

complaint

Mrs K complained that Shop Direct Finance Company Limited (Shop Direct Finance) sold a debt to a third party even though that debt was in dispute.

background

Mrs K bought a fridge freezer online in 2016. She says the product was on sale at the time, with an additional 20% discount if bought on a buy now, pay later basis. Mrs K says she selected that option but Shop Direct Finance subsequently told her that she hadn't done so. Instead it put her on a payment plan with a term of 104 weeks and interest at 44.9%.

An ombudsman has already considered Mrs K's complaint that Shop Direct Finance didn't honour the buy now, pay later agreement she says she selected when she purchased a fridge freezer online. And her complaint that the payment plan was added to or changed without her consent. I will not reconsider those issues.

The ombudsman also considered Mrs K's complaint that the £50 Shop Direct Finance had given her for some problems she'd had when the fridge freezer was delivered to her property wasn't sufficient. The ombudsman said she wouldn't be asking Shop Direct Finance to do any more in relation to this and said it had credited this amount to her account, which reduced the balance Mrs K owed. I know that Mrs K isn't happy that the amount was credited to her account rather than given to her directly. But as this was considered as part of the previous ombudsman's decision, I will not consider that issue again.

Mrs K subsequently complained that Shop Direct Finance shouldn't have sold her debt to a third party in September 2017 when it was still in dispute. It's that issue I've been asked to look at.

Shop Direct Finance said that it had only sold Mrs K's account to a third party debt collector after her complaint had been resolved. Mrs K wasn't happy with Shop Direct Finance's response and brought her complaint to this service. Our investigator didn't uphold the complaint and, as Mrs K disagreed with her view, the complaint has now come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the investigator that Shop Direct Finance doesn't need to do any more. Let me explain why.

Mrs K says Shop Direct Finance shouldn't have sold her account to a third party while the debt was still in dispute. She says Shop Direct Finance gave her six months to refer a complaint to this service and believes it should have waited until she'd done that before selling her account to a third party. In support of her view, she quotes parts of The Consumer Credit sourcebook, which sets out the obligations of firms engaging in credit-related regulated activities. Section 7.14.1 states that a firm must suspend any steps it takes, or its agent takes, in the recovery of a debt from a customer where the customer disputes the debt on valid grounds or what may be valid grounds. And section 7.14.3 then goes on to say that where a customer disputes a debt on valid grounds or what may be valid grounds, the firm must investigate the dispute and provide details of the debt to the customer in a timely manner.

In this case, Mrs K's dispute was with Shop Direct Finance. It investigated her complaint and issued a final response in July 2017. It issued a default notice to Mrs K in September 2017 and, because Mrs K didn't make the required payment, the debt was then sold to a third party. The debt was therefore sold after Shop Direct Finance had investigated the dispute and provided its final response. I recognise that Mrs K believes Shop Direct Finance should have waited until she'd referred her complaint to this service before selling her account but I think it was reasonable for it to take the action it did once it had investigated the dispute and issued its final response. In those circumstances, and having carefully considered the relevant guidance, I'm satisfied that Shop Direct Finance have acted fairly in this instance. As such, I don't think it needs to do any more.

my final decision

My final decision is that I don't uphold Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 1 March 2019.

Richard Walker
ombudsman