

## **complaint**

Mr F complains about the way Shop Direct Finance Company Limited ('Shop Direct') managed two catalogue shopping accounts he had with it.

## **background**

Mr F had two separately branded catalogue shopping accounts with Shop Direct.

In February 2017 the direct debits Mr F had set up to make repayments on the accounts were cancelled by Mr F. Mr F's bank accepted responsibility for this in August 2017 and confirmed it had cancelled a number of Mr F's direct debits in error.

Mr F didn't make any payments on either account after 24 May 2017.

Mr F contacted Shop Direct in August 2017 to explain he'd missed payments because of the error made by his bank. His bank also sent Shop Direct a letter explaining this.

Mr F didn't make any payments after this. Shop Direct terminated both of Mr F's accounts in November 2017. The debt on the accounts was sold to a third party debt purchaser in December 2017.

Mr F wasn't happy that Shop Direct recorded defaults on his credit file and sold the debts when he had explained the reason for missing payments wasn't his fault.

I issued a provisional decision in June 2019 where I explained my reasons for not upholding Mr F's complaint. I explained the following:

*Mr F didn't make any payments on his accounts after 24 May 2017. Shop Direct's record of contact with Mr F shows he spoke with it on 18 August 2017 to explain the reason he'd missed payments was because of an error made by his bank and he'd been out of the country and hadn't noticed his direct debits weren't being paid*

*Shop Direct's records show Mr F's direct debits were cancelled on 28 February 2017. But Mr F made payments in March, April (twice on one account) and May 2017. I see from Mr F's account statements that in the months immediately previous to this, his direct debit payments covered the precise minimum repayment required on each account. Yet in the months after the direct debits were cancelled the amounts paid were different to the minimum requested payments. So it looks like Mr F made manual payments in these months. From this, I think Mr F must have known that his direct debits weren't being collected – otherwise it's likely these payments would have been missed.*

*On balance I don't think the error made by Mr F's bank was the reason he missed payments between May 2017 and August 2017.*

*I've seen evidence that Mr F's bank wrote to Shop Direct in August 2017 to explain the error it had made in February 2017 and asking it to make any adjustments to the account that were necessary. Shop Direct says it never received this letter. But given that I've found it's unlikely that the reason for Mr F's arrears at this point was because of the error his bank made, I wouldn't have expected Shop Direct to make any retrospective adjustments to his accounts anyway.*

*So, I don't find Shop Direct acted unreasonably by continuing to ask Mr F to make repayments on the accounts after he told it about the error. I think it's likely it would have done this even if it had received the letter from Mr F's bank because the letter doesn't explain why Mr F missed payments in June and July 2017 having made manual payments in March, April and May 2017.*

*The letter does give new bank account details for Mr F with an explanation that Shop Direct should claim all future payments from this account. But by this point Mr F's minimum payment had risen to around £585 on one account and around £202 on the other. So it would not have been reasonable to simply resume direct debit collection as this might not have been affordable to Mr F in one hit.*

*Shop Direct's notes show Mr F spoke to it again in August 2017 to say he'd experienced a 'rapid change in circumstances' and would call back. There's no record that he did call back again until October 2017 when he asked for account statements to help support his complaint against his bank.*

*It might have been better if Shop Direct had been more proactive and contacted Mr F again if it suspected he was experiencing financial difficulties. I don't think this would have made much difference though. I've seen evidence on Mr F's accounts with other businesses where payment plans were agreed during this period but not followed. On balance I think it's equally likely in this case that Mr F would not have kept to a payment plan, had one been arranged. So it's likely Mr F would have ended up in the same position anyway.*

*Also, I can see from Mr F's monthly statements that Shop Direct added no more interest or charges to one of his accounts (account number ending 2452) from August 2017 to the point it sold the debt on the account to a third party. Without any further contact from Mr F about his change in circumstances, I think Shop Direct did more than could reasonably be expected of it in respect of Mr F's overall level of debt by adding no more interest to the account. Shop Direct did continue charging interest on the other account until October 2017. But seeing as Mr F hadn't made his financial position very clear, I don't think Shop Direct should refund this.*

*By the time Shop Direct sent Mr F a default notice in November 2017 he hadn't made a payment in six months. And he didn't make one after the notice had been sent. I don't think it was unfair of Shop Direct to send a default notice or to record the account as in default with the credit reference agencies. The reason Mr F gave for not making any payments between May 2017 and August 2017 was not plausible from what I've seen and Shop Direct had not received a reasonable explanation why Mr F wasn't paying from August 2017 onwards.*

*Mr F has said he made no more payments after August 2017 because he was told by Shop Direct that his account was on hold while he sorted out the issue with his bank and he was told not to make a payment when he offered to do this. But this isn't reflected in Shop Direct's call notes. In fact one call note made in November 2017 says that Mr F was advised to make a payment because the account could not be put on hold. On balance I think it's unlikely Shop Direct would have told Mr F not to make a payment.*

*Shop Direct sold the debt on Mr F's accounts to a third party debt purchaser in December 2017. The terms of Mr F's accounts did permit it to do this. And I can see it sent Mr F the appropriate notices explaining it had done this. Given the findings I've made in respect of Mr F's reasons for not paying, I don't think Shop Direct unreasonably sold the debts to the debt purchaser.*

*Overall, I don't think Shop Direct has acted unfairly in this case so I don't require it to take any further action.*

I asked both Mr F and Shop Direct to get back to me by 8 July 2019 with any further evidence or comments they wished to add.

Shop Direct said it accepted my provisional decision.

Mr F did not accept it. He said it was wrong of me to make assumptions about his finances and he did everything he could to avoid what happened on his account.

The complaint has now been passed back to me to make a final decision.

### **my findings**

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

Although I recognise Mr F's strength of the feeling on the matter, I've still not seen anything that makes me think it was unfair for Shop Direct to terminate his account or sell the debt on. Mr F says he did everything he could to avoid this. But I've not seen anything which makes me think it was reasonable for Mr F to stop making payments on his account from May 2017 up to the point it was terminated. The evidence I've seen shows Shop Direct continued to request monthly payments from Mr F after he'd explained the reason he missed payments in August 2017 and I've not seen anything that makes me think it told him he could stop paying.

I recognise that Mr F did have problems with some of his direct debits as a result of an error made by his bank. But from what I have seen, those problems did not adversely affect Mr F's accounts with Shop Direct in this complaint because he started making manual payments as soon as the direct debits were cancelled. So he must have known what had happened and that he either needed to carry on making manual payments or set up another direct debit to keep the accounts up to date.

So I still don't think Shop Direct needs to do anything further in respect of Mr F's complaint.

### **my final decision**

For the reasons I've explained above, my final decision is that I do not uphold Mr F's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 August 2019.

Michael Ball  
**ombudsman**