

The complaint

Ms F complains that Shop Direct Finance Company Limited, trading as Very, could not explain her account balance to her (which she believed should be zero), and gave her conflicting information about how it had been calculated.

What happened

Ms F has a catalogue shopping account with Very. As well as its regular balance, the account also has a separate buy now pay later (“BNPL”) balance. Ms F says she always pays off her account balance in full each month, and yet her balance at the time of her complaint was over £420. She could not see what that was for, and when she had asked Very to explain it, its staff kept giving her conflicting information. This had caused her stress, especially as she was applying for a mortgage and was worried that her application could be affected by the information Very had reported on her credit file, which included late payment markers.

Very’s final response letter said that one of Ms F’s payments had not been allocated to the BNPL balance, so she had continued to have a BNPL balance equal to the amount of that payment. However, as that payment was only for £139, that did not fully explain her balance of more than £420, so Ms F brought this complaint to our service.

One of our investigators carried out a detailed analysis of all of Ms F’s monthly statements over the period in which her account balance had been in debit, and then summarised her findings to show how the balance had been arrived at. It was due to a combination of factors. Ms F had failed to make a payment for one of her purchases, in the first month of the relevant period. She had later tried to make the payment of £139 by entering “BNPL” as the payment reference, but that wasn’t enough to have it allocated to the BNPL balance – this needed to be done using her online account with Shop Direct. And Ms F had missed her payment deadline three times, incurring charges and interest, because she hadn’t realised what the due payment date was.

Ms F accepted that she had failed to make one of her monthly payments. But she identified three other payments which she had made, but which had not been allocated to her account because she had forgotten to add her account number to the payment reference. These added up to nearly £300. Very was able to trace those payments and to restructure Ms F’s account as if they had been allocated at the time. That resulted in a refund of £136:52 of interest which would not have been charged, and the removal of a late payment marker for the month of December 2022. Very also offered to pay Ms F £150 compensation for her inconvenience, because it accepted that the matter had been confusing and that this had resulted in its staff giving different explanations earlier on.

Our investigator thought that Very’s offer was fair. But Ms F asked for an ombudsman to review her case.

(While this complaint has been with our service, Ms F has identified some other matters she wishes to complain about in connection with the same account. These are being dealt with separately, and so my decision only covers the matters I have described above.)

What I've decided – and why

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 think that Very's offer is reasonable. Since none of the reasons why Ms F's account balance was more than zero were Very's fault, I think that Very has done enough to help her with that by reconstructing her account to take into account the four payments which she made; this reduced the outstanding balance to about £38. And I think that £150 is fair compensation for Very's staff not having been able to give Ms F the correct information when she asked for it; while I appreciate that that must have been frustrating and inconvenient for her, £150 is in line with what I would have awarded for that kind of service failing, if Very had made no offer.

My final decision

So my decision is that I uphold this complaint. I order Shop Direct Finance Company Limited to do the following (if it has not done so already):

- Pay Ms F £136:52 (which is the interest to be refunded);
- Pay Ms F £150 for her inconvenience; and
- Arrange to remove the late payment marker for December 2022 from Ms F's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 3 April 2024. But apart from that, this final decision brings our service's involvement in this matter to an end.

Richard Wood
Ombudsman