

The complaint

Mrs J is unhappy with Frasers Group Financial Services Limited, trading as Studio (Frasers) because she says they did not correctly adjust the balance on her running credit account when a refund was applied to the account.

Mrs J is represented in this matter by Miss J, but for the purposes of this final decision I shall refer to Mrs J as it is her complaint.

What happened

I issued my provisional decision to both parties explaining why I thought part of Mrs J's complaint should be upheld and invited both parties to provide any further evidence and/ or submissions for me to consider by 17 June 2025.

My provisional decision contained the background to this matter and the reasons for my provisional findings, both of which are copied below and now form part of this final decision.

Background

Mrs J's running credit account agreement is with Frasers and can be used to purchase goods and services from certain retailers.

Mrs J bought items from the retailer in September 2023 and the cost of these items was applied to her account on 9 September 2023. However, due to some problems with the purchase Mrs J returned the items and the cost of the goods (£1,117.99) was credited to Mrs J's account on 15 March 2024.

When the refund was applied to Mrs J's account she queried the corresponding interest adjustment and on 5 April 2024, following a call with Frasers, £180.84 was credited to Mrs J's account.

Mrs J remained of the opinion that her balance was still wrong. Frasers investigated Mrs J's complaint and responded to Mrs J on 21 May 2024 to assure her that the outstanding balance on her account was correct. In the course of their investigation Frasers identified interest of £56.25 had been added to Mrs J's account and so credited this amount back to her account. To recognise there had been failings in how Frasers had handled the account they also paid Mrs J £20. Following the various adjustments, this meant Mrs J's balance at May 2024 was £289.85.

Our Investigator reviewed the matter and concluded Mrs J's balance had now been corrected, but they said Frasers could have done more to help Mrs J in resolving the problem earlier and so they said Frasers should pay Mrs J a further £100.

Frasers agreed with the Investigator's view to pay Mrs J a further £100 to resolve the matter. Mrs J responded to the Investigator's view to say she would accept the proposed redress so long as the £100 was used to reduce the outstanding balance of £289.85 to £189.85, which Mrs J said she would then repay in full.

However, Mrs J expressed her concern that her balance had been increased to £323.69, so she said interest must have been wrongly applied again.

Mrs J also raised concerns about threatening letters and messages requesting payment of the debt, and said that her son had been contacted on his mobile phone about the debt when he had nothing to do with her account.

While the Investigator explained to Mrs J these were new complaint points to be raised separately, Frasers have more recently consented that these new points can be considered under this case as well, so I've considered these as part of this provisional decision which both parties will have the opportunity to respond to.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have not responded to each individual point raised by either party rather I've focused on what I consider to be the issues relevant to reaching a fair and reasonable resolution to this matter.

Outstanding balance

I think it's fair to say the main reason for Mrs J's complaint related to her concerns that the outstanding balance on her account was incorrect following the refund received due to the returned items, and since then Mrs J's complaint has evolved with further concerns about her outstanding balance.

It appears that following the Investigator's review of the case it is accepted the balance of £289.85 on Mrs J's account at the time of Frasers' response to Mrs J in May 2024 was reasonable / correct, and my own review has not found anything to suggest otherwise. So although there was an initial error with the interest adjustment following the refund to Mrs J's account, I'm persuaded this was fairly put right. I have therefore gone on to consider Mrs J's concerns that since then her balance has increased to £323.69.

The breakdown of transactions I've seen for Mrs J's account show the balance was increased to £323.69 due to two £12 charges (added in September 2024 and October 2024) and interest of £9.81 applied due to her outstanding balance (added at the end of October 2024), together with 3 pence interest applied in relation to the two charges.

I've considered whether Frasers were entitled to add these sums to Mrs J's account and whether, in the circumstances, it was fair of them to do so.

The terms and conditions of Mrs J's account support that Frasers can add these sums to a person's account. The charges being in respect of instances where, for example, no payment has been made to the account. And that an outstanding balance can attract interest.

Before Mrs J purchased and returned the items in question she already held a balance on the account. And it is apparent from the information available to me that Mrs J has made no payments to the account after December 2023.

I think it reasonable to therefore say Frasers were entitled under the terms of the account to apply these sums to Mrs J's account, so I've gone on to consider, in the circumstances, was it fair of them to do so?

Mrs J requested our service approach Frasers to put things on hold while we investigated her complaint and in November 2024 we asked Frasers if this was something they'd be willing to do. Frasers agreed on 13 November 2024 to put the account on hold. Since then, it appears no further charges or interest have been applied to Mrs J's account.

I recognise Mrs J has withheld payment towards her account since December 2023 due to her questioning the outstanding balance after the refund was applied, but I am also mindful that Mrs J accepted there was an outstanding balance on her account before these events and that under the terms of her account Mrs J has a responsibility to make payments, when due, towards it.

While I recognise this will be a disappointment to Mrs J, I am minded to say the charges in September 2024 and October 2024, and the interest in question were fairly applied in line with the terms and conditions of the account. And in the circumstances I think Frasers have been reasonable given that despite no payments being made towards the account for several months, no charges were applied during those months of missed payments or interest added until September 2024 and October 2024. Furthermore, I think Frasers reasonably suspended any further charges and interest being added after October 2024.

