

The complaint

Mrs J complains about an order she made through a catalogue shopping account she held with Frasers Group Financial Services Limited trading as Studio ("FGFS"). She says she was held liable for the cost of the item despite it not being delivered to her. Mrs J also complains about how FGFS handled this matter which has led to adverse information being recorded on her credit file.

What happened

The background to this complaint is well-known to both parties, so I will only summarise the main parts of this.

Mrs J held a catalogue shopping account with FGFS. In May 2024, she ordered footwear from a retailer I'll call "S" through her account with FGFS. The total cost of the order was £67.99 (including £4.99 delivery), and Mrs J inputted a discount code at checkout which entitled her to a £5 discount.

However, the £5 discount wasn't applied, so Mrs J queried this. She then felt frustrated with how this query was handled and told S she wanted to cancel the order. Mrs J then noticed the order cost hadn't been refunded from her outstanding balance and queried this with S who told her the item had been delivered to her. Mrs J disputed this, but S said they had checked with their courier who had given them some proof of delivery.

Mrs J continued to dispute this and asked for her account balance to be adjusted accordingly. There then followed numerous e-mail exchanges between Mrs J and S which included Mrs J telling them she couldn't log in to her account.

Mrs J complained about what happened and said she hadn't been able to speak to anyone about her dispute and couldn't access her account. FGFS didn't uphold her complaint. They said the dispute about the order had to be directed to S. FGFS also said they had tried to call Mrs J on three occasions to discuss her ongoing issues with the account but there was no answer. And FGFS said the problems with Mrs J accessing her account might be because she needed to reset her password. They suggested that she go to their login page and click on the 'forgotten password' link to reset her password.

Mrs J wasn't happy with FGFS's response and so she referred her complaint to our service. Our investigator said we couldn't comment on whether Mrs J remained liable for the cost of the item because it fell outside of the criteria needed to make a claim under Section 75 of the Consumer Credit Act 1974 ("Section 75") that would hold FGFS liable for this. He felt though that FGFS hadn't provided much help to Mrs J with her problems in accessing her account.

Our investigator recommended that FGFS remove any adverse information they recorded on Mrs J's credit file from December 2024 onwards. He also recommended that FGFS should remove or refund interest and charges applied from December 2024 because of the significant payment challenges Mrs J had faced. And he felt FGFS should pay Mrs J £50 for the inconvenience she'd been caused.

Mrs J agreed to accept our investigator's recommendation for the sake of ending the situation. FGFS didn't accept this and said the information they'd recorded on Mrs J's credit file was a true reflection of her payment history, and the interest and charges they'd applied were valid.

As the matter remains unresolved, Mrs J's complaint has been passed 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.

I want to acknowledge again that I've summarised the events of this complaint to quite some degree. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mrs J and FGFS though that I've reviewed everything on file. If I don't comment on something, it's not because I've not considered it. I have though concentrated on what I think are the key issues, which our powers allow me to do.

I'm considering whether FGFS acted fairly and reasonably in how they dealt with Mrs J and her dispute. It's important to note though that FGFS is a separate business to S, who is the retailer of the disputed item. Our service isn't able to look at a complaint about S in relation to the order Mrs J placed with them, as they're not a provider of financial services. Selling goods to customers isn't itself a financial service.

A complaint about how a lender has exercised its rights and duties under a credit agreement is something our service can consider.

I've considered firstly whether FGFS had a duty to deal with Mrs J's claim under Section 75 in respect of whether she remained liable to pay for the disputed item, including whether the item was delivered and whether it had been cancelled.

Section 75 is a statutory protection that allows Mrs J to make a like claim against FGFS for breach of contract and/or misrepresentation by S in respect of an agreement it had with her for the provision of goods and/or services. But there are certain conditions that need to be met for Section 75 to apply. One of these is the claim must relate "to any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000". In this case though, as the individual (single) item cost less than £100, Section 75 doesn't apply.

Mrs J says she didn't receive the item she ordered from S and says she cancelled it. That could be a breach of contract, but it doesn't mean FGFS has to do anything in relation to this being charged to the catalogue shopping account, if it doesn't have the duty to do so, as is the case here.

I understand Mrs J has repaid the outstanding balance of the account, so presumably feels she should receive a refund in relation to what she's paid towards this order. Unfortunately, regardless of the dispute about the goods, Mrs J was still liable to pay for them bearing in mind what I've said about FGFS's liability in respect of her claim, and that S hadn't agreed to refund her.

However, it's clear to me that Mrs J had significant problems trying to access her account over many months. I understand she was finally able to access this, after our investigator sent his view on the complaint. But that doesn't detract from the fact that Mrs J was unable to make payments to the account, even though she was still disputing the order for the footwear throughout this time.

As our investigator pointed out, her communications were mainly between her and S. But FGFS were aware of the problems she was having when she contacted them to complain in December 2024. And I haven't seen much evidence to show that FGFS offered much practical help and support to her about this. I've noted that FGFS's records show they tried to call Mrs J about this, and in their final response letter, suggested she reset her password. But Mrs J said the link didn't solve the issue, and rather than just suggesting things from a distance, I think FGFS should have been more 'hands-on' in trying to help her, for example by e-mailing her with specific guided instructions on what she needed to do (essentially a step-by-step process), with specific contact instructions if these still didn't work.

I think it should have been clear to FGFS that Mrs J was still struggling to access her account, and I'm satisfied on balance that she had every intention of paying something towards the outstanding balance, to prevent adverse information being recorded on her credit file. I say this noting that Mrs J had an outstanding balance significantly higher than the disputed item, and I have no reason to doubt her intentions to pay something towards this bearing in mind the consequences of non-payment. I've also considered that FGFS offered to send payment giros to Mrs J while she was locked out of the account, but she says she didn't receive these and I've not seen evidence to suggest that FGFS sent these as they had promised,

I agree with FGFS that they have a duty to record accurate information about a customer's payment history with them. But they also have a duty to ensure the information is fair as well as accurate. Taking into account the unique circumstances of this complaint, I think our investigator suggested a fair way to resolve matters. That is for FGFS to remove any adverse information from Mrs J's credit file from December 2024, when she told them she couldn't access her account, to the time she settled the account in full (again, noting here that Mrs J didn't refuse to make any payments once she regained access to the account online). I also think it reasonable for FGFS to refund any interest and charges they applied to the account from December 2024.

Finally, I agree Mrs J was caused inconvenience by what happened, although for the reasons I've set out above, I won't be considering her liability for the disputed item as part of that. Overall, I think a payment of £50 is fair.

Putting things right

FGFS should:

- remove any adverse information from Mrs J's credit file from December 2024, when Mrs J told them she couldn't access her account, to the time she settled the account in full.
- refund any interest and charges they applied to the account from December 2024.
- pay Mrs J £50 for the inconvenience she was caused in relation to the problems she experienced accessing and paying her account.

My final decision

I uphold this complaint and direct Frasers Group Financial Services Limited trading as Studio to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or

reject my decision before 28 November 2025.

Daniel Picken
Ombudsman