

## The complaint

Mrs S complains Next Retail Limited ('NextPay') failed to refund her account correctly after she returned items she had ordered.

## What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. Having fully considered everything I'm not upholding this complaint for similar reasons to that given by our investigator. I'll explain why.

The regulator (the Financial Conduct Authority (the 'FCA') set out the rules that I must abide by in the Dispute Resolution ('DISP') rules which are contained in the FCA handbook. Under DISP 3.6.1 it says that *"The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case."* And DISP 3.6.4 says the ombudsman will, amongst other things, take into account relevant law/regulations. What all of this means is that I can't decide if NextPay has broken the law as such, but I'll take it into account when deciding if NextPay has treated Mrs S fairly (or not).

Neither party disputes the items Mrs S ordered were returned, and that she was eligible for a refund which I can see was received into her NextPay account. The issue in this case is whether the refund was credited to the correct account. Mrs S believes she paid for the ordered items from another account (which had an underlying credit card linked to it), and in turn the refund needed to be credited back to this payment method. However, having reviewed Mrs S's NextPay's statements and terms of the (NextPay) account it appears that this isn't what happened.

Mrs S didn't have a sufficient credit balance available at the time she wanted to place her original order which was made in early July 2025. So, when she was logged into her NextPay account, she was asked to make a payment to bring her balance down. And when Mrs S was asked to make the payment to bring her balance down (to allow the order to go through) she would have seen a message that said: *"Additional payment required...On this occasion you are required to make a payment to add the order to your credit account. This payment will pay down the balance of your credit account to allow your order to be added..."*

Given the message above, I consider Mrs S was provided with the necessary information to help her understand that the order was being processed via her NextPay credit account. And that the payment of just over £321 she was making was going towards bringing down the

balance of her NextPay credit account – not for the purchase price of the items she was ordering. Mrs S disagrees saying the message she would've received at the time of the order was just 'advisory'. However, in my view, this message made it reasonably clear how the funds would be used i.e. to pay the balance.

As the items were purchased on credit using her NextPay account, when Mrs S returned them, the refund needed to be credited to that account. This is supported by the terms and conditions which say when goods are returned a credit will be shown on the next statement, which is what happened here. This appears to be in line with relevant law. Further, I don't think there's sufficient evidence to say this was an unusual term and I can see it was transparent (which unfair terms usually are not).

I appreciate Mrs S misunderstood how her account worked and asked for her refund to be credited to her other account. I can see NextPay did provide an initial explanation to Mrs S about how the (NextPay) account worked in its email to her dated 28 July 2025. And a week later, NextPay provided Mrs S with a more detailed explanation of how her account works. NextPay, as a goodwill gesture, also offered to refund Mrs S via the method she thought she had used (but hadn't). However, at that point she had already raised a dispute via the payment method she thought she used, so the refund couldn't be processed by NextPay. NextPay has also offered Mrs S £30 as part of the final response letter dated 6 August 2025. Taking everything into account, in terms of NextPay's customer service and the way it dealt with Mrs S's queries, I think, overall, it doesn't have to take any further steps to put things right.

Whilst I know this will be a disappointing outcome for Mrs S, I'm not upholding this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 February 2026.

Yolande Mcleod  
**Ombudsman**