

The complaint

Mr P complains Shop Direct Finance Company Limited (“Shop Direct”) misled him about the outstanding balance on his account.

What happened

Mr P opened a Shop Direct running credit account in 2013. Regular purchases accrue interest daily. But the account sometimes allows items to be bought on a “Buy-Now-Pay-Later” (BNPL) basis, where interest is avoided if the purchase is paid off by a set date.

On 13 August 2024 Mr P’s outstanding account balance was around £530. Of this, £439.99 related to a Buy-Now-Pay-Later (BNPL) purchase from August 2023. Interest would be chargeable on this purchase unless Mr P paid off the £439.99 by 2 September 2024.

Mr P paid £447.37 towards his account over two payments in August 2024 to zero the BNPL balance. However, part of those payments were applied to his regular account balance first before being applied to his BNPL balance. That left a remaining BNPL balance outstanding on which Shop Direct charged interest.

Mr P complained about the outstanding BNPL balance on 9 September 2024. Shop Direct called him back on 10 September 2024. During that call, Shop Direct confirmed his payments had subsequently been re-allocated to clear the BNPL balance first, and that the interest charged on the BNPL purchase was refunded to ensure Mr P was treated as having paid on time. Mr P was satisfied with that resolution.

In the same call, Mr P said Shop Direct failed to tell him what his remaining balance was, and instead told him to check his next statement. Shop Direct disputes that’s what happened — it said it told Mr P during the call that his remaining balance was £85.88.

Mr P checked his next statement dated 12 October 2024. It showed there was a balance to pay and a minimum payment that was due, which Mr P paid.

Mr P said his mobile app then showed he either had no balance to pay or that his account was in credit. On that basis, he stopped making payments from late October 2024. Charges and interest accrued on his account and Shop Direct reported the arrears to the relevant credit reference agencies (CRAs).

Mr P complained again in December 2024. In a final response dated 11 February 2025, Shop Direct didn’t uphold his complaint. It said Mr P had been told on 10 September 2024 that a £85.88 balance remained on his account, which would show on his next statement. It didn’t agree Mr P was provided with wrong information about his account balance.

Our investigator didn’t uphold Mr P’s complaint for broadly the same reasons as Shop Direct.

Following our investigator’s assessment, Mr P accepted the correct balance is now showing and is payable. But he maintained that because the mobile app had been misleading, the

adverse information added to his credit file should be removed. As our investigator didn't agree that should happen, the complaint has now come to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've carefully considered everything they've sent.

The crux of Mr P's complaint is that Shop Direct misled him into thinking he had nothing further to pay and that it should have been clearer about what he owed. Because of this, he doesn't think he acted unreasonably by stopping his contractual payments, and it would be unfair if his credit file was adversely impacted by what happened.

After reviewing everything that happened, I've come to the conclusion that there's very little I can add beyond what our investigator has already said. And so for broadly the same reasons as hers, I'm not minded to uphold Mr P's complaint. I'll explain.

I've listened to the call on 10 September 2024. In that call, Mr P did ask about his outstanding balance. However, contrary to what Mr P remembers, the adviser did tell him his BNPL balance had been cleared but that his account still showed a balance of £85.88. So I think it's likely Mr P left the call knowing he had a remaining balance to pay of about £85.

Mr P said he then checked the 12 October 2024 statement and could see there was a remaining balance. I've looked at that statement. I can see it shows a brought forward balance of £88.90 from the previous month. This was higher than the £85.88 the adviser mentioned in the 10 September 2024 call, because £3.02 of interest had accrued since then. After accounting for Mr P's minimum payment, and newly charged interest, the statement showed Mr P had a remaining balance of £86.08. As Mr P accepts he checked this particular statement, on balance he would have likely known he had around £86 left to pay.

Mr P's decision to then stop making his minimum payments was primarily based on the information he saw in his mobile app. He said the app indicated he had nothing further to pay, and submitted several screenshots of the app to prove the information was misleading.

I've carefully reviewed those screenshots. I can see the "misleading" information Mr P refers to. But after careful inspection, I don't find Mr P has sufficiently evidenced the app had displayed inaccurate or misleading information.

One screenshot shows his total spending for the month was £0. Another of Mr P's screenshots shows his "BNPL" balance was £0. It appears this information led Mr P to believe he had nothing further to pay, until his app started to show he had a "balance" of £91.69 to pay in March 2025, as shown in another of Mr P's screenshots. However, there's nothing in any of his screenshots that persuades me he was given misleading information.

I say that because his total spending for a given month, or his BNPL balance, is not the same as the total account balance. His BNPL balance, in particular, would continue to show as "£0.00" from October 2024 because he had already paid off his remaining BNPL purchase by then. That's not wrong information. The app also accurately described the account balance as £91.69 in February 2025. I say that because his 10 February 2025 statement also shows a £91.69 balance. Overall, I'm not persuaded the app was misleading.

I appreciate Mr P is upset his arrears will show on his credit file for some time. However, Shop Direct is obligated to ensure the information it reports to the CRAs is accurate, fair and not misleading. And as outlined in the Information Commissioner's Office guidance: Principles of the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies, it's entitled to report this information. Notably, under principle two, it states:

"If you do not make your regular expected payment by the agreed time and/or for the agreed amount according to your terms and conditions, the account may be reported to the CRAs as being in arrears."

As Shop Direct acted in line with its terms and conditions, and has simply followed the correct regulatory guidance, I don't find it acted unfairly.

In summary, Shop Direct accurately informed Mr P via multiple sources that he had a balance on his account to pay. That same information was available on each monthly statement at his disposal. I also don't find, on the evidence Mr P provided, that the app provided misleading information. So I don't think it's fair to hold Shop Direct accountable for Mr P's decision to stop meeting his contractual repayments.

After reviewing everything and considering what's fair and reasonable in all the circumstances, I don't find Shop Direct misled Mr P or acted unfairly in any way. So I won't be asking it to do anything further.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 September 2025.

Alex Watts
Ombudsman