

## **The complaint**

Ms G has complained about the service received off the back of purchasing goods using her Frasers Group Financial Services Limited ("FGFS") credit agreement.

## **What happened**

In February 2024 Ms G ordered a sofa and two armchairs set for around £400 from a retailer I'll call "S" using her FGFS credit facility. She initially wanted to amend the colour of the goods but S told her she couldn't make any changes once the order had been made. Ms G asked to cancel the order before it was shipped but S said that wasn't possible. S said Ms G would receive a full refund when the goods were returned to it. The order was due to be delivered towards the beginning of March 2024 but the courier cancelled it. Ms G had to complete a denial of receipt form. The goods were then returned to S towards the end of March 2024. Ms G wanted to ensure the goods weren't applied to the account and S told her to contact FGFS.

Ms G contacted FGFS and it told her to speak to S because it was a retail issue. Ms G was getting frustrated she was being passed back and forth between S and FGFS several times so she complained to FGFS in April 2024. She complained her minimum payment hadn't been adjusted. She said her minimum payment was around £20 before the relevant purchase but it went up to around £50. She said it was causing her stress and making her unwell. FGFS recommended she contact S again and said it could only help with the app and payment system.

Ms G contacted the Financial Ombudsman explaining she'd been going around in circles. She said she should have had the right to cancel the order. She said she eventually received the refund from S but wasn't happy with the impact on her minimum payment. She said she couldn't afford the minimum payment while the dispute was ongoing and said a late payment charge was added. She said she didn't want to pay while there was a dispute ongoing about the minimum payment. I understand the late payment charge and associated interest were refunded.

FGFS sent a final response in May 2024. It said statements were generated on the 20<sup>th</sup> of each month and that for the statement generated on 20 March 2024 the sofa and armchairs were reflected on it and so the minimum payment of around £50 was correct at that time. It said the returned items weren't credited until 29 March 2024 and the subsequent statement reflected this. FGFS said it couldn't investigate retail issues with S because it was a separate business. It said it couldn't see it had failed in the way it handled Ms G's account and so didn't uphold the complaint.

One of our investigators looked into things and noted the refund was applied to the account. She thought the minimum payments requested were calculated correctly. Our investigator said Ms G was required to maintain the payments but FGFS should work with her to agree an affordable payment plan. She didn't think it was unfair missed payments were reported to the credit reference agencies, if that's what happened. However, our investigator noted Ms G had tried to cancel the order straight-away and that she was in regular contact with FGFS and S for a few months. She said Ms G had let FGFS know about her vulnerabilities and that it could have done more to help. Our investigator thought FGFS should pay Ms G £100 and work with her to agree a repayment plan.

FGFS responded to say the assessment was based on retail activities which was the responsibility of S. It said it accepted Ms G may have been inconvenienced by S but it didn't act unfairly. It said it refunded a late fee as a gesture of goodwill and reversed interest for the same month. It said it had requested an income and expenditure form from Ms G which she hadn't returned.

Ms G said she knew how the minimum payments worked, but she said her account was refunded on 29 March 2024 but the minimum payment that had been set on the 20 March 2024 statement hadn't adjusted. Our investigator said refunds for returns didn't count towards the minimum payment, but Ms G was unhappy it wasn't adjusted given she said the delayed return wasn't her fault.

As things weren't resolved, the complaint has been passed to me to decide.

### **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.

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. Ms G has a credit agreement with FGFS to pay for goods.

To give some background, FGFS said it used to be the lender and supplier up until 2023 when S separated from it. So from that point onwards S and FGFS were separate entities.

While I agree it generally wouldn't be fair to hold FGFS responsible for what went wrong with a separate business, there are things that FGFS is responsible for. FGFS acknowledges it is able to help with its app and administration of the account. It also carried out the regulated activities of exercising its rights and duties under the credit agreement.

In Ms G's case, she used her FGFS credit agreement to pay for goods worth around £400. She had problems off the back of that and needed help. It must have been incredibly frustrating for her to be passed back and forth between FGFS and S. I'm sorry to hear she said it was making her unwell. I can't imagine how she must feel, but I thank her for taking the time to refer her complaint.

