

The complaint

Mr T complains about the amount of interest Shop Direct Finance Company Limited (SDFCL) trading as very has applied to his credit account in relation to a buy now pay later (BNPL) agreement he had with it.

What happened

Mr T made a purchase using his SDFCL account – the purchase was made on BNPL terms. Meaning that no interest would be charged to the account on the purchase in the first 12 months; and Mr T could delay repaying the purchase for 12 months.

Once the 12 months had expired, Mr T says he had a remaining balance of £379.93; but SDFCL charged interest to his account of £242.58. Mr T feels the interest applied to his account is disproportionate considering the balance he had left to pay. He said it wasn't made clear to him how much interest he'd have to pay, and the interest amount doesn't reflect reasonable value for money.

Mr T adds that SDFCL didn't provide him with a good service when he contacted it about the interest – stating that he was promised a call back that didn't happen and it took him a lot of effort to try and resolve the matter.

To put things right, Mr T wants SDFCL to refund the interest applied to his account.

SDFCL said it hadn't made a mistake when applying interest to Mr T's account. It explained that because Mr T hadn't repaid the full amount of the purchase by the end of the 12-month period, interest became due and was applied in line with the terms of the BNPL agreement.

An Investigator considered the information provided by both parties, but in doing so, they didn't uphold Mr T's complaint. In summary, they explained that because Mr T hadn't repaid the full balance of the purchase by the end of the 12-month BNPL period, interest was applied in line with the BNPL terms which Mr T had previously agreed to. The Investigator also found that Mr T had been reminded on his statements that the BNPL period was due to come to an end.

Mr T didn't agree with the Investigator's view. He said that he didn't dispute that interest was due, but that he felt the £242.58 it charged him was disproportionate; and it created an unfair relationship with him under Section 140a of the Consumer Credit Act. He also added that the Investigator hadn't considered part of his complaint about poor complaint handling by SDFCL.

The Investigator explained to Mr T why they felt the interest charged was fair. And they explained that this service couldn't consider Mr T's complaint about how SDFCL handled his complaint.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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.

Having considered all of the available evidence, I don't uphold Mr T's complaint, and I'll explain why below.

Before I do that, I want to make it clear that I have read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint. I say this, as I'm aware I have summarised Mr T's complaint, and the responses to the Investigator's view in less detail than he has.

As I understand it, Mr T has said that he isn't disputing that interest is due on his account; it's just that he feels the amount charged was too high and disproportionate; therefore, I will focus my decision on the amount charged. But for completeness, I agree that interest was due to be applied, and so I don't think SDFCL has done anything wrong here.

I've looked at the terms of the BNPL agreement Mr T agreed to at the time of making the purchase. This explains that if Mr T didn't repay the full cash price of the item, by the end of the BNPL period, a lump sum of interest would be applied to his account.

Mr T's statements provided more detail about how interest is calculated and applied to the account. This states that *"Interest is calculated from date of order and compounded daily. The interest will be added to your Very Pay account as a lump sum at the end of the delayed payment period. This means you will pay interest on interest"*.

The statement goes on to explain how Mr T could avoid paying the interest, which says *"You can avoid all of the interest by paying the cash price before the end of the delayed payment period, this can be done in one full payment or multiple partial payments. Making partial payments without clearing the cash price in full will reduce the amount of interest charged at the end of the delayed payment period. **If you choose not to pay the cash price before the end of the delayed payment period a lump sum of compound interest will be charged to your Very Pay account.**"*

Mr T's statements for August and September 2025 both explain that there is a BNPL purchase coming to an end soon – it provides the date the BNPL period ends, and the estimated interest that is due to be applied to the account if the balance isn't repaid. The estimated interest shown on Mr T's September statement is accurate to the amount that was applied to his account.

Overall then, I'm satisfied that SDFCL clearly set out how interest is calculated, how interest could be avoided, the date the BNPL period ended, and provided an accurate estimate of how much interest would be applied to the account if the cash price wasn't paid by the end of the BNPL period. I'm satisfied that SDFCL did enough to provide Mr T with accurate information in a timely way, so that Mr T would be aware of what would happen in terms of interest being applied to the account at the end of the BNPL period; and it ought to have been clear to him how much interest would be applied.

I can understand why Mr T feels the lump sum interest charged to his account is a lot in comparison to what is left to pay. But the lump sum interest is essentially interest that has been accruing on the balance from the date the purchase was made, until the end of the BNPL period ended – so essentially, it's around a years' worth of interest; and as SDFCL explained on the statement, interest is also charged on interest. The standard variable rate of interest Mr T is being charged is 59.9% per annum; as set out on his monthly statements. This isn't out of line with what other lenders similar to SDFCL charge. So overall, I'm not persuaded that the interest SDFCL applied to Mr T's account was unfair or unreasonable, and I'm not of the view that it was out of line with the rest of the market.

For all the reasons I've explained here, I don't think SDFCL has acted unfairly or unreasonably, and so I won't be asking it to refund the interest back to Mr T. I'm also not of the view that SDFCL has acted outside of what it is required under the Consumer Duty. For the reasons I've explained above, I don't find that SDFCL has done anything wrong and so I can't fairly conclude that SDFCL has created an unfair relationship with Mr T.

I note that the Investigator has already explained to Mr T that this service doesn't have the power to consider a complaint about how a firm has handled a complaint; what the Investigator explained here is correct. So, I won't be making a finding on how SDFCL has handled Mr T's complaint.

My final decision

For the reasons set out above, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 May 2026.

Sophie Wilkinson
Ombudsman