

The complaint

Ms L complains that Frasers Group Financial Services Limited trading as Studio ("Studio") charged her for items she never received and refused to issue a full refund.

What happened

In or around October 2023 Ms L ordered some items from Studio. She never received the items. Studio later confirmed in an email that the items were out of stock and no longer available.

Ms L was charged for the items on her credit account. Two of the items were later removed but a balance of around £43.46 remained on the account and wasn't refunded despite Ms L requesting this.

Ms L then received emails saying that her account was in arrears.

Ms L brought her complaint to this service. She's unwilling to pay for items that she hasn't received and wants a refund. She's concerned about the impact on her credit score because Studio has threatened a default notice.

Our investigator upheld the complaint. He said that Studio had sent an email to Ms L in February 2024 agreeing to refund all the items but had failed to do so. The investigator said that Studio had also continued to pursue Ms L which he said was unfair and unreasonable.

Studio failed to respond to the investigators opinion, so I've been asked to make a final 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.

Studio has failed to provide its business file to this service despite several requests. So I've reached my decision based on the available information this service has received from Ms L.

Having considered that information I'm in agreement with the investigator that the complaint should be upheld. I'll explain why.

Ms L has provided an email from Studio dated 16 February 2024. In that email, Studio states that it agrees to refund all the items. Despite this, Studio has still not refunded all the items (although a partial refund has been made). This has resulted in a balance on Ms L's account.

Studio has sent letters and emails to Ms L advising her that her account is in arrears. It's clear from the information provided that Ms L is only in arrears because Studio has failed to process the refund.

I don't think Studio has acted fairly or reasonably in pursuing a balance which it promised to

refund. The arrears letter and threats to default the account have caused Ms L significant distress.

Studio issued a final response in which it said that the refund needed to be processed by Studio Retail Trading Limited (SRTL) and that this wasn't something which could be dealt with by Studio Financial Services. The final response letter also stated that Ms L was still liable for the balance on the account and that she should have maintained payments on a monthly basis despite the ongoing issues.

I don't think the position as set out in the final response letter is fair and reasonable. Ms L was promised a full refund. This should have been processed months ago. Studio shouldn't have sent arrears letters or defaulted the account. And from Ms L's perspective as the consumer, she shouldn't have to deal with a different entity at Studio. Studio Pay is the entity who has charged Ms L for the items and Studio Pay should therefore resolve the issue of the refund and amend Ms L's credit file.

Putting things right

To put things right, Frasers Group Financial Services Limited trading as Studio must:

Remove the outstanding balance from Ms L's account

Remove all adverse information it has recorded on Ms L's credit file in relation to these items, including removing any missed payments and defaults it has recorded.

Pay compensation of £150 to Ms L for the distress and inconvenience caused by its failure to refund the items promptly and its pursuit of Ms L for the balance when it shouldn't have done this.

My final decision

My final decision is that I uphold the complaint. Frasers Group Financial Services Limited trading as Studio must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 18 December 2024.

Emma Davy
Ombudsman