the credit applied to her account and was eventually told it had been. But when checking her account, Miss H noticed the balance hadn't changed when she was expecting a reduction of £127.52. When looking at her statement she saw a credit for this amount, but then an adjustment underneath that for £127.52. Miss H says she's now out of pocket for £127.52 and is being charged interest for this amount when she shouldn't be.

In response very said Miss H had been correctly refunded for the hair straighteners on 4 July 2023 and they hadn't done anything wrong.

Unhappy with this, Miss H asked us to look into things. As part of our standard process, we asked very for their information. They provided us with a more detailed explanation which I'll set out in the next section.

One of our Investigators considered Miss H's complaint but found very hadn't done anything wrong. Miss H didn't accept this, saying it was clear to her she was out of pocket as she didn't have the refund or the faulty hair straighteners. So, 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.

In this case the key question to answer is whether Miss H has or hasn't had the refund very told her they'd give her in July 2023.

The explanation very gave our service, which was more detailed than what they told Miss H, was:

- *29 December 2021 – Miss H ordered the first set of hair straighteners*

- 4 January 2022 – Miss H said she'd not received them, so a Goods Not Received (GNR) credit of £127.52 was applied to the account
- 13 January 2022 – this credit was reversed, and the item was charged back on to the account
- 17 January 2022 – the item was transferred back onto the original terms of Buy Now Pay Later (BNPL)
- 28 January 2022 – a faulty goods credit was incorrectly applied to the account
- 23 February 2022 – a return credit was applied to the account and the item was credited correctly.
- 4 July 2023 – the incorrect credit applied on 28 January 2022 was reversed, and a return credit was applied when Miss H proved she'd returned the item

This is the summary very gave us – and they also provided a more detailed explanation referring to the statements.

Having reviewed the statements and thought about things, what very are trying to articulate is that Miss H received a refund she wasn't entitled to in January 2022. And it's for this reason when she's returned the second set of hair straighteners in July 2023 the refund was applied for them being returned – but the credit she had erroneously been sent before was taken back.

I created a timeline, and asked Miss H to review it for her comments. She said she doesn't agree with the timeline and has provided a number of comments – largely saying she's not seen the credits on the statements she'd been sent by very at the time. But our Investigator provided copies of the statements we'd been provided to work out the above which Miss H can still check.

Miss H has mentioned there was a debit for £127.51 and provided a receipt showing this on 4 January 2022. Looking closer at the statements she's right, I didn't mention that, so I've updated the timeline – but I don't think it changes the overall position. I'll explain.

The timeline:

- **29 December 2021** – Miss H purchased the first set of hair straighteners – debit for £127.52 – running balance £127.52 Miss H owes very
- **4 January 2022** – this debit of £127.52 is moved to the BNPL account – no new debit or credit – running balance £127.52 Miss H owes very
- **4 January 2022** – Miss H says the items haven't arrived so very apply a GNR credit – credit for £127.52 – running balance £0
- **4 January 2022** – Miss H orders the second set of hair straighteners, and new charges are then applied – a new debit and a new credit both for £127.52 cancelling each other out – running balance £0 but Miss H owes very £127.52
- **13 January 2022** – a debit adjustment is applied which very say is reversing the GNR credit applied on 4 January 2022, but at this point it'd have been correct to charge this amount as the payment for the second set of hair straighteners – debit for £127.52 – running balance £127.52 owed by Miss H to very which is correct (even if the reasons why Miss H owes very the money at this point is wrong)
- **17 January 2022** – very say the £127.52 is transferred to BNPL, this doesn't seem to change whether Miss H owes anything or not, they're simply 'moving' the debt from one type of account to another – no new credit or debit – running balance £127.52 owed by Miss H to very which is correct

- **28 January 2022** – very have said a faulty items credit was applied at this time but this wouldn't be correct as it'd mean Miss H didn't owe the money when she did – credit £127.52 – running balance £0 owed by Miss H to very which is wrong
- **23 February 2022** – very apply a return credit which again is wrong as now despite having the second set of hair straighteners at this point they've given her a credit – credit £127.52 – running balance £127.52 in credit which is wrong as Miss H owes this amount, she shouldn't be in credit by this amount
- **24 February 2022** – very add a debit and then credit to the account to move it over to the BNPL account – no new debit or credit – final balance at this point Miss H in credit for £127.52 when she actually owed £127.52.

Overall I think this means when Miss H returned the second set of hair straighteners in June 2023 very have acted fairly in how they dealt with things. They applied a refund to the account for the second set they'd just received and reversed a credit they said they shouldn't have given her.

They've identified this credit as 28 January 2022. The way very produce their statements is confusing, so I can see why Miss H has come to the conclusion she has. But, I'm satisfied very have acted fairly at this point.

I've noted Miss H has said she's been charged interest, but as I currently haven't found very did anything wrong, I've no grounds on which to ask them to repay this.

I appreciate Miss H is still going to think I've not reached the right outcome, given it's not changed following her comments. But, I'd encourage her to review the information she's been provided with by our Investigator as she can audit what I've said above. As things stand, I believe what I've said is right, but given how difficult it's been to verify things if Miss H is able to come up with explanations – using all the evidence we've given her – which calls that into question I'll certainly consider it.

Responses to my provisional decision

Neither party replied by the deadline.

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.

As neither party replied, I've seen no reason to change my decision, which is very haven't done anything wrong.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 7 May 2024.

Jon Pearce
Ombudsman