

complaint

Mr J complains about the late payment information that Shop Direct Finance Company Limited has recorded on his credit file.

background

Mr J opened a credit account with Shop Direct in August 2015 to buy an oven (and a related insurance policy). Shop Direct recorded late payment information on his credit file. He complained to Shop Direct but wasn't satisfied with its response so complained to this service.

The adjudicator recommended that this complaint should be upheld. He concluded that Mr J hadn't intended to buy the oven on finance but only applied for the credit account to receive the discount offered. And he was satisfied that Mr J was unfamiliar with the way the account worked. Mr J paid more than the amount due when he became aware of his error so the adjudicator said that it wasn't fair or reasonable that Shop Direct had recorded the late payment information on his credit file. He recommended that it be removed.

Shop Direct has asked for this complaint to be considered by an ombudsman. It says, in summary, that:

- Mr J applied for a credit account and went to considerable efforts to be accepted for a credit account;
- he placed an order with a total value of £123.08 at the beginning of August 2015 and didn't make a payment at the time;
- Shop Direct sent him "statement ready e-mails" which made it clear that payment was expected – but Mr J didn't make the payment before the due date in September 2015;
- it applied an admin charge and interest to the account – but the admin charge was refunded when he contacted it and made a payment; and
- it accepts that Mr J should've been told to pay the full balance at that time – so it has offered to remove the adverse information recorded on his credit file from September 2015 (but not earlier) and to pay Mr J £100 compensation for the distress and inconvenience caused.

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 find that it would have been clear enough to Mr J that he was opening a credit account and that he was buying the oven on credit. And enough information was available to him about the operation of the account. He didn't pay anything for the oven when he placed the order at the beginning of August 2015 – and a payment was due in early September 2015.

Shop Direct says that it sent a "statement ready e-mail" to Mr J in August 2015 – but the evidence that it has provided shows that the statement was sent to him before he opened his account. As it hasn't provided evidence to show that it properly told Mr J about the payment that was due in September 2015 – I find that it should remove the adverse information that it has recorded on his credit file.

Shop Direct accepts that it should've told Mr J to pay his balance in full when he contacted it in September 2015 – and if it had done so I consider that the later problems would've been avoided. It has offered to pay him £100 compensation for his distress and inconvenience – and I find that to be fair and reasonable.

For these reasons, I find that Shop Direct should remove all of the adverse information that it has recorded about the account on Mr J's credit file and that it should pay him £100 compensation. I consider that to be fair and reasonable in the circumstances.

my final decision

So my decision is that I uphold Mr J's complaint. In full and final settlement of it, I order Shop Direct Finance Company Limited to:

1. Remove all of the adverse information about the account that it has recorded on Mr J's credit file.
2. Pay £100 to Mr J to compensate him for the distress and information that he has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 June 2016.

Jarrold Hastings
ombudsman