

## The complaint

Miss R complained about the way Next Retail Limited (Next) handled a return for items she purchased using her running credit account.

## What happened

The circumstances of the complaint are well known so I won't go over everything again in detail. But in summary, Miss R made a number of purchases using her running credit account. In May 2025 she said she attempted to return several items through a self-service returns locker located in one of Next's retail shops. She said she had issues scanning a number of the items and there was some confusion over which items had been properly scanned for return.

Next said that it had been contacted by the store which reported not all of the items Miss R scanned were in the returns locker. Next reviewed Miss R's historical returns and found other items weren't received by the warehouse. The value of the missing items was around £517. Next said that when items are scanned for return, they are automatically refunded to the running credit account and the balance adjusted - but Next still required Miss R to pay for the items it said it didn't receive.

Next contacted Miss R to say that it required her to return the items in resalable conditions or to pay the amount for the items Miss R said she returned but it didn't receive back. Miss R explained that there was an error when scanning the items for return and she had some left in her possession. She also said that Next incorrectly refunded items which she informed it about. She agreed to pay £310 for the items she still had. She didn't agree to pay for the remaining balance she was being pursued for.

Miss R said that she received communication on behalf of Next demanding payment for the remaining balance. She was unhappy with the way she had been told the debt would be collected and disputed it. She complained to Next. In its response to Miss R's complaint Next agreed to refund the £35 investigation fee as detailed in the terms and conditions of the running credit account as this related to returns made with alternative or substitute items and wasn't relevant to the circumstances. It said it would close her account because items scanned for return weren't received by it and it required payment.

Miss R referred her complaint to the Financial Ombudsman. Next informed this service that it acts as a retailer and a provider of a regulated running credit account. It said that as the items scanned for return weren't added back to the running credit account's outstanding balance, it questioned if this service could consider the complaint. Our investigator reviewed the complaint but didn't think we could consider Next's actions in pursuing Miss R for money relating to its retail activities.

Miss R didn't agree. She said that Next's actions were causing her stress and anxiety. She was unhappy that she was being asked to repay for items she didn't have, and she said this was as a result of Next's actions as a lender. She said she had paid for every item she still had and didn't think she owed Next the amount it was asking her to repay. She highlighted the difference in the amounts she was being asked to repay by Next and the agent it asked

to collect the debt. She wanted Next to confirm no action would be taken against her and an apology for the distress and inconvenience caused.

As the matter remains unresolved it has been passed to me to decide.

I wrote to both parties and explained that there was a part of Miss R's complaint I could consider relating to Next's actions as a lender exercising its rights and duties under the regulated credit agreement. I said this was relating to the £35 investigation fee and the way Next administered the running credit account statement. I explained Next had refunded the £35 investigation fee and adjusted the credit balance when the items were scanned for a return, so I wasn't minded to say that Next had acted unfairly in regard to these points.

I explained that I couldn't see that Next was asking Miss R to pay for items under the credit agreement, as the scanned items were adjusted back to the balance. I explained without further evidence to demonstrate Miss R was being asked to repay by Next acting as a lender I wouldn't comment on this point any further. Next responded to reiterate that Next is acting in two capacities – a retailer and a provider of a regulated running credit account. It explained that as the items haven't been added to the account balance this didn't affect the running credit account Miss R had with it. Miss R didn't respond.

### **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.

This complaint is about whether or not Next is acting fairly in relation to a running credit account regulated by the Consumer Credit Act 1974. It's a regulated agreement and one which this service has the power to consider a complaint about. That is, so far as the complaint arises from Next carrying on an activity specified under our rules.

Broadly speaking, our rules (known as DISP and found in the Financial Conduct Authority's handbook) allow this service to consider complaints about a firm covered by this service's jurisdiction, as long as the complaint relates to a regulated activity or another activity specified in the rules.

Next is within our jurisdiction but in its dealing with Miss R it has acted in two distinct roles. As a lender and as a retailer. This distinction is important, because it affects whether the complaint relates to an activity that we can consider.

From the available evidence I can't see that Next acting as a lender is exercising its rights under the running credit agreement in asking Miss R to repay the amounts she has been informed of.

I can see from the terms of the agreement, in relation to returns, it refers to items being returned and appearing as a credit to the statement when received. It also mentions if a return or attempt to return has substitute or alternative items, when using the returns facility for any item, an investigation charge of no less than £35 may be added to the balance owing on the account.

I've considered the statements for the relevant period, and I've noted the balance on the running credit account statement was adjusted when the items were scanned for return. So, it doesn't appear to me that Next as the lender is asking Miss R to repay for lending that was used to pay for the items. Next agreed to refund the £35 investigation fee so I don't think it acted unfairly in relation to the terms of the running credit account agreement.

It seems to me the core part of Miss R's complaint is about the amount she is being asked to repay for items she said she doesn't have in her possession. However, as I explained I can't see that Next is asking Miss R to repay in its capacity as a lender. I can see Miss R has made an effort to resolve the issue with Next and has provided details of her concerns and impact from the communication she has received about the repayment for items she said she doesn't have. However, as I've explained this service doesn't have the power to consider a complaint about Next's activities as a retailer. So, I make no finding on this point.

I appreciate Miss R will be disappointed with my decision. However, based on the evidence available I think Next has acted fairly as a lender exercising its rights under the credit agreement.

### **My final decision**

For the reasons I've explained above, my final decision is that I don't uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 6 January 2026.

Amina Rashid  
**Ombudsman**