

complaint

Mrs H complains about a repayment plan with Shop Direct Finance Company Limited. She complains that it is unfair that Shop Direct is asking for the arrears to be repaid when her repayment plan ended.

background

Mrs H has an account with Shop Direct. She wrote to Shop Direct in March 2015 and asked it to reduce her monthly repayments due to financial difficulties. Shop Direct initially said that it couldn't calculate a lower repayment plan but then recommended that Mrs H should speak with a debt advisory service. With the help of that service, Shop Direct agreed to a three month temporary repayment plan of £70 each month for July, August and September 2015. When the repayment plan ended, Shop Direct asked Mrs H to pay the arrears on her account. She complained to Shop Direct. It said that the information given to her about the minimum payment required was correct. But as Mrs H was suffering financial difficulties, it recommended that she should contact a specified debt advisory service so that it could assess her offer of payment and it could suspend charges and interest. Mrs H wasn't satisfied with Shop Direct's response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She sympathised with Mrs H's circumstances but was unable to say that Shop Direct had done anything wrong. It had agreed to a repayment plan and recommended that Mrs H contact the specified debt advisory service. It had also frozen interest and charges on the account from November 2015 to February 2016. And it says that, if it receives a financial statement from the debt advisory service, it will be able to re-assess Mrs H's payments. So the adjudicator strongly recommended that Mrs H should speak with the debt advisory service so that it could help her with her financial circumstances.

Mrs H has asked for her complaint to be considered by an ombudsman. She says, in summary, that Shop Direct agreed to a repayment plan and that she expected the repayments to then return to the normal monthly amounts. But, at the end of the plan, Shop Direct added the arrears to the amount that was due - which she couldn't afford. She says that she wouldn't have agreed to the repayment plan if she'd known about this as it has made her situation much worse.

my findings

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

Mrs H is suffering financial difficulties. And Shop Direct is required to respond to those difficulties promptly and sympathetically. When Mrs H contacted the debt advisory service, Shop Direct agreed a temporary repayment plan. But, when that plan ended, it asked Mrs H to repay the arrears. When she complained to Shop Direct, it recommended that she contact the debt advisory service again so that the payments that she could afford could properly be assessed. I consider that to be fair and reasonable in the circumstances. And I note that it also suspended some charges and interest.

I'm not persuaded that Shop Direct has acted incorrectly. And I recommend that Mrs H contact the debt advisory service as soon as possible so that a repayment plan that takes account of her income and expenditure can be agreed. When considering the repayment

plan, Shop Direct is required to respond to any financial difficulties that Mrs H is experiencing promptly and sympathetically.

my final decision

For these reasons, my decision is that I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 25 April 2016.

Jarrold Hastings
ombudsman