

## **The complaint**

Miss F says Shop Direct Finance Company Limited trading as very and Littlewoods ('Shop Direct'), irresponsibly lent to her.

## **What happened**

This complaint is about two catalogue shopping agreements that Miss F took out with Shop Direct. Some details about these are as follows:

- Miss F started a very account in 2017 and this had a credit limit of £750. This account wasn't used and the credit limit remained the same.
- Miss F started a Littlewoods account in 2019 and this had a credit limit of £400. This was increased six times between 2020 to 2022 with the final credit limit being £2,550.

Miss F complained to Shop Direct saying that the lending was unaffordable. Shop Direct considered this complaint, and it didn't uphold it. It said it had made appropriate and proportionate checks that considered the information provided. It was satisfied it had provided the credit appropriately. Miss F didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator partly upheld Miss F's complaint. In respect of the Littlewoods account, she thought the original provision of the credit and the first three credit limit increases were lent fairly, that is up to the credit limit increase to £1,050 on 7 August 2020. However, from the fourth credit limit increase, which took place on 16 March 2021 and was to £1,550, she thought that proportionate checks would've shown that it wasn't responsible to lend. She recommended that Shop Direct pay compensation in respect of any fees and charges Miss F had paid on lending above £1,050 from 16 March 2021 onwards.

Both Miss F Shop Direct agreed with the Investigator and Shop Direct took steps to calculate and pay the redress.

As part of the process of the payment and calculation of the redress a representative of Shop Direct told Miss F that the compensation would be paid to her directly. However, Shop Direct has said it would reduce the amount she has outstanding on the account by the compensation amount. And it informed Miss F that the information it had given her at an earlier time about the compensation being paid to her directly was incorrect.

Our Investigator has considered this aspect of the compensation payment and has agreed that it is correct Shop Direct 'offsets' the compensation amount against what is owed.

And Shop Direct has agreed that it provided incorrect information to Miss F about the compensation calculation and has taken steps to pay her £100 compensation for the trouble and upset the incorrect information has caused her.

Our Investigator also thought this was fair, but Miss F thinks the compensation for the irresponsible lending should be paid to her directly and the compensation for the incorrect information she has been given should be higher.

Because Miss F didn't agree, this matter has been passed to me to make a final 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss F's case.

Miss F didn't use the very account and so she accrued no interest and charges. So, she hasn't suffered a loss due to this lending decision. And there is now agreement now that the credit limit on the Littlewoods account shouldn't have been increased beyond the £1,050 increase that took place in August 2020. Miss F should receive compensation for this based on the interest, and charges she paid on amounts she borrowed above this. As this has already been agreed I'm not going to comment further on the merits of the complaint. I'll concentrate on the recent issues Miss F has raised about the payment of the redress.

Miss F thinks that the compensation for the irresponsible lending should be paid to her directly rather than used to 'offset' the amount she owes on the account. I don't agree with this. The point of the compensation is to approximate the situation Miss F would be in had Shop Direct not lent irresponsibly. And if Shop Direct had not applied interest and charges on the amounts it shouldn't have lent, she would now owe less. So, I think taking the compensation from the amount she owes is the fairest way to compensate her.

Miss F was told in September 2025, by letter, how much the compensation was and that it would be used to reduce the amount she owed. However, she contacted Shop Direct by email on receipt of this letter and requested that the compensation be paid directly to her. She followed this up with a phone call and was told by Shop Direct in the phone call that the compensation would be paid directly to her. A few days later Shop Direct responded to her earlier email (by email) and again told Miss F that the compensation would be used to reduce the amount she owed.

Clearly Shop Direct has provided some incorrect information here. But it also provided correct information both before and after the telephone call in which the incorrect information was provided. And this all took place over a relatively short period of time. Whilst I can see it has caused Miss F some distress and inconvenience, I think the £100 Shop Direct has offered to pay to Miss F for this is fair.

### **Putting things right**

Shop Direct should now:

- Shop Direct has agreed to compensate Miss F, and it has calculated the compensation payable in its letter dated 16 September 2025. If Shop Direct hasn't applied this redress it should do so now. For the avoidance of doubt, it should reduce the outstanding balance on Miss F's account by £637.25.
- Shop Direct should also pay Miss F £100 for the distress and inconvenience providing incorrect information has caused her.

If Shop Direct has already amended her account, or paid the £100 compensation, it doesn't need to do these again.

### **My final decision**

For the reasons I've explained, I uphold Miss F's complaint. Shop Direct Finance Company Limited should put things right by doing what I've said above.  
Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 11 March 2026.

Andy Burlinson  
**Ombudsman**