The complaint

Mrs H complains Next Retail Limited unfairly added a missed payment record to her credit file after her payment towards her catalogue shopping account was rejected. She's also unhappy with the customer service she received.

What happened

Mrs H says she made an online payment to her catalogue shopping account on 18 September 2023 which didn't credit her account despite being authorised by her bank. She says her bank contacted Next about this, but it failed to acknowledge the payment. Unhappy with the impact to her credit file, she raised a complaint.

Next explained Mrs H's August 2023 statement asked for a minimum payment of £102 by 11 September 2023. And as the payment wasn't made by that date, Mrs H's account went into arrears and was reported to credit reference agencies. It also said the payment made on 18 September 2023 was awaiting approval and there was mismatch with the address it had and the payment processor's records, which meant it didn't go through.

Our Investigator looked into matters and didn't uphold the complaint. They said Mrs H's payment was on hold due to an address mismatch but as the payment was made after the next statement was produced it would have been late even if it had been processed straight away. They also said Next has a duty to report accurate information to credit reference agencies.

Mrs H disagreed. She said, in summary, she's made payments before the statement date previously with no issues and the evidence shows her payment was approved and sent to Next before the statement date of 19 September 2023. She also said she's lived at the same address for seven years and doesn't understand why there was an issue with the address.

As Mrs H remained unhappy with the outcome, the case was passed to me to make a decision.

I noted in Mrs H's file she's referenced concerns about a credit limit increase – but more recently she's confirmed she doesn't want this issue to be looked into. So I won't be addressing this matter in 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.

Next has a duty to report information fairly and accurately to credit reference agencies. So if payments made are for less than the minimum amount or not made at all by the agreed time, it is entitled to report the status of the account.

I've seen Mrs H's statement dated 18 August 2023. This states her minimum payment should reach Next by 11 September 2023. So, when Mrs H attempted to make her payment on 18 September 2023, it was already late.

I understand Mrs H's payment on 18 September 2023 didn't go through. Next has said her payment was declined as the address the payment processor had didn't match its records, and her bank hadn't authorised the payment. It also provided evidence of the transaction which shows there was an address mismatch.

I can see Mrs H's address on her Next account was changed on 18 September 2023, but it's unclear if this was done following a request. I also appreciate Mrs H has said her bank confirmed the payment was authorised. But from the information available, there isn't enough evidence to suggest this was definitely Next's fault. And in any event, Mrs H's payment was due by 11 September 2023, and payment towards the account wasn't attempted until a week later.

I note Mrs H says her statement date is 19 September 2023 and she's previously made payments before her statement date and had no issues. However, Next issued her statement on 18 September 2023 (not 19 September 2023) – explaining that she failed to make the minimum payment and the potential impact of this. So whilst I understand she may have made payments after her due date on other occasions, her September payment was late and her credit agreement explains missing payments could have severe consequences.

Mrs H has mentioned Next isn't allowed to report negative information to her credit file until the payment is at least 30 days late. It's unclear where she's got this from, as she's only said she spoke to someone who advised her this is illegal. I can't decide if this is or isn't illegal, as my remit is fair and reasonable. But, broadly speaking, I'm unaware of any restrictions Next would have from reporting Mrs H's late payment – given the statement asked for payment by 11 September 2023 and she didn't make the payment by that date. As such, I'm satisfied for all the reasons mentioned above Next hasn't done anything wrong if it shared Mrs H's payment history with credit reference agencies.

With regard to Mrs H's request to change the payment date I note Next explained it was unable to change this and advised her payments could be made the day after the statement is generated until the due date. Next has also told this service, whilst the option to change the payment date is currently unavailable, it's looking into what it can offer its customers in future. I acknowledge Mrs H would like the date to align with her salary, but ultimately this is a commercial decision Next can make and isn't something we would interfere with.

Mrs H has also raised concerns about the way Next communicated with her and that she found its emails to be harassing. Having reviewed the information provided, I haven't found that Next has acted unfairly or unreasonably when communicating with Mrs H. It explained its position and informed her of the next steps should she want to take things further.

I do appreciate Mrs H was going through a difficult time and I'm very sorry to hear about her personal circumstances. But taking everything into account, I'm not persuaded Next has done anything wrong, so I can't fairly require it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 25 April 2025.

Tania Henry
Ombudsman