

complaint

Mrs C complains about the interest that has been applied to her account by Shop Direct Finance Company Limited.

background

Mrs C has three accounts with Shop Direct. She bought some goods using one of the accounts on “buy now pay later” terms. She received a text message in October 2015 to say that the “buy now pay later” period was expiring. So she says that she phoned Shop Direct but was told that she had no items on such terms. Later that month £414.61 of interest was applied to her account. So she contacted Shop Direct and she says that it agreed to refund the interest. The interest wasn’t refunded so she complained to Shop Direct. Mrs C wasn’t satisfied with its response so complained to this service.

The adjudicator didn’t recommend that this complaint should be upheld. She concluded that the only evidence of a phone call from Mrs C to Shop Direct prior to the interest being applied concerned an £8.99 payment for an extended guarantee. And Mrs C’s phone bill clearly showed that only one call was made to Shop Direct between mid-September 2015 and mid-October 2015. She accepted that only two of Mrs C’s three accounts showed up when she logged on. But Mrs C also received account statements. And the September 2015 statement showed that Mrs C had “buy now pay later” items that needed to be paid for in October 2015. Later in October 2015, Mrs C phoned Shop Direct. It agreed to waive the charges that had been applied and said that it would refer to head office to see if the interest could be removed. But Shop Direct said that the interest had been properly applied and that Mrs C was liable for it. Although the adjudicator could see where the confusion came in – she was satisfied that Mrs C should’ve been aware that the interest would be applied.

Mrs C has asked for her complaint to be considered by an ombudsman. She has responded in detail and says, in summary, that:

- Shop Direct has made a mistake;
- She was unaware that a payment was due; and
- Shop Direct should provide recordings of the other calls that she made to it in October 2015.

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 C was sent an account statement in September 2015. That statement said:

“Your Buy Now Pay Later item(s) have now been included in your minimum payment request. The great news is you still have the following payment options;

- 1. You don’t need to pay the full amount now. To spread the cost of your items further simply pay anything from the minimum payment upwards each month. Your interest, estimated at £414.61, will be shown on your next statement.*
- 2. Pay the full cash price of £892.10 by [specified date in October]. This way you won’t have to pay the interest.”*

Mrs C was also sent a text message telling her that the “buy now pay later” period was expiring. She says that she phoned Shop Direct and was told that she had no items on such terms. And there were clearly some problems with her being able to see all three of her accounts online. But there is no other evidence of that call: Shop Direct has been unable to locate the call; and Mrs C’s phone bill only shows one call to Shop Direct between mid-September and mid-October 2015 (which has been located – and which relates to an extended guarantee).

Mrs C says that she phoned Shop Direct several times after the interest was applied. And Shop Direct has been able to find two calls that were made but has only been able to provide the recording for one of them. Mrs C says that there are others which haven’t been located. In the call recording that has been located, Shop Direct explained the problems that customers were having viewing all of their accounts. And it refunded charges that had been applied to Mrs C’s account. It also said that it would talk to head office about refunding the interest. But it didn’t say that the interest would be refunded. Shop Direct considered that the interest had been applied correctly so shouldn’t be refunded to Mrs C.

Mrs C has clearly had problems viewing her accounts online – and Shop Direct has refunded the charge that it applied. But I find that Mrs C was aware that she had items on “buy now pay later” terms. And she did not pay for them before the payment free period expired. So Shop Direct applied the interest in accordance with the “buy now pay later” terms. I find that the interest has been applied correctly. So it wouldn’t be fair or reasonable for me to require Shop Direct to write-off the interest.

my final decision

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

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs C to accept or reject my decision before 6 June 2016.

Jarrold Hastings
ombudsman