

## **The complaint**

Miss G complains about a delay in processing a refund for wardrobes she purchased but didn't receive.

## **What happened**

In August 2023 Miss G bought wardrobes via S's website. She paid for them using running credit provided by Frasers Group Financial Services Limited (Frasers).

In September 2023 S confirmed that the wardrobes had been returned and that Miss G should expect a refund within 14 days. But Miss G didn't receive the refund for the item, postage, interest charged, and the late payment fee until 14 March 2024.

She referred her complaint to this service and our investigator thought there had been an unreasonable delay and that Miss G's credit file had been impacted. She thought Frasers should pay Miss G £300 in compensation.

Frasers didn't agree with our investigator's view. They said they were only the providers of credit and that the problem had been created because S had implemented a new ordering system that wasn't pushing refunds through to them. They asked for a final decision by an ombudsman, so the complaint has been referred to me.

## **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 a firm with Financial Conduct Authority ("FCA") permission to provide financial services to customers in the UK, Frasers is covered by our compulsory jurisdiction.

That jurisdiction extends beyond just regulated financial services activity as defined in relevant legislation. But it doesn't extend as far as being able to resolve a retail dispute between a merchant (S here) and its customer. But here Miss G was trying to engage with Frasers to get it to issue a refund and as only Frasers could do that, it would be difficult to conclude that this was anything other than a billing query that should be addressed by Frasers.

The administration of running-account credit of the type Frasers was providing to Miss G is something covered by our compulsory jurisdiction, and so I can deal with a complaint about such matters – and about matters ancillary to that activity, such as customer service.

FCA guidance to the Consumer Duty includes the following:

"Principle 12 focuses on customer outcomes, and requires firms to:

- pro-actively act to deliver good outcomes for customers generally and put customers' interests at the heart of their activities;

- focus on the outcomes customers get, and act in a way that reflects how consumers actually behave and transact in the real world, better enabling them to access and assess relevant information, and to act to pursue their financial objectives...
- ...• where they identify that good outcomes are not being achieved, act to address this by putting in place processes to tackle the factors that are leading to poor outcomes, and
- consistently and regularly challenge themselves to ensure their actions are compatible with delivering good outcomes for customers.”

I think if Frasers had taken a more customer-focused approach in the first instance, it would have looked into what had happened with the refund S had agreed. The process that Frasers appears to have had in place at that time was to refer Miss G back to S, irrespective of that information. I'm not persuaded that was good enough, or that the process had Miss G's interests at its heart. I'm pleased to note that Frasers has now applied the refunds to Miss G's account, so she isn't out of pocket and that they've put right any adverse reports they had made to the credit reference agencies. But Miss G will have been concerned about reports that may have been made to her credit file, been deprived of the money and have been inconvenienced by having to escalate her complaint to this service. In light of the issues Miss G has experienced I think that in addition to the belated refund Frasers should pay her £300 in compensation.

### **My final decision**

For the reasons I've given above, I uphold this complaint and tell Frasers Group Financial Services Limited to pay Miss G £300 compensation in respect of the distress and inconvenience she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 4 November 2024.

Phillip McMahon  
**Ombudsman**