

## **complaint**

Ms E complains about the interest and charges that Shop Direct Finance Company Limited has applied to her account and about the default that it's recorded on her account.

## **background**

Ms E opened a credit account with Shop Direct in January 2013. Her last payment to the account was in August 2015 and she says that her health issues and financial difficulties have stopped her making payments since then. She contacted Shop Direct about those difficulties in November 2015. It stopped applying interest and charges to the account in February 2016 and it defaulted her account in July 2018.

Ms E complained to Shop Direct but she wasn't satisfied with its response so complained to this service. She would like it to remove all interest and charges applied to her account since June 2015 and compensation for the way that she's been treated.

The investigator recommended that this complaint should be upheld. He said that Ms E hadn't made any payments to her account between August 2015 and February 2016 so the interest and charges prior to February 2016 had been fairly applied but none should've been added after that date (and Shop Direct has confirmed that no charges were applied following February 2016). But he thought that Shop Direct should've defaulted the account in February 2016 – so he recommended that the default was backdated to February 2016.

Shop Direct has accepted the investigator's recommendation and agreed to backdate the default to March 2016 – which is six months after Ms E last payment that was made in September 2015. Ms E has asked for her complaint to be considered by an ombudsman. She says, in summary, that the default should be backdated even further and that charges applied to the account prior to February 2016 should be removed from the account.

## **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 sympathise with Ms E for the health issues and financial difficulties that she's suffering.

Ms E's last payment to her account was the August 2015 payment that Shop Direct received in September 2015. She contacted Shop Direct about her health issues and financial difficulties in November 2015 and its account notes show that she said that she'd been having difficulties since June 2015 and that she wanted interest and charges removed from her account. But Shop Direct says that its letter to her in January 2016 said that she hadn't provided it with information about her finances or made any repayment proposals.

But it stopped applying interest and charges to her account in February 2016 – and it says that no interest or charges have been added to the account since then. I consider that to be fair and reasonable in the circumstances – and I'm not persuaded that it would be fair or reasonable for it to refund any interest or charges that were applied to the account before February 2016.

Shop Direct has now agreed to backdate the default to March 2016 – which it says is six months after the last payment was received from Ms E in September 2015. I consider that to

be fair and reasonable in the circumstances. And I'm not persuaded that it would be fair or reasonable for me to require Shop Direct to backdate the default to before March 2016.

**my final decision**

For these reasons, my decision is that I uphold Ms E's complaint in part. And I order Shop Direct Finance Company Limited to backdate the default to show that the account was defaulted in March 2016.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 14 March 2019.

Jarrold Hastings  
**ombudsman**