

complaint

Mr M complains that Shop Direct Finance Company Limited wrongly defaulted his accounts and sold them to a debt collecting agency even though he was making regular repayments.

background

Mr M fell into financial difficulties and explained that he couldn't meet the minimum repayments on his two accounts with Shop Direct. Mr M made some repayments to the accounts and paid off lump sums. Shop Direct issued defaults on both accounts because Mr M was in arrears with his contractual repayments and sold the debts on to a third party. Mr M says that he was making regular payments and Shop Direct was wrong to default the accounts.

Our adjudicator didn't recommend that the complaint was upheld. He thought that looking at Mr M's repayments Shop Direct hadn't made a mistake when it defaulted the accounts. He considered that even though Mr M was making payments the accounts were still in arrears and Shop Direct was entitled to issue a default notice. Mr M didn't agree and replied to say in summary that he was making regular repayments to his account.

my findings

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

I've looked in detail at the account transactions for Mr M's accounts. I can see that although he was making repayments to his accounts these weren't enough to clear his arrears. No formal reduced payment plan was agreed. Shop Direct says it told Mr M to contact its customer service department to arrange a plan.

At the time that Shop Direct issued the default notices Mr M's accounts were in arrears and had been for some months. In these circumstances I would expect a default notice to be issued to prevent the debt from increasing. After the default notices were issued I can't see that Mr M brought his accounts up to date and so I don't think that Shop Direct did anything wrong by selling his accounts to a third party debt collector.

I can understand why Mr M is frustrated and has brought this complaint. I can see that he was trying to take responsibility and pay off his debt and he is upset that the defaults have been issued. But looking at the operation of his accounts I can't say that Shop Direct made a mistake or were wrong to issue the defaults in the circumstances.

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 Mr M to accept or reject my decision before 21 October 2016.

Emma Boothroyd
ombudsman