

The complaint

Mrs F complains that Frasers Group Financial Services Limited ('Frasers Group'), trading as Studio, were unreasonable to apply charges and interest and to report missed payments on a transaction for goods she never received.

What happened

Mrs F ordered a bed and one additional item in December 2023. The bed and delivery cost £149.99 and the additional item was £20. The additional item is not in dispute.

Mrs F didn't receive the bed, but Frasers Group added the transaction to her account anyway and they charged interest when Mrs F didn't pay. They also charged late payment fees and reported missed payments to Mrs F's credit file.

Mrs F complained to Frasers Group, and they removed the £149.99 from the account. They also refunded the interest and account fees, but they wouldn't remove the adverse reports they had made to Mrs F's credit file as they said they were an accurate reflection of Mrs F's performance on the account.

Our investigator didn't think Frasers Group had been reasonable. She suggested they should also remove any adverse reports they had made to Mrs F's credit file.

Mrs F agreed with that resolution, but Frasers Group didn't. They said that their terms and conditions required repayments to be made even if the transaction was in dispute with the retailer. They asked for a decision by an ombudsman.

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 don't think Frasers Group have been reasonable here and I agree with our investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the terms and conditions of Mrs F's account with Frasers Group. It's unclear when the transaction would be applied to the account but think it's fair to suggest that would usually be the case when the item was delivered. Here the item wasn't delivered, and I can't, therefore, see that Mrs F ever had a debt to pay. In that case it wouldn't be fair for Frasers Group to charge interest on the debt or to apply charges when minimum payments weren't

received. Frasers Group have an obligation to report account activity accurately to the credit reference agencies and as I don't think a debt was ever created it wouldn't be fair to suggest Mrs F had failed to make payments against it.

And, even if I'm wrong about the point at which the charge should have been applied, I don't think it's fair for Frasers Group to have reported the missed payments because:

- Mrs F had never received the bed and she'd, therefore, had no benefit from it.
- She had been very active in trying to resolve matters with Frasers Group. I've seen several frustrated emails that she didn't get a proper response to. Those emails start before the first adverse report was made to her credit file and if they had been acted on, and the debt removed from the account, as Frasers Group had promised her as early as January 2024, then there would have been no payment to miss.

Ultimately, I would agree with our investigator that any adverse credit reports in relation to this transaction should be removed from Mrs F's credit file.

My final decision

For the reasons I've given above, I uphold this complaint and tell Frasers Group Financial Services Limited to remove any adverse reports they have made to Mrs F's credit file in relation to this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 13 February 2025.

Phillip McMahon
Ombudsman