

complaint

Miss H complains that Shop Direct Finance Company Limited hasn't complied with her individual voluntary arrangement and about the way that it's dealt with her debt.

background

Miss H opened an account with Shop Direct in September 2011 and she used it to buy some items later that month. Miss H entered into an individual voluntary arrangement in November 2011. Shop Direct issued a default notice to Miss H in March 2013 and defaulted her account in April 2013. Shop Direct removed the default when Miss H's individual voluntary arrangement ended - but it then recorded a further default on her credit file.

Miss H complained to Shop Direct and it said that the default had been caused by a systemic error so it upheld her complaint, removed the default and sent her a cheque for £100 for the distress and inconvenience caused. But Miss H wasn't satisfied with its response so she complained to this service. She says that her account with Shop Direct was included in her individual voluntary arrangement but Shop Direct didn't comply with the court order, hounded her throughout her individual voluntary arrangement and then put a default notice on her credit file (which was removed but then reinstated).

The adjudicator didn't recommend that this complaint should be upheld. He said that Shop Direct was entitled to reject the individual voluntary arrangement proposal and there was no conclusive evidence to suggest that it actually agreed to be part of the arrangement. And he said that Shop Direct's offer of £100 compensation was fair and reasonable in the circumstances. He accepted that it had made an error but it wasn't made aware of it until November 2018 at which point arrangements were made to delete the information from Miss H's credit file.

Miss H has asked for her complaint to be considered by an ombudsman. She says that her account with Shop Direct was included in her individual voluntary arrangement. Shop Direct says that Miss H's account wasn't included in the individual voluntary arrangement proposal but was added to the completion notice by the supervisor of the arrangement - but with a zero balance because it hadn't been being included within the original proposal. And it says that the default is no longer showing on Miss H's credit file.

my findings

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

Miss H opened an account with Shop Direct in September 2011 and she used it to buy some items. Miss H then entered into an individual voluntary arrangement. But her account with Shop Direct wasn't included in her proposal for an individual voluntary arrangement so it wasn't contacted about that arrangement and didn't agree to it.

Miss H didn't make any payments to her account and her account went into arrears. Shop Direct's account notes show that Miss H did contact it about her individual voluntary arrangement in December 2012 but that she was told that she would need to provide the reference number for the arrangement. There's no evidence to show that she provided it with any other information about her individual voluntary arrangement at that time.

Shop Direct sent her a default notice in March 2013 and defaulted her account in April 2013. And it says that it then wasn't proactively pursuing Miss H for the debt and that it would have made no further contact with Miss H. Miss H's individual voluntary arrangement completed in October 2017 and Shop Direct was included as an unsecured creditor – but with a zero balance.

Miss H then contacted Shop Direct and it removed the default from her credit file. But it says that due to a "*systemic error*" the default was added back onto her credit file. When Miss H complained to it about that default, it upheld her complaint, removed the default and sent her a cheque for £100 to compensate her for the distress and inconvenience that she'd been caused.

I'm not persuaded that there's enough evidence to show that Miss H's account with Shop Direct was included in her individual voluntary arrangement in November 2011. So I don't consider that it was wrong for Shop Direct to default Miss H's account in April 2013. The account was then included in the completion notice for the arrangement in October 2017. And Shop Direct removed the default when it was asked to do so by Miss H. I consider that to have been fair and reasonable at that time.

Shop Direct then accepts that the default was added back to Miss H's credit file in error. It has arranged for the default to be removed from her credit file and has paid her £100 to compensate her for the distress and inconvenience that she's been caused. I consider that to be fair and reasonable in these circumstances. I sympathise with Miss H for the emotional and other difficulties that she says that she's been caused. But I'm not persuaded that there's enough evidence to show that Shop Direct has hounded Miss H about her account. And I find that it wouldn't be fair or reasonable for me to require it to pay her any further compensation -or to take any other action in response to her complaint.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 July 2019.

Jarrold Hastings
ombudsman