

## **The complaint**

Mr A complains about the charges applied to his catalogue shopping account with Shop Direct Finance Company Limited.

## **What happened**

In February 2024, Mr A purchased an item on his catalogue shopping account using the Buy Now Pay Later (BNPL) facility. This meant he could delay his payment until 1 September 2024 and wouldn't incur any interest if the full payment was made by the deadline.

On 6 September 2024, Mr A contacted Shop Direct after receiving communication about his account. At this point, he had missed a minimum payment on his standard purchases and the delayed payment period for his BNPL purchase had ended, so interest was applied.

Unhappy about the interest applied and the administration charge he was told he would incur due to the missed payment, he complained to Shop Direct. He felt Shop Direct didn't do enough to inform him when his payment was due, and he wasn't aware of the high interest or admin charges.

Shop Direct explained that as it didn't receive the full cash price of £368.09 by the expiry date the amount was added to Mr A's flexible balance and became interest bearing. It mentioned statements were viewable on his online account which included information about the payment due date. It also confirmed, as payment towards the balance was made by Mr A on 6 September 2024, before the next statement was generated, no administration charges were applied and no adverse information has been recorded.

Our Investigator looked into the complaint and didn't uphold it. They thought Mr A was charged correctly and statements showed when the BNPL period was ending.

Mr A disagreed. In summary, he said there was no option of setting up a direct debit to pay the BNPL purchase on time, and that he was not made aware of the high charges.

As Mr A remained unhappy, the case was passed to me to make a decision.

## **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 reviewed the terms and conditions Mr A agreed to when he took out the account with Shop Direct. It states:

“...using Buy Now Pay Later (BNPL), which allows you to defer the date you must start to pay for selected items for periods of up to 12 calendar months (depending on the offer) from the date you order them. Transactions using BNPL are called BNPL Transactions. Interest will accrue on the cost of the item purchased for the delayed payment period and will be charged to your account at the end of the delayed payment period. The interest will then be

payable unless you pay for the cost of the item purchased in full before the end of the delayed payment period. Therefore, if you want to avoid paying interest for the delayed payment period you MUST pay the full cost before the end of the delayed payment period.”

Therefore, I’m satisfied Shop Direct explained that items purchased using the BNPL facility needed to be paid in full before the end of the delayed payment period, or interest would become payable.

Mr A says he didn’t receive clear communication from Shop Direct about the due date or charges. I’ve seen the statements issued to him which detail the balance of his flexible account and BNPL information. It outlines that to avoid interest on the BNPL items he can pay the balance by 1 September 2024. The evidence also shows he was sent email notifications to inform him the statements were ready to view on his online account. So I think Shop Direct adequately informed Mr A of the amount due and when interest would become payable.

I also note Mr A’s statements show he has previously used the BNPL facility, so I think he would have been familiar with how it worked. Ultimately, the onus is on Mr A to check his statements or get in touch with Shop Direct if he needed more information.

I understand Mr A has also raised concerns about a direct debit not being set up. Shop Direct has told this service that when the account is only made up of BNPL purchases a variable direct debit isn’t available because no payment is due until the end of the delayed payment period.

I haven’t seen anything to say Mr A had a direct debit in place at any point. The account notes suggest he made manual payments towards his balance. So I think he should have been aware there was no direct debit in place and needed to continue making manual payments. Therefore, I don’t think Shop Direct has made an error here.

To clarify, Shop Direct has confirmed it didn’t charge any administration fees for the missed minimum payment, and Mr A’s statements reflect this. It has also told us no adverse information has been recorded on his credit file. So I don’t think I need to consider these issues further – as Mr A hasn’t disputed this.

I do appreciate Mr A’s frustration and acknowledge he made the payment within days of the delayed payment period ending. But I’m not persuaded Shop Direct has acted unfairly or unreasonably, therefore I can’t ask it to do anything more.

### **My final decision**

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 25 March 2025.

Tania Henry  
**Ombudsman**