

The complaint

Miss D complains about the rate of interest being applied to her accounts with Shop Direct Finance Company Limited trading as Very Pay (“SDF”).

What happened

Miss D holds two accounts with SDF. She noticed that despite making payments each month her balance wasn’t reducing and decided to look into the accounts further. She was concerned at the amount of interest she was being charged on each account and raised a complaint about this with SDF.

SDF responded and said it wasn’t upholding the complaint. It advised Miss D that the APR on account ending 009 was 56.9% and the APR on account ending 671 was 59.9%. It said the APR was calculated by looking at information from credit reference agencies and at how the account had been managed.

Miss D remained unhappy and brought her complaint to this service.

Our investigator didn’t uphold the complaint. She said that the terms and conditions of the accounts allowed SDF to adjust the interest rate and she was satisfied that SDF had made Miss D aware of each interest rate increase.

Miss D didn’t agree. She said she hadn’t received notifications of any interest rate increases. She also said she hadn’t received an explanation of why the APR on her account was so high.

Because Miss D didn’t agree I’ve been asked to review the complaint.

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’ve reviewed the terms and conditions of the account. These apply to both accounts and state as follows:

“The interest rate that applies to the amount owed on your standard facility expressed on an annual percentage rate basis will be allocated upon successful account application and will be subject to your credit status”.

I can see that when Miss D first applied for account ending 009 in November 2010, she was allocated an APR of 39.79%. This increased to 39.9% in September 2017, to 51.9% in August 2022, to 54.9% in June 2023 and to 56.9% in November 2023.

I can see that on each occasion that the APR increased, a Notice of Variation (NOV) was issued to Miss D. The NOV included an option to reject the new APR which would’ve then given a 60-day period to end the credit agreement and repay the balance on the account with no further purchases allowed.

I can see from the system notes provided by SDF that all NOV's were issued to Miss D by email.

I've also reviewed account ending 671. This was opened in November 2013. On opening the account Miss D was allocated an APR of 39.79%. It was increased to 51.9% in July 2015. It was reduced to 49.9% in September 2017 and increased to 59.9% in April 2024. NOV's were issued to Miss D each time the APR was increased.

The terms and conditions of the account allow SDF to adjust the APR from time to time. Miss D accepted these terms and conditions when she opened the accounts. Based on what I've seen, I'm satisfied that SDF acted in line with the terms and conditions by notifying Miss D each time the APR was adjusted. I'm unable to say that SDF has made an errors here or that it has treated Miss D unfairly.

Miss D has said that she didn't receive the NOV's. As I've said above, these were issued via email. Miss D has said that she's received other emails from SDF which were sent to the same email address, so I think it's more likely than not that she did receive the NOV's.

I appreciate that Miss D feels that the APR on each account is high. It isn't the role of this service to tell a business what interest rate it can charge. We can only look at whether any interest rate adjustments have been applied fairly. In this case, as I've said above, I'm satisfied that SDF has acted in accordance with the terms and conditions and there's no evidence to suggest that it has treated Miss D unfairly. I'm therefore unable to uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 14 January 2025.

Emma Davy
Ombudsman