While FGFS may not be able to deal with retail issues there are things I think it could have helped Ms G with. If Ms G had a problem with delivery this could have led to a breach of contract claim FGFS may have been liable for under section 75 of the Consumer Credit Act 1974. If Ms G tried to cancel the purchase and didn't receive the refund as expected this could also lead to a breach of contract under section 75. If Ms G had issues with paying the credit agreement FGFS would be responsible for treating her with forbearance and due consideration. If Ms G had a billing enquiry FGFS would again be required to treat her fairly. If Ms G was unhappy with interest or charges on the account or information on her credit file FGFS would be required to deal with the query.

In the circumstances, while I appreciate the problem may have stemmed from a retail issue I think FGFS should have done more to help when Ms G contacted it. It was clear she was being passed back and forth and wasn't receiving the help she thought she needed.

Ms G placed an order and wanted to cancel it shortly afterwards but wasn't able to. The goods weren't delivered promptly but they were returned. Due to the billing cycle this meant the goods weren't reapplied to the account in the same month they were bought and so Ms G's bill and minimum payment went up quite significantly. While I appreciate the account terms don't count the returned item as a payment, I think Ms G was confused by the situation and should have been better supported and better informed by FGFS.

I appreciate Ms G would have agreed to the terms of the agreement when she entered into it. But I'm conscious the relationship between S and FGFS had changed as I've set out above. It was likely confusing for Ms G and she couldn't understand why she kept being passed back and forth. While I'm not looking at a complaint against S I think at some point FGFS should have got to grips with what Ms G was unhappy about been more helpful and informative for her. Instead of continuing to send her back to S and raising retail disputes for her I think it should have offered a clearer explanation for what was happening, what options Ms G had, and what it was able to help her with.

I think Ms G would have benefitted from a clearer explanation on how her bill had been calculated; the reasons why the return didn't impact the minimum payment; details of what support FGFS could offer if she was struggling to make payment; and the broad impact on the future bill off the back of the return.

However, I think FGFS has supported Ms G by removing a late payment charge and interest for the relevant period. I can see it removed those in April and May 2024. So it's acted fairly there. The April statement balance brought forward was £686.28. When taking off the cost of the returned item (£419.96) this leaves a balance of £266.32. After FGFS reversed the late payment fee and interest, Ms G's balance on the next statement was £266.32. I therefore think FGFS's reworking of the account put Ms G in a fair position at that time.

I think it's important to note that Ms G was still required to maintain payments to her account. There was an outstanding sum on there for other items she'd bought. And I do have to bear in mind she agreed to the terms of the agreement that set out how her payments needed to be made.

So on the one hand, I think FGFS should've been more informative and helpful for Ms G when she raised the dispute. But on the other hand, I think it made fair amendments to the account by removing the late payment fee and interest for the period of the dispute. I need to primarily consider what happened up to when FGFS issued its final response letter (in May 2024) because those events relate to what it has had the chance to consider.

Overall, I'm inclined to agree the overall outstanding balance, as amended by FGFS for the May 2024 statement, looked fair. I also agree that £100 compensation seems fair for the impact on Ms G for the way FGFS handled things.

FGFS has said it's sent an income and expenditure form for Ms G to complete. I think Ms G may wish to consider working with FGFS to come to an arrangement to pay the outstanding balance, if there still is one.

I've not considered events after FGFS issued its final response in May 2024. If Ms G is unhappy with how its treated her since then she'd need to take it up with FGFS in the first instance and if she's unhappy with how it responds it may be something our service can consider. But to resolve this complaint, I'm minded to agree with our investigator.

### **Putting things right**

To put things right, FGFS should pay Ms G £100 compensation. And it should work with her to agree a payment plan for the outstanding balance, if there still is one. Ms G may wish to ask FGFS to put the £100 towards the outstanding balance, if there still is one. If she wants to accept this decision, she can let us know what she'd like FGFS to do with the compensation in her response.

### **My final decision**

My final decision is that I uphold this complaint and direct Frasers Group Financial Services Limited to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 4 June 2025.

Simon Wingfield  
**Ombudsman**