

The complaint

Mr A complains that J D Williams & Company Limited trading as Fashion World ('FW') unfairly calculated his minimum payments on his revolving retail credit account. He's concerned about how this might detrimentally affect him, as well as FW's other customers.

To put things right Mr A wants his minimum payments recalculating and for FW to change their practices.

What happened

Mr A noticed that FW were requesting a higher minimum payment than he expected on his account.

Mr A complained to FW that his minimum payment didn't reduce alongside his decreasing account balance. He shared calculations to show his minimum payment now exceeded 4% of what he owed FW, which he thought was more than his terms and conditions required.

FW responded that they'd properly calculated Mr A's minimum payments in line with the terms and conditions of his account, as a sum equivalent to 4% of the price of goods and services Mr A had ordered. FW confirmed that they'd only recalculate the minimum payments at certain times which was why Mr A's minimum payments hadn't reduced.

Mr A referred his complaint to the Financial Ombudsman Service. Our investigator concluded that FW had acted fairly by calculating Mr A's minimum payments in accordance with the terms and conditions of his account.

Mr A asked for an ombudsman to review this, saying FW's terms and conditions were detrimental to customers wanting to pay off their full balance without going into further debt, because they'd pay a higher percentage towards their balance each month unless they placed further orders.

The matter has now come 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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having reviewed the submissions and available evidence from both parties I have decided not to uphold Mr A's complaint, for broadly the same reasons as those reached by our investigator.

I think it's important to explain that the role of the Financial Ombudsman Service is to determine fair outcomes in individual disputes. We do not fine or punish businesses or ask them to review their systems or processes, as these are matters for the Financial Conduct Authority to consider.

This means that I'm unable to consider Mr A's concern that FW should change their terms and conditions or alter their practices.

For me to uphold Mr A's complaint I'd have to find FW had done something wrong, or treated him unfairly or unreasonably when calculating his minimum payments in accordance with the terms of his account.

When Mr A opened his account different terms and conditions were in place to the current version both parties now refer to. However, both versions of the terms and conditions say the minimum payment is linked to the total price of goods and services ordered, and that Mr A's minimum payment would be recalculated each time there was a purchase. The current terms and conditions expand the circumstances where this recalculation is triggered.

The current terms and conditions of Mr A's account clearly set out the basis on which FW are prepared to advance credit to Mr A and their expectations of how this is to be repaid. They state:

"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. Whenever you buy more goods or services, return goods to us or cancel any services we re-calculate your minimum payment which will be 4% of the balance outstanding on your account."

I've looked at a summary of Mr A's account. From April 2024 to August 2024 (inclusive) I can see that Mr A's minimum payments represented 4% of the price of goods and services ordered as of April 2024 - which was when he'd last made a purchase in that period. I can see that when Mr A made a further purchase in September 2024 this resulted in his monthly payment being adjusted in October 2024.

FW's calculations of Mr A's minimum payments therefore appear to me to be in line with the terms and conditions of his account, so I don't consider FW have treated Mr A unfairly or unreasonably here.

I recognise Mr A's concern that FW's way of calculating minimum payments leaves him with less money for essential purchases.

In the current terms and conditions, FW do contemplate circumstances where an amount lower than the minimum payment may be acceptable to them – for example, to comply with their regulatory responsibilities to support customers in financial difficulty.

FW invited Mr A to contact them if he was experiencing financial difficulty in meeting his minimum payments, which I consider to be in line with good industry practice.

Mr A may also find it helpful to contact the Money Advice Service (www.moneyhelper.org.uk) which is a free and independent source of advice.

Taking all of the above into account, I don't consider FW have treated Mr A unfairly in these circumstances, and so I won't ask them to take any action here.

My final decision

For reasons I've set out, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 January 2025.

Clare Burgess-Cade
Ombudsman