

complaint

Mr B complains that NewDay Ltd (trading as Debenhams Storecard) will not refund him on his store card for goods that he paid for but did not receive.

background

Mr B used his store card (a type of credit card, originally taken with a predecessor of NewDay) to buy a bed. He says that, in spite of continued communications with the manufacturer, the bed was never provided. He says he made normal monthly payments to the store card to avoid getting a bad credit record.

Mr B also took the matter up with the card issuer at the time, putting his claim in writing, but the matter was not resolved. After NewDay acquired ownership of the card account, Mr B raised the matter again. As the approach to NewDay did not resolve the problem, Mr B brought his complaint to this service where an adjudicator investigated it.

From the evidence the adjudicator considered that NewDay was liable to Mr B under section 75 of the Consumer Credit Act 1974. To resolve the complaint, the adjudicator recommended that NewDay should:

- refund the cost of the bed;
- refund £1,080 to broadly reflect interest he had paid on the transaction to date;
- refund £252 in respect of account cover paid by Mr B until 2010 in respect of the balance; and
- pay Mr B £150 for inconvenience.

NewDay was prepared to pay all but the interest element of the recommendation, which it said should more fairly be set at £540 – based on its belief that, using its calculations, Mr B would have repaid the cost of the bed by April 2011.

Mr B did not regard NewDay's offer as fair, because he said that the majority of his monthly payments to the store card were for interest and payment cover for the balance so NewDay's calculation of when he would have paid off the cost of the bed was wrong. He also said that NewDay had previously told him over the phone that he would get all his interest back plus a goodwill payment of £250.

my findings

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

The purchase made on the store card was interest-free for the first six months. But Mr B says that he has, in effect, never really paid the transaction for the bed and so it is still outstanding on his store card – and has been for the many years since he made the purchase.

Matters have been complicated by the fact that Mr B has continued to use his store card for other purchases, and there has also been the addition of interest and balance cover over the years.

I have carefully considered the respective cases of Mr B and NewDay about the point to which an interest refund should be calculated. Arguments can be made for both approaches, depending on what accounting method is used.

The overriding requirement for my decision is that it should be fair and reasonable in all the circumstances and I find that, in this case, the approach taken by the adjudicator is the fairer one. The adjudicator arrived at the total interest figure by using a working estimate and I find that this was a proportionate and fair way to deal with the calculation in this case.

Mr B has recently confirmed that he has now received a cheque for the refund of the price of the bed, which he will use to repay the credit card transaction. So that amount does not need to be included in my award. But, other than that, I see no reason to alter the figures recommended by the adjudicator which I find to be a fair and reasonable settlement.

my final decision

My final decision is that I uphold this complaint and I direct NewDay Ltd (trading as Debenhams Storecard) to:

- refund £1,080 to broadly reflect interest paid on the transaction over the relevant years;
- refund £252 in respect of account cover paid by Mr B until 2010; and
- pay Mr B £150 for inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 August 2016.

Jane Hingston
ombudsman