On balance, I therefore don't find the two charges from September 2024 and October 2024, and interest applied unreasonable in the circumstances. Because of this I think the outstanding balance of £323.69 is fair.

Requesting payment

Mrs J expressed concern about being approached for payment by Frasers and she has mentioned messages about her account being sent to her son's mobile phone.

As part of the most recent submissions Frasers have provided copies of statements and letters that were sent to Mrs J. It would be expected that statements be made available to Mrs J so I don't find that unreasonable and I am mindful certain letters Frasers have sent are a legal requirement for them to do so.

Given Mrs J owes money to Frasers I think it reasonable that they should attempt collection from her, and I've not seen anything to reasonably suggest Mrs J has been harassed for payment. And since November 2024 Frasers have not pursued collection with Mrs J, so there's not enough here for me to say Frasers have treated Mrs J unfairly in this regard.

I've also considered Mrs J's concerns in relation to the contact to her son's mobile phone.

Frasers have shown the last SMS sent to the mobile phone was on 5 November 2024, the day before our service asked Frasers if they would consider pausing their collections activity.

And in relation to the mobile phone number Frasers used, they have shown us that it is recorded as a contact mobile phone number against Mrs J's customer profile and they've explained this would only have been added to Mrs J's customer profile if she had agreed to it. In the circumstances, I've therefore not found that Frasers were wrong to contact the mobile phone number they had on their records as I consider it more likely than not this was provided to them rather than it being a number Frasers had obtained through any other means such as a trace. I am also mindful they stopped contact to that number after November 2024.

Overall, I've therefore not seen enough to say Frasers have acted unreasonably here – either in terms of the contact made to Mrs J for payment of the money she owes, or in terms of using the mobile phone number they had recorded for her.

Support

As our Investigator concluded, I think it's reasonable to say that when the error first occurred with Mrs J's account following the refund being applied, Frasers could have been more supportive in helping Mrs J to resolve the problem. I think it's fair to say the error undermined Mrs J's confidence in what money she owed and this has caused her much upset and inconvenience to sort out, particularly given I understand she had maintained her account well prior to these events.

Like the Investigator, I agree an additional £100 is a fairer sum to reflect the trouble and upset this matter has caused Mrs J. And it is apparent that both parties have accepted the sum on this point.

I recognise Mrs J may not agree with everything I have said and I can see it has not been Mrs J's intention to avoid payment of what she owes, rather she has understandably wished to ensure the amount she owes is correct. But when considering all the circumstances of the complaint, for the reasons I've explained above I think the outstanding account balance of £323.69 is fair and there is not enough to persuade me Frasers have acted unfairly in their attempt to collect on the money owed; but I do think Frasers could have been better at supporting Mrs J when she first came to them with her problem.

Putting things right

To put things right I propose Frasers Group Financial Services Limited, trading as Studio pay Mrs J £100.

Mrs J can let me know in reply to this provisional decision whether her preference would be for this to be paid to her directly or used to reduce her outstanding balance with Frasers. I also remind Mrs J to let Frasers Group Financial Services Limited, trading as Studio know directly if the mobile phone number on her account should now be removed.

Responses to my provisional decision

Frasers replied to my provisional decision and confirmed they had no further points to add.

Mrs J responded to my provisional decision confirming acceptance of the findings; however, she raised additional concerns about the impact of this matter to her credit file due to missed payments being reported and that historically she had never missed any payments until this dispute. Mrs J said even though there were times the account was 'frozen' bills were still being sent and classed as 'missed payments'. Mrs J queried if anything could be done about her credit rating.

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 noted Mrs J's additional concerns and I understand Mrs J's credit file is important to her so I do not mean to be dismissive, but in the circumstances I think it would now be unfair to consider these additional concerns here given these concerns were not raised as part of the original complaint or amongst the subsequent complaint points which were later agreed to be included under this case.

It may help Mrs J to know that Frasers have a responsibility to report accurate and up-to-date information to the credit reference agencies (CRAs), so if Mrs J thinks something in the reporting is wrong or unfair then I leave it to Mrs J whether she wishes to pursue a separate complaint about this with Frasers. If that is unresolved, then she may be able to bring it to our service as a new case – although Mrs J should note that this service cannot revisit any subject matter we have already considered.

As the deadline in my provisional decision has passed and neither party presented any new evidence or submissions for me to consider in relation to the complaint considered under this case, I see no reason to depart from the conclusions reached in my provisional findings above.

That is, in the circumstances I think the outstanding account balance of £323.69 is fair and there is not enough to persuade me Frasers have acted unfairly in their attempt to collect on the money owed; but I do think Frasers could have been better at supporting Mrs J when she first came to them with her problem.

Putting things right

To put things right Frasers Group Financial Services Limited, trading as Studio should pay Mrs J £100.

Mrs J did not confirm whether she wished the £100 to be paid to her directly or to reduce her outstanding balance with Frasers, therefore Frasers Group Financial Services Limited, trading as Studio should ask Mrs J which she would prefer.

My final decision

For the reasons above, my final decision is that I uphold Mrs J's complaint in part and Frasers Group Financial Services Limited, trading as Studio should put things right as I've described above.

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

Kristina Mathews
Ombudsman