

The complaint

Mrs P has complained about the service received after returning an item she bought using her Frasers Group Financial Services Limited ("FGFS") running account credit agreement.

What happened

The circumstances of the complaint are well known to the parties, so I'm not going to go over everything again in detail. But to summarise, Mrs P bought goods from a retailer I'll call "S" for £44.99 in November 2023 using her credit agreement with FGFS. Mrs P said the packaging was damaged, so she arranged a return through S.

Mrs P said the return didn't show on her account and so she contacted S several times over the next couple of months. She was unhappy with how S dealt with things, and she contacted the Financial Ombudsman. As the purchase was made using her FGFS credit agreement, we set the complaint up against FGFS.

One of our investigators looked into things and thought the refund may not have been processed correctly and she recommended FGFS rework the account as if the £44.99 transaction wasn't made; remove any adverse information from Mrs P's credit file in relation to the transaction; and that it pay £50 compensation.

Mrs P agreed but FGFS didn't. It said the refund for the item was applied to the account. The December 2023 statement showed a return of £40 (the cost of the item without postage charges). It said the issue was a retail issue with S, and it found no evidence of mismanagement of the account.

The complaint was passed to me to decide. I decided to write to the parties to explain, in summary:

The complaint we have is against FGFS. We're able to consider complaints against FGFS because it carries out financial services – such as exercising the lender's rights/duties under a credit agreement.

The problem I could see is that Mrs P's original complaint (and correspondence) was with S – the retail business. S is authorised by the Financial Conduct Authority ("FCA"). But we can only consider complaints at the Financial Ombudsman about financial services. And a retail problem in itself with a catalogue order isn't necessarily a financial service.

Mrs P did have a billing enquiry – which does relate to a financial service. But based on the several emails she's shown us, she was dealing with S. I thought it was important to note S did recommend she contact FGFS in January 2024, but Mrs P didn't want to take that option up. She thought S should sort things out.

When the complaint was set up, we set it up against FGFS. And FGFS understandably didn't recognise the issue because it hadn't received a complaint from Mrs P by that point. I didn't think the complaint should have been set up against

FGFS at that stage. But I noted that underlying all of this, Mrs P had a billing enquiry she wanted help with. Once made aware, FGFS could have decided to send a final response given she expressed dissatisfaction with something it could consider. But as it turned out, FGFS didn't send a final response letter and the complaint was investigated by our investigator.

I set out Mrs P had a valid complaint, and that it was one we could now consider. Mrs P was concerned about what was due on her account and the potential impact on her credit file. But I didn't think I could fairly hold FGFS liable for what Mrs P said went wrong with S.

I appreciated the names of the two firms Mrs P was dealing with were similar. And I took on board Mrs P simply wanted help and didn't feel like she was getting it. But I didn't think I could fairly direct FGFS to pay compensation for alleged failings from a separate business – S. It said it was unaware of the issue and it looks like the return was applied to the account quite promptly, so I didn't think there was any directions needed with regards to the credit agreement or credit file. I did, however, ask if FGFS would be willing to offer the £50 in the circumstances.

Mrs P responded to say she didn't have evidence the refund was applied, but she said she'd accept the £50 compensation. She highlighted even if S didn't pass her queries over to FGFS, the Financial Ombudsman had let it know about the complaint.

We sent Mrs P two statements showing the purchase and return being applied to her FGFS account. Mrs P said she couldn't see a refund for £44.99 and questioned whether the refund was applied correctly. She said the delivery charge should have been refunded too.

FGFS responded to say it didn't believe it should compensate Mrs P. It said the order was made on 21 November 2023 and refunded back to the account on 16 December 2023 which it thought was fair given the time to send the goods, return them and process the refund. It said it couldn't comment on S not refunding the delivery charge.

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.

Part of Mrs P complaint was to do with the administration of a regulated credit agreement with FGFS, and our service is able to consider complaints relating to these sorts of agreements.

For the reasons given above, while I'm sorry to hear Mrs P is unhappy, I've not seen enough to determine FGFS acted unfairly when considering its role here. I think the refund was applied correctly, so I can't say it acted unfairly in the way it administered the account. I'm satisfied the £40 refund was for the item Mrs P returned. Mrs P was speaking to S and was unhappy with the support from S – not FGFS, and so FGFS was unaware of her issue. By the time it was made aware, the case was with the Financial Ombudsman.

I'm not saying something hasn't gone wrong with S, or that it was fair of S not to refund Mrs P the postage charge, but I can't see that was a failing from FGFS. I appreciate Mrs P feels this is a technicality, but I have to consider what FGFS can fairly be held liable for. I've also reviewed the terms and conditions of the account on FGFS's website and considered the law. FGFS's terms say customers may be able to claim under section 75 of the

Consumer Credit Act 1974 for unsatisfactory goods costing over £100 and up to £30,000 that it provided credit for. But that doesn't apply here.

For the reasons given above, I don't find I have the grounds to direct FGFS to take any action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 1 May 2025.

Simon Wingfield
Ombudsman