

complaint

Mr J complains that Shop Direct Finance Company Limited won't accept the return of a mobile phone that he bought on "buy now - pay later" terms.

background

Mr J used credit provided by Shop Direct to buy a mobile phone in March 2017 on "buy now - pay later" terms. There was a fault with the phone so it was replaced by the manufacturer under guarantee. Mr J says that the replacement phone developed a fault in August 2017 and he contacted the manufacturer which said that it would either repair or replace the phone, but he returned it to the retailer instead. Mr J was told by the retailer in October 2017 that he would receive a refund for the phone – but that was incorrect as the phone had been sent for a repair. The phone had to be returned to Mr J for some software to be deactivated and Mr J returned it to the retailer in November 2017. The phone was repaired and returned to Mr J at the end of December 2017. Mr J complained to Shop Direct and said that he wanted to return the phone and for the cost of it to be removed from his account. Shop Direct said that the retailer was entitled to repair the phone but it offered him £25 compensation for the incorrect information that he'd been given. Mr J wasn't satisfied with its response so complained to this service.

The investigator recommended that this complaint should be upheld in part. She wasn't satisfied that the phone was faulty when Mr J received it as he confirmed that the fault occurred in August 2017 but he received that phone in May 2017. So she didn't think that the retailer was wrong to arrange for the phone to be repaired as the fault became apparent outside of the 28 day approval guarantee period. But she said that it should increase the compensation for giving incorrect information to Mr J to £75.

Mr J has asked for his complaint to be considered by an ombudsman. He says, in summary, that the phone was faulty so he should be offered a refund. He says that the problem started in March 2017 but he didn't receive the phone back until January 2018 and he says that he will take legal advice. Shop Direct has accepted the investigator's recommendation that it should pay £75 compensation to Mr J and it says that Mr J has issued court papers to the retailer.

my findings

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

Mr J used credit provided by Shop Direct to buy a phone in March 2017. The phone was replaced by the manufacturer in May 2017. But Mr J then complained to the retailer in August 2017 that the replacement phone was faulty. Shop Direct says that the retailer didn't know that the manufacturer had already replaced the phone. The retailer said that the phone was returned after the 28 day guarantee period so it would repair the phone. Mr J was told in October 2017 that he would receive a refund – but that was incorrect as the phone had been sent away for a repair. The phone had to be returned to Mr J for some software to be deactivated and he returned it to the retailer in November 2017. The repaired phone was then sent to Mr J at the end of December 2017.

The original phone was replaced by the manufacturer in May 2017. But that was eight weeks after Mr J had bought the phone. He then complained that the replacement phone was faulty

in August 2017 – about three months after that phone had been supplied to him. In these circumstances I don't consider that he was entitled to return the phone for a refund – and I consider that the retailer was entitled to offer to repair the phone. The repaired phone was returned to Mr J and I consider that a repair was a fair and reasonable remedy in these circumstances.

Shop Direct accepts that Mr J was given incorrect information about a refund – and it has accepted the investigator's recommendation that it should pay £75 to Mr J. I consider that Mr J will have been caused distress and inconvenience by being told incorrectly that he'd receive a refund. And I consider that it would be fair and reasonable for Shop Direct to pay him £75 compensation for that distress and inconvenience. But I'm not persuaded that it would be fair or reasonable for me to require Shop Direct to refund to Mr J the money that he paid for the phone – or to take any other action in response to his complaint.

my final decision

For these reasons, my decision is that I uphold Mr J's complaint in part. And I order Shop Direct Finance Company Limited to pay £75 compensation to Mr J for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 June 2018.

Jarrold Hastings
ombudsman