

complaint

Mr B complains about a catalogue shopping account with Shop Direct Finance Company Limited which was opened without his consent or authority.

background

Mr B says he received a letter notifying him of an account with Shop Direct that had been opened in his name. Mr B says he received arrears notices about the account and that he contacted Shop Direct four times to let them know he hadn't opened this account, but nothing had been done. Mr B also says that Shop Direct passed his account over to debt collectors despite him telling them that it had been opened fraudulently. Mr B has asked for compensation for the stress this has caused him.

Shop Direct recognised that the items ordered on the account were requested to be delivered to an alternative address - one that wasn't Mr B's - so they initially put a hold on the order. But the order was then released when further searches linked the email address and telephone number used for the order, to dual accounts held in Mr B's name. It then came to light that the items appeared to have been ordered by Mr B's ex-partner - who Mr B was no longer in contact with. However, Shop Direct say as Mr B didn't report this to the police and wasn't able to provide them with a crime reference number, they weren't able to investigate matters further.

Our investigator looked into Mr B's concerns. In summary, he said Shop Direct hadn't been able to show Mr B had knowledge of this account. Or that he provided his authority for another party to open this account in his name. So, our investigator recommended Shop Direct buy back the debt from the debt collectors and write off the outstanding amount, remove any information in relation to this account from Mr B's credit file and pay him £100 compensation for the inconvenience caused. Shop Direct agreed to our investigator's recommendation. But Mr B said he felt the £100 compensation wasn't sufficient for the inconvenience caused to him. So, the complaint has been passed to me.

my findings

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

I've looked at the information provided by both Mr B and Shop Direct. I can see some of the details provided on the account weren't Mr B's. There was also a payment made on the account which Shop Direct have confirmed wasn't made by Mr B. Both Mr B and Shop Direct have since accepted the account was opened without Mr B's consent or knowledge. And Shop Direct have agreed to resolve things by buying the debt back from the debt collectors, write off the outstanding amount and remove any adverse information in relation to this account from Mr B's credit file. And I think is fair. As this part of the complaint is no longer in dispute, I won't be commenting on this further in my decision.

Whilst Mr B has accepted most of the investigator's recommendation on how Shop Direct should put things right, he doesn't think £100 compensation is fair for the distress and inconvenience caused. So, this is what's left for me to decide. And having considered everything, I think £100 is fair. I'll explain why.

Mr B was going through a difficult time in his life at the same time he was trying to resolve this issue with Shop Direct. Mr B contacted Shop Direct four times to let them know he hadn't opened the account and therefore, wasn't responsible for the outstanding amount. I can understand the stress and worry this would've caused Mr B at an already difficult time for him. Whilst I appreciate Shop Direct wanted Mr B to report matters to the police, I don't think Mr B's decision not to do this meant Shop Direct couldn't continue investigating matters. Or that Mr B was liable for this account.

Mr B says he continued to receive arrears notices despite telling Shop Direct that he didn't consent or have knowledge of this account. I think this would've caused Mr B further distress as he was understandably concerned about being asked to pay an outstanding balance he didn't owe.

Mr B says this issue could have impacted his job. And that it also could've impacted his ability to take out other forms of credit with other lenders. However, Mr B told us that fortunately, he didn't need to take out other credit. Whilst I acknowledge this could have been a possibility for Mr B, I haven't seen any evidence to persuade me this actually did happen.

I appreciate Mr B's strength of feeling on the matter and I can understand the distress and inconvenience this would have caused him. However, I've also had consideration to the fact that Shop Direct weren't the perpetrators of the fraud - an element of distress has been caused by Mr B's ex-partner who opened this account without his consent or authority. For the reasons I've explained, I think £100 compensation is fair in the circumstances of this complaint.

I note Mr B has complained about the actions of the debt collectors. However, this isn't something I can consider against Shop Direct. If Mr B remains unhappy with this, he'll need to raise a separate complaint about the debt collectors.

my final decision

For the reasons explained above, my final decision is that I uphold this complaint. And I require Shop Direct Finance Company Limited to:

- Buy back the debt from the debt collectors and write off the outstanding amount.
- Remove any information in relation to this account from Mr B's credit file.
- Pay Mr B £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 April 2021.

Leanne McEvoy
ombudsman