

The complaint

Mrs P has complained about the service received after she attempted to purchase goods using her Frasers Group Financial Services Limited ("FGFS") credit agreement.

What happened

The circumstances of the complaint are well known so I'm not going to repeat everything here. But, to summarise, Mrs P had a credit agreement with FGFS that she used to buy goods from a retailer I'll call "S". To give some background, FGFS said it used to be the lender and supplier up until mid-2023 when S separated from it. From that point onwards S and FGFS were separate entities. Mrs P referred a complaint to the Financial Ombudsman in November 2024 broadly saying:

- She'd placed an order with S for goods worth around £200 in February 2024. S cancelled the order, so she sourced the goods elsewhere.
- A couple of weeks later she received a statement from FGFS without the order being cancelled.
- She spent several months speaking to S and FGFS trying to sort things out. She was passed back and forth between the two businesses.
- FGFS placed some holds on the account, but she still received arrears and default notices along with interest charges.
- S eventually credited Mrs P's account with the sum for the order and FGFS removed interest and charges around July 2024.
- Mrs P was unhappy with adverse information being recorded on her credit file.

Our investigator upheld the complaint and didn't think FGFS did enough to support Mrs P. She thought Mrs P's billing enquiry should have been dealt with and resolved much sooner. She recommended FGFS remove adverse information from Mrs P's credit file and pay her £100 compensation.

Mrs P agreed but FGFS didn't. FGFS said it didn't think it had acted unfairly and couldn't be held responsible for what S did. It said Mrs P should have maintained her minimum payment even with a dispute ongoing.

As the complaint wasn't resolved, it's been passed 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.

The complaint we have is against FGFS. We're able to consider complaints against FGFS because it carries out financial services – such as exercising the lender's rights/duties under a credit agreement. Mrs P has a credit agreement she used with FGFS to pay for goods.

I think a large part of the complaint seems to now be resolved. FGFS has agreed to remove the associated interest and charges off the back of S applying a refund to Mrs P's account. I've thought about whether FGFS needs to do more. I'm required to resolve the complaint by

setting out what I think is fair and reasonable and I need to do that quickly and with minimum formality. I find our investigator's recommendation is the best way to do that.

On the one hand, I agree it generally wouldn't be fair to hold FGFS responsible for what went wrong with S. FGFS is a separate business. And I also agree that the terms of the agreement Mrs P agreed to set out the requirement to maintain her payments, even with a dispute ongoing.

But on the other hand, I'm conscious the order was cancelled before the goods were sent. I don't know if that was down to S or FGFS. But I can understand why Mrs P didn't want to pay for goods that weren't sent, and that she said she'd sourced elsewhere. Mrs P had a valid billing enquiry she raised promptly with FGFS. She went back to S because that's what she was told to do. She contacted FGFS again when she wasn't getting the help she needed from S. It should have been a very straight-forward issue to sort out, but it took too long to resolve – several months. Mrs P must've been incredibly frustrated being passed back and forth between S and FGFS for so long. At the time, FGFS said it did have some sort of mechanism for contacting S about order queries. I think it should have done more to get a response or ask Mrs P for further information if needed because it was clear the order was cancelled or had incorrectly been charged to her account. Moreover, one of the items in the order cost over £100 so FGFS could have decided to consider a breach of contract claim under section 75 of the Consumer Credit Act 1974 which may have resolved things sooner.

Overall, while I think it's fair FGFS agreed to remove interest and charges in relation to the cancelled order and it placed temporary holds on the account, I think it should have done more to help Mrs P resolve the problem sooner. I think the £100 compensation recommended by our investigator seems like a fair way to acknowledge the impact on Mrs P. While I appreciate Mrs P was required to maintain payments to her account even with a dispute ongoing, I also am mindful that credit file reporting needs to be fair as well as accurate. I don't think Mrs P would have missed payments towards the credit agreement had it not been for issues I've set out above. So I also agree any negative information about the credit agreement on her credit file should be removed from February 2024 onwards.

My final decision

My final decision is that I uphold this complaint and direct Frasers Group Financial Services Limited to pay Mrs P £100 and remove any adverse information on her credit file about the agreement from February 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 25 June 2025.

Simon Wingfield

Ombudsman