

## **The complaint**

Mr S complains about problems he experienced when trying to purchase an item using a promotional discount from Shop Direct Finance Company Limited, trading as Littlewoods (who I'll call Shop Direct).

## **What happened**

In January 2023 Mr S tried to order an item from Shop Direct. The order was declined, and he called them the next day to place it again, but the promotional discount wasn't initially applied, and the item wasn't placed on the 12 month Buy Now Pay Later (BNPL) terms Mr S says he was promised.

Shop Direct explained that they hadn't agreed to BNPL terms. They apologised for not applying the promotional discount until March 2023 and they offered Mr S £35 in compensation for the distress and inconvenience caused.

Our investigator didn't think that was sufficient. While she agreed that no BNPL terms were agreed she thought it was unfair for the business to have reported adverse information to Mr S's credit file. She thought missed payments could only fairly be applied from the first payment date after the business issued its final response on Mr S's complaint. She also thought Shop Direct should increase the compensation they were offering from £35 to £100.

Shop Direct subsequently made an offer to settle Mr S's complaint but as Mr S remained dissatisfied his complaint has been referred to me, an ombudsman, to make a decision.

## **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.

I know it will disappoint Mr S, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The terms of Mr S's running credit agreement with Shop Direct explained that BNPL terms may be offered at the business' discretion. I can't see that Shop Direct ever told Mr S that BNPL terms would apply. I've listened to the call he had with them on 3 January 2023 and that isn't agreed.

Shop Direct made mistakes here as they didn't apply the promotional discount when they should have and, having listened to the 3 January 2023 call I think the agent failed to explain

what had gone wrong to Mr S. I'd agree with the investigator that £100 compensation is more reasonable, in the circumstances. I don't agree with Mr S that, in the circumstances of his complaint, it would be fair to ask Shop Direct to pay more compensation.

I can understand that Mr S may have been confused about the terms upon which he'd made his purchase. But once Shop Direct had provided him with their final response on his complaint I think the position had been made clear. I think Shop Direct should remove any adverse reports they may have made to Mr S's credit file in relation to this purchase up until the date of the payment that followed the date of their final response.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell Shop Direct Finance Company Limited to:

- Pay Mr S £100 compensation in respect of the distress and inconvenience they've caused. They can deduct anything they have already paid in relation to this issue.
- Remove any adverse reports they may have made to Mr S's credit file in relation to this issue before the date of the payment that was due after their final response was issued.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 August 2024.

Phillip McMahon  
**Ombudsman**