

The complaint

Mrs C complains Frasers Group Financial Services Limited (Frasers) caused difficulties regarding a billing dispute relating to the non-receipt of goods.

What happened

In November 2023, via an online retailer who I will refer to as K, Mrs C placed two orders for a number of items as shown below:

Order 1	20 November 2023 – six items - £429
Order 2	24 November 2023 – five items - £305

She paid for the orders using her Frasers catalogue shopping account, which is a form of running-account credit. However Mrs C said she never received the items yet she was still charged for them.

For order one, K confirmed the items weren't in stock and agreed to refund the order. The refunds were applied and the credits show in the statement of December 2023.

However Mrs C complained to K and Frasers that she had continued to be charged for order two although those goods also hadn't been received. Frasers said it wasn't responsible for the refund and she had to contact K to resolve it. For several months thereafter, Mrs C made efforts to resolve the billing dispute with Frasers and she questioned the balance she was told she owed (around £519) as she didn't believe it was correct.

She complained she hadn't received all of the refunds, the outstanding balance was incorrect and adverse information was being reported to the credit reference agencies (CRA) which was impacting her ability to obtain credit.

Frasers said due to recent business separation, they can't investigate complaints which relate to retail/customer service issues with K. They said they wouldn't amend Mrs C's credit file as she had failed to make the minimum payments on the account. They also said following a query with K, they had agreed to credit the account with £305 (the equivalent of order two). They said this was done as a gesture of goodwill which left an outstanding balance of £215 for Mrs C to pay.

The complaint was referred to our service. The investigator recommended it was upheld. He believed Frasers had acted unfairly. To put things right, he said Frasers should remove the adverse information about these orders from Mrs C's credit file and pay £200 compensation. Frasers disagreed with the investigator's findings.

In January 2025 and while this case was ongoing at our service, Mrs C paid the outstanding balance and cleared the account. However she remains unhappy with the information recorded on her credit file.

As an agreement couldn't be reached, the complaint has been referred 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.

Having done so, I've decided to uphold Mrs C's complaint. I agree with the overall outcome reached by the investigator and for broadly the same reasons.

Frasers has argued that the non-receipt of the goods is a retail dispute with K and not something they can get involved with as they are two separate entities. I agree that the goods not being supplied falls outside our compulsory jurisdiction therefore I can't reasonably hold Frasers responsible for the same.

However what I can hold them responsible for in this case is the administration of the credit facility, the billing dispute and the information they've reported to the CRAs about this account.

Mrs C has provided evidence of her correspondence with K in January 2024. It confirms items were cancelled, details of the refunds had been passed to the relevant department and they would be applied in due course. Although these emails don't specify what order this related to, I'm persuaded it's more likely than not it related to order two. I say this because the refund for order one was processed in December 2023 as confirmed in that month's statement. Meaning the outstanding refunds related to order two.

I've also seen emails sent from K to Mrs C in March 2024 which says:

"Due to you placing the order with your credit account, I have sent the relevant information to the department that can look into resolving this and issuing your £299 refund".

In another email, K says:

"With regards to the £299 refund for the gaming bed, I can see the department still need to action this"

I note the item that cost £299 was a part of order two.

In light of the above correspondence from K, I'm satisfied the retail dispute had been resolved and what was left was a billing dispute with Frasers. I'm also satisfied Frasers was ultimately responsible for making sure Mrs C's account was being billed correctly.

Despite the above and Mrs C providing evidence of the same, when raising her concerns with Frasers, they've told her it was necessary to raise it with K. However in my opinion, it was evident this was a billing dispute and I would've expected Frasers to have dealt with it rather than telling Mrs C to go back to K. After many months of going back and forth with both parties, I can understand why this caused Mrs C upset and worry.

Mrs C strongly argued that the balance on the account was incorrect as the refunds hadn't been applied and she requested Fraser to amend it. She wanted to make sure what she was being charged for was correct and she sought clarification of the same from Frasers. However I don't find they were particularly forthcoming or provided the relevant support and information to Mrs C. This only added to her frustration.

I can see Fraser applied the outstanding refunds to the account in June 2024 which I note was several months after the dispute was initially raised. This brought the account balance down to £215. Frasers said they did this as a gesture of goodwill following them raising a query with K. However I question why that wasn't done sooner given the lengthy ongoing

dispute. Moreover Mrs C had already provided evidence of K's confirmation of the refunds so I can't agree with Fraser's comments that the credit refunds weren't forthcoming from K. On the contrary, I find Frasers had sufficient evidence to confirm the refunds needed to be applied to the account and they caused a significant delay in doing so which wasn't fair on Mrs C. I believe the matter could have been resolved much sooner than it was.

I note Mrs C's comments that she didn't believe there was an outstanding balance on the account before the two orders were even placed therefore with the refunds eventually applied, she shouldn't owe anything. However having reviewed the transaction history and statements, I find there was an outstanding account balance of £180 from October 2023 which is one month before the orders were placed. This amount was always owed by Mrs C to Frasers.

Mrs C complains due to the above dispute, Frasers have unfairly reported adverse information to the CRAs and she wants this removed. She states it's impacting her financially and her ability to obtain credit elsewhere. I can understand why this is causing her worry and upset.

On balance, I believe it's more likely than not had the refunds been correctly and promptly applied showing the correct outstanding balance to be paid, Mrs C would've paid at least the minimum payment as required by the terms. I say this because having reviewed the statements and credit file, I can't see Mrs C had a history of not making at least the minimum payments on the account. While it's strongly not advised to stop making the contractual payments despite there being an ongoing dispute, I can understand from Mrs C's perspective before doing so she wanted to make sure she was being billed correctly. That's the crux of this whole complaint and for the reasons outlined above, I find Fraser didn't bill her correctly.

Having carefully considered what Mrs C has said, I understand why she feels strongly about this matter especially as it's been going on for such a long time. She's explained it has negatively impacted on her ability to get credit. However in order to award compensation for the same, I must be satisfied with documentary evidence had it not been for Fraser's failing, Mrs C would've obtained credit elsewhere. However there's insufficient evidence for me to reasonably say that's what happened here.

While I accept Mrs C's credit score is most likely to have been impacted, I can't say with any certainty this was the only reason as to why credit applications may have been declined. After all, the decision to lend, is a commercial one made by a financial business and while an individual's credit score will undoubtedly be a consideration, there are many other factors that are taken into account. On this basis, I won't be asking Frasers to compensate her for this financial loss that she alleges. However I have taken this into account when thinking about the overall distress and inconvenience caused.

Taking everything into account, I don't find Frasers treated Mrs C fairly nor reasonably in relation to this billing dispute and their failures have impacted her. Mrs C has provided a copy of her credit file as of April 2024 and I can adverse information has been reporting since this dispute was raised. In light of Frasers' failing and given the balance has now been cleared by Mrs C, I find a fair resolution would be for Frasers to remove any adverse information recorded to the CRAs about this agreement from November 2023 onwards.

Mrs says this situation has impacted her mental health and financially. Given the extent of her communication with Frasers it was clear it was causing her much upset and worry and that went on for a number of months. For these reasons, I agree with the investigator that Frasers should pay her £200 compensation for the trouble and upset caused.

My final decision

For the reasons set out above, I've decided to uphold Mrs C' s complaint.

To put things right, Frasers Group Financial Services Limited must:

- Remove any adverse information reported to Mrs C's credit file from November 2023 onwards;
- Pay £200 compensation to Mrs C for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 March 2025.

Simona Reese
Ombudsman