

## **The complaint**

Ms B's complaint is about the difficulties she experienced with Frasers Group Financial Services Limited ("Frasers") in resolving a billing dispute relating to non-receipt of goods.

## **Background**

I recently issued my provisional conclusions setting out the events leading up to this complaint, and how I thought Frasers should resolve it. I've reproduced my provisional findings below, which form part of this final decision.

### ***What happened***

*Ms B bought two pairs of AirPods via S's website. She paid for them using her Frasers catalogue shopping account, which is a form of running-account credit. Unfortunately Ms B only received one pair from her order. However, she was billed for both.*

*S subsequently acknowledged non-receipt and said it had arranged for Ms B's account to be credited. But Frasers continued to bill Ms B for the whole amount, and when she tried to query this it said it wasn't responsible for issues relating to order fulfilment and referred her back to S. Ms B attempted to resolve the billing issue with Frasers for several months before bringing her complaint to us.*

*Our investigator didn't think we could deal with the complaint. She said the complaint related to the service Ms B had received in relation to the retail matter; that is, the non-receipt of the item and the failure to reimburse the cost. As these aren't matters relating to the provision of a financial service, the investigator said she thought we wouldn't be able to help. Ms B didn't feel she could accept that position and asked for this review.*

*Since the matter has been passed for review, Ms B and Frasers have provided confirmation that the refund was applied to Ms B's account on 10 July 2024, together with associated interest and charges.*

### ***My provisional findings***

*I'll deal first with the question of my power to consider this complaint. As our investigator explained, there are some limits to what we can deal with. 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 and its customer. And based on the way the transaction was structured, I share our investigator's view that the issue of non-receipt of the AirPods from S is a matter that falls outside our compulsory jurisdiction over Frasers.*

*But the non-receipt of the AirPods is only one aspect of Ms B's concerns, and the evidence she presented to us – and to Frasers – in the course of her complaint was that*

by October 2023 S had acknowledged the missing item and that Ms B was due a refund. So over the time she was trying to engage with Frasers to get it to amend her account balance, it would be difficult to conclude that this was anything other than a billing query. The administration of running-account credit of the type Frasers was providing to Ms B 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.

That brings me to the way in which Frasers dealt with Ms B's efforts to have her account balance adjusted to reflect the correct amount owed. I appreciate that in some instances, it is appropriate for Frasers to refer customers to S in order to deal with issues such as the quality of goods received, delays in despatch, and non-receipt. Frasers might look to mark the transaction as being in dispute, though I recognise there are sometimes commercially sound reasons for not doing so.

However, I'm not minded to say it was appropriate to pass Ms B back to S in this case, where she already had confirmation from S that the transaction was being refunded and the question of non-receipt was no longer in dispute. I think in that situation Frasers needed to take into account principles set out in the FCA's Consumer Duty, noting the requirement Principle 12 places on firms to "act to deliver good outcomes for retail customers.

FCA guidance to the Consumer Duty<sup>1</sup> 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"

One of Ms B's main financial objectives in contacting Frasers was to ensure she was being correctly billed and wasn't being charged additional interest. Her conversations with Frasers representatives via its online chat system support that she informed it that the bill was inaccurate, and that she had confirmation from S that the retail dispute had been resolved in her favour. The process that Frasers appears to have had in place at that time was to refer Ms B back to S, irrespective of that information.

I'm not persuaded that was good enough, or that the process had Ms B's interests at its heart. I appreciate that more recently, Frasers has indicated that it has updated certain of its processes to improve the way in which it interacts with S. I'm pleased to note this, and would hope that ultimately this will lead to less friction in similar cases. I'm also reassured by the fact that Frasers has now applied the refunds I mentioned to Ms B's account, and done so in a way that means she's not out of pocket.

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<sup>1</sup> FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty

*However, 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. According to the log note Frasers has supplied to us, S processed that refund in October 2023 – as Ms B had told Frasers it did. I'm minded to say that if Frasers had acted to deliver a good outcome to Ms B when she made her billing query, the situation could have been resolved much sooner than it was, and with much less time and trouble to Ms B.*

*In light of this, I think it's only right that in addition to the belated refund, Frasers should be addressing Ms B's complaint by compensating her for the unnecessary distress and inconvenience she was caused by its handling of her billing query. I propose that it pays her £150 as fair compensation for this.*

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

### **Responses to my provisional decision**

Ms B accepted my intended conclusions and had no further comments to make.

Frasers didn't agree with the level of compensation I'd proposed. It didn't suggest an alternative sum, but felt it was being unjustly punished and that it hadn't mismanaged the credit account. Frasers said Ms B only contacted it once between October and March in relation to the refund. Although she'd advised on the webchat that she had confirmation from S that she had been refunded, neither she nor S had sent this to Frasers as evidence.

Once the matter was escalated to our service, Frasers said it raised matters directly with S who provided it with the evidence it required to credit the account along with the associated interest. Frasers added that while it agreed with my thoughts in relation to Principle 12, it wouldn't consider this from one communication from a consumer.

### **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 Ms B accepted my provisional decision, I'm focusing here on Frasers' response and whether I think it's said anything that leads me to reach any different findings or conclusions from those outlined previously. Having considered its reply, I don't believe it has. I therefore adopt my provisional findings in full in this final decision. In light of what Frasers has said, however, I do think it's important to make the following observations.

Ms B raised a legitimate concern over a billing query in October 2023. It was open to Frasers to ask her for evidence that S had agreed to refund her; indeed, if that is what was prevented Frasers from looking into matters it clearly should have asked her, or at least approached S for this. Frasers did neither, and it's not fair to suggest this was a failing on Ms B's part.

According to Frasers' records, Ms B first told it of her unhappiness in October 2023. Frasers had another opportunity to look into the missing refund in December 2023, when it rejected her original complaint. And it had further opportunities to deal with matters effectively during webchats on 14, 15, 20 and 21 March 2024. But even if she had only contacted it once, its processes for dealing with that contact should be taking into account the Consumer Duty.

It should not have been necessary for Ms B to bring her complaint to our service in order for Frasers to take the action it did in getting in touch with S. I'm satisfied it could – and should –

have done this much earlier. That it did not has led to unnecessary distress and inconvenience for Ms B, for which she should receive fair compensation. In the absence of any alternative suggestions from Frasers, I'm satisfied that £150 is the appropriate sum it should pay her.

**My final decision**

My final decision is that to settle this complaint Frasers Group Financial Services Limited must, within 28 days of receiving Ms B's acceptance of it, pay Ms B £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 14 October 2024.

Niall Taylor  
**Ombudsman**