complaint

Mr N complains that Shop Direct Finance Company Limited, trading as Very, did not credit his account when he was provided with a faulty guitar. It also recorded adverse information on his credit file when he stopped making payments to his account.

background

Mr N ordered an electric guitar in August 2014. When it arrived it was faulty and the strings were snapped. Mr N complained to Very and told it he would be returning it. Mr N sent the guitar back using a courier together with the amplifier and accessories. Very says Mr N returned the amplifier but not the guitar. Because of this, it did not credit his account with the cost of the guitar.

Mr N says he contacted Very in September and October 2014 to discuss the issue but did not receive a satisfactory response. Very has no record of this contact. Mr N stopped making payments to his account when it did not credit the cost of the guitar. There was an outstanding balance for another item Mr N had ordered. Mr N did not pay off this sum either. He was sent a notice of default in February 2015.

Mr N brought a complaint to us. Very offered to credit his account with the cost of the guitar. It would not remove charges which had been added. Further Very would not take off the adverse information it had entered on his credit file.

The adjudicator recommended that Mr N's complaint should be upheld. He considered that Mr N had retuned the guitar with the amplifier. As such, Very should have refunded the cost of it to his account in September 2014.

The adjudicator considered that Very should remove the charges and fees applied to Mr N's account in relation since August 2014. This is on the condition that Mr N repays the outstanding balance on his account from August 2014 within a reasonable timescale.

The adjudicator considered that Very should also remove the adverse information recorded on Mr N's credit file since August 2014. Again this is on the condition of Mr N repaying the outstanding balance within a reasonable timescale.

Very does not agree with the adjudicator's recommendation. It says that Mr N withheld payments for other products he had ordered. As such his credit file should reflect this.

my findings

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Very says that Mr N only returned the amplifier to it. Because of this, it did not credit his account. I am not persuaded that this was the case. The strings on the guitar sent to Mr N had snapped. In light of this I find it credible when Mr N says he returned the guitar and the accessories. I do not consider that he would have kept the faulty guitar but returned other parts that came with it.

I consider that Very should have refunded the cost of the guitar to Mr N's account. When it didn't, Mr N stopped making any payments to reduce his balance. He incurred charges and fees because of this. In addition adverse information was added to his credit file. I find however that Mr N only stopped making his repayments because Very would not refund the cost of the guitar that he had returned. As such, I do not consider it fair that charges and fees were added to his account. Further the adverse information which has been added to Mr N's credit file should be removed. On balance, I consider that Mr N would have repaid the balance due for the other product if Very had removed the cost of the guitar when it should have in September 2014.

I agree with the compensation and redress recommended by the adjudicator as set out below.

my final decision

My decision is that I uphold this complaint. In settlement of it I order Shop Direct Finance Company Limited trading as Very to:

- Refund the cost of the guitar if it has not already done so.
- Refund the charges and fees applied to Mr N's account since August 2014 in relation to the guitar.
- Refund the charges and fees added to the account in relation to the greenhouse since August 2014 if Mr N can repay the outstanding balance from August 2014 within a reasonable timescale.
- Remove the adverse information recorded on Mr N's credit file since August 2014 if Mr N repays the outstanding balance within a reasonable timescale.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 February 2016.

Rosemary Lloyd
ombudsman