

complaint

Miss F complains that Shop Direct Finance Company Limited won't refund the interest that it has applied to her account. She also complains about the customer service that she has received.

background

Miss F has an account with Shop Direct that she uses to make purchases on "buy now pay later" terms - and she normally makes payments before interest is applied to the account. But last year she says that she made a payment twice before the due date but Shop Direct applied interest totalling £342.25 to her account. She complained to Shop Direct but wasn't satisfied with its response. So she complained to this service about the interest and about the time that it had taken Shop Direct to respond to her complaint. Shop Direct then offered to refund £143.11 of interest as a gesture of goodwill.

The adjudicator concluded that a payment of £273.80 was due in July 2015 but wasn't received by Shop Direct until three days after the due date so it applied interest to the account. He noted that the account statements say: *"Please allow 7 days for payment by post and 4 days for all other payment methods"*. So although he could understand why Miss F was frustrated that her payments were received later than she expected, he couldn't see that Shop Direct had made an error in applying charges to Miss F's account. He considered that the interest and charges were applied in line with the terms and conditions of the account as Shop Direct hadn't received Miss F's payments before the "buy now pay later" period expired. So he said that Shop Direct's offer to refund £143.11 of interest as a gesture of goodwill was fair and reasonable.

Miss F has asked for her complaint to be considered by an ombudsman. She says, in summary, that she has made payments on the day before the due date (or on the due date) previously with no problems. She also says that Shop Direct could've responded to her concerns sooner than it did which would've stopped the late payment charges mounting up to what they are now.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss F complains about two payments: the £273.80 that she paid in July 2015 and the £219.20 that she paid in October 2015. Shop Direct has provided evidence to show that the July payment wasn't received until three days after the payment due date and that the October payment wasn't received until the day after the payment due date. Miss F says that she made the payments – as she had done previously without any problems – on the due date or the day before. But the date that is applicable for Shop Direct is the date that it receives the payments – and not the date that Miss F made the payments. Shop Direct's account statements warn customers to allow four days for payments to be received.

I find that Miss F's payments weren't received by the due dates. So Shop Direct applied interest in accordance with the terms and conditions of her account. Shop Direct accepts that it didn't respond to Miss F's complaint as quickly as it should've done – and it apologised for that. It has offered to refund £143.11 of interest as a gesture of goodwill.

I consider that to be fair and reasonable in the circumstances. And I find that it wouldn't be fair or reasonable for me to require Shop Direct to refund any other interest to Miss F or to take any other action in response to her complaint.

my final decision

So my decision is that I uphold Miss F's complaint in part. In full and final settlement of it, I order Shop Direct Finance Company Limited to refund £143.11 of interest to Miss F's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 20 July 2016.

Jarrold Hastings
ombudsman