

complaint

Mr M complains that Shop Direct Finance Company Limited (trading as Very) kept offering him more credit and put him into debt. He was also unhappy with the service he received.

background

Mr M said that Very kept offering him more credit. He said he was unemployed and it should've realised this was increasing his debt.

Very said when Mr M opened his account it did appropriate checks. It'd only increased his credit limit once in early 2015. Prior to this time the account had been well run. There was no sign of any financial difficulty until May 2015 when he missed a payment and his credit limit was decreased. After May 2015 Mr M was referred to a special team who completed an income and expenditure exercise which showed Mr M still had surplus funds to pay towards his debt of over £200 per month. It'd suspended interest and charges since December 2015. It said it'd treated Mr M fairly and sympathetically.

With respect to Mr M's complaint about service it accepted there'd been some failings and had already paid him £60. It said there were some delays in dealing with this complaint and agreed to pay a further £75 as suggested by the adjudicator.

The adjudicator said Mr M didn't have to accept the credit increase he was offered. It was his decision to accept and it was up to him to manage his account. She said that Very had stopped interest and charges in December 2015 and tried to set up several payment plans. She felt it had been positive and sympathetic. She thought Mr M had suffered stress and inconvenience and suggested Very pay him £75 by way of compensation for this in addition to the £60 it'd already paid.

Mr M didn't agree. He said he tried a payment plan and had problems paying over the phone. He said he'd been promised calls back and a payment card but never received them. He wanted his debt written off.

my findings

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

Mr M says that Very were irresponsible in allowing him to run up debt. But Very couldn't make Mr M accept any credit, it was up to him whether he wanted to borrow money and take on debt. I can see that it did checks when Mr M opened the account in 2013 and it seems the debt was affordable at the time it was taken out. Mr M also made his payments for sometime after this. So there doesn't seem to be evidence of irresponsible lending by Very.

From the notes provided by Very, I can see that on several occasions in 2014 Mr M requested a credit increase but was refused. So I don't think there is evidence to suggest that Very kept offering Mr M further credit increases.

When someone is in financial hardship lenders' are required to be positive and sympathetic. In early 2015 Mr M missed a payment. I can see that payment plans were discussed. I can also see he was referred to a charity dealing with debt and to a specialist debt team who explained how interest and charges worked. Mr M stopped making payments and in

December 2015 interest and charges were stopped. These are all steps that I would expect a lender to do where the borrower might be in financial hardship. So I think that Very were positive and sympathetic to Mr M.

In early 2016 Mr M advised he had a medical condition. I can see that Very contacted him several times to offer support and ask for medical evidence but by mid 2016 he hadn't responded. Very completed another income and expenditure check that still showed he could still afford to pay.

Based on what I've seen I think Very has treated Mr M fairly. The adjudicator suggested a payment of £75 for stress and inconvenience and delay in dealing with this complaint. I can see he had some problems getting a payment card. In the light of the account records I've now seen I think this award is fair and Very have agreed to pay it.

my final decision

My final decision is that I uphold this complaint and direct Shop Direct Finance Company Limited (trading as Very) pay Mr M £75 for distress and inconvenience.

Shop Direct Finance Company Limited (trading as Very) must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If Shop Direct Finance Company Limited (trading as Very) considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 April 2017.

Colette Bewley
ombudsman