

## **The complaint**

Mr W complains that the minimum payment due on his credit account with JD Williams & Company Limited, trading as Jacamo, has been calculated incorrectly.

## **What happened**

Mr W has a credit account with JD Williams. He complained to it in August 2024 about its calculation of his minimum payment but it didn't uphold his complaint. Mr W wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. He thought that JD Williams hadn't done anything wrong and that Mr W's minimum payment had been calculated correctly in line with the terms and conditions that apply to his account.

Mr W didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that: JD Williams is very misleading on how it explains what the minimum payment should be and it should use the stated outstanding balance to calculate the minimum payment; if the minimum payment is to be based on the total of goods ordered then that should be clearly stated; JD Williams didn't give him the right information about how the minimum payment is calculated and was just as confused as him as to why his minimum payment hadn't reduced; and he believes the terms and conditions to be contradictory.

## **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 terms and conditions of the credit agreement for Mr W's account say:

*"We will send you a statement every 28 days showing the minimum payment due and the payment due date. You must make at least the minimum payment by the due date unless no payment is due. Your minimum payment will be 4% of the total cash price of goods and services you order using your account or £5, whichever is the greater, plus any outstanding arrears. We recalculate your minimum payment in the same way whenever you buy more goods or services, return goods to us or cancel any services. You must tell us immediately if anything on your statement is incorrect".*

Mr W has provided a screenshot of account information sent to him by JD Williams which says:

*"How we calculate your minimum payment: Your minimum payment will be 4% of your outstanding balance. If your balance is £5 or less, we'll ask you to pay it all. Whenever you place an order, return items or cancel a service you've been paying for, we'll recalculate your minimum payment".*

JD Williams has provided information about the transactions on Mr W's account for the

period from July 2022 to August 2024. It says that it only recalculates the minimum payment when the customer places an order, return items or cancels any additional services which means that, unless the customer makes further purchases, the minimum payment amount remains the same. It says that if it was to adjust the minimum payment after a large payment was made, it would effectively be asking the customer to pay more in interest charges for a longer period of time.

For months when Mr W has made or returned purchases, the minimum payment has been calculated on the outstanding balance of his account. For months when Mr W hasn't made or returned purchases, the minimum payment has remained the same as for the last month when he made or returned purchases. I consider that JD Williams has calculated the minimum payment correctly and in accordance with the terms and conditions of the credit agreement, but I also make the following observations.

I agree with Mr W that JD Williams provided incorrect information when it said: "*Your minimum payment will be 4% of your outstanding balance*"; but that is a summary statement that it has provided and I consider that it has applied the terms and conditions correctly. I also agree with Mr W that the terms and conditions could be clearer and I've identified two clarifications that could be made. The first is that I consider that JD Williams should make it clearer in its terms and conditions that, for months when no goods or services are bought, no goods are returned and no services are cancelled, the minimum payment will be the same as in the last month that such activity took place.

The second is that I consider that it should say in its terms and conditions that, if the minimum payment that is due in a month when the minimum payment hasn't been recalculated is more than the outstanding balance on the account, the minimum payment will be reduced to the amount that would bring the balance to zero.

As I consider that JD Williams has calculated Mr W's minimum payments in accordance with the terms and conditions of his account, I find that it wouldn't be fair or reasonable for me to require it to take any action in response to Mr W's complaint. But I consider that it should revise the summary statement that it gives to customers to ensure that it's consistent with the terms and conditions and I ask it to consider revising its terms and conditions to take account of the two issues that I've described above.

**My final decision**

My decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 November 2024.

Jarrold Hastings  
**Ombudsman**