

The complaint

Mrs A complains that Shop Direct Finance Company Limited trading as very (very) hasn't refunded items to her store credit account after she had returned them – which has also resulted in the items accruing interest.

What happened

In November 2022, Mrs A says she noticed that a purchase she made for a mobile phone hadn't been credited back to her account after she returned it. She says this resulted in her getting charged interest.

After reviewing her statements, she also said that three other purchases she made in 2019 hadn't been credited back to her account after she returned them. Again, Mrs A felt that she had incorrectly been charged interest for these purchases.

Mrs A said that she has made higher repayments to the account as a result of items being incorrectly applied to her account. Mrs A has queried what has happened to the repayments she has made to her account. As she now feels she has paid off more than the balance that was outstanding.

very responded to Mrs A's complaint – across four separate final responses. In summary, it explained that a refund for the mobile phone had been applied to her account. It explained that two of the purchases made in 2019 had been credited back to the account at the time. And it had no record of the third purchase having been returned – and so this had been applied to the account along with interest. Because so long had passed since Mrs A raised a dispute about that refund, as a gesture of goodwill, it refunded the cost of the item alongside the deferred interest. It also paid Mrs A £50. And it incorrectly refunded some other interest charges to her account (resulting in Mrs A being better off).

The Investigator considered what Mrs A had said but they didn't uphold her complaint. They felt that the balance on her account didn't include an amount for the mobile phone she says she returned. They explained two items from 2019 had been credited back in 2019 and they felt it was more than fair of very to have refunded the third payment, alongside the interest it had accrued.

Mrs A didn't agree with the Investigator and still felt the balance of her account was incorrect. And provided evidence that she felt supported this. She also raised queries about other transactions on her account. And she wanted an explanation as to where repayments to her account had gone.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered everything available to me, I won't be upholding Mrs A's complaint.

In reaching my findings, I haven't commented on every point of concern Mrs A has raised. I don't intend to offend her by not doing so or mean any disrespect in taking this approach. This reflects the informal nature of this service. Instead, I've focussed on the key issues I think I need to consider, in deciding on whether very did anything wrong.

Mrs A confirmed at the start of her complaint that the key issues relating to her complaint are the purchases she says have been applied to her account that had not been refunded. And that she felt she had paid a higher monthly repayment amount and interest as a result of the purchases.

The Investigator has already provided a detailed explanation as to what has happened in Mrs A's case – so I don't intend to go over what's happened in too much detail here. But I will address the key issues below.

I'll start with the amount added to Mrs A's account for the mobile phone. I have seen evidence provided by very which shows a debit was added to Mrs A's account when she bought the phone. When Mrs A let very know she was returning it, it applied an advanced credit to the account for the amount – it did this before it physically received the phone back. Once the phone had been received it credited the account again. And when it noticed that two credits had been added to the account, instead of just one, it re-debited the account.

I accept the information very has provided is confusing, and there are quite a few debits and credits relating to the phone, so I can understand why Mrs A has been confused by what's happened. Looking at the statements relating to the transaction, I can see there have been a total of four debits to the account for the cost of the phone, and there have been a total of four credits to the account for the cost of the phone – these transactions happened in October and November 2022.

Based on all of the information I've seen; the cost of the mobile phone hasn't been included in Mrs A's outstanding balance. And I haven't seen evidence to persuade me this purchase has accrued interest which has been added to the account.

I know Mrs A says that she was told something different during a phone call with very, in that interest had been added for the mobile phone. I haven't requested a copy of the call because I've seen enough evidence to satisfy me that Mrs A hasn't been charged for a phone she didn't keep. I also note that very incorrectly refunded account interest of £311.39 to Mrs A's account – which means she has benefited from a refund of interest that she wasn't entitled to, because it wasn't applied in the first instance.

I'll move onto the purchases Mrs A says were returned in 2019. I'll start by saying that it is Mrs A's responsibility to regularly review her statements to check that the entries on the statement are correct. It doesn't appear she has done this and only raised her concerns with returned purchases three years after the transactions happened. I'm satisfied that two of the purchases were credited back to Mrs A's account after they were returned – this is viewable on her statements. In relation to the third item, very say it has no record of having received this item and given the length of time that's since passed it can't investigate what happened. So, it took the decision to refund the purchase, along with the deferred interest it accrued. very also confirmed that when it refunded this purchase along with the interest, and a further credit, it reduced the balance on Mrs A's flexible account to zero. In my view, this is more than fair and more than I would have expected very to have done in the circumstances.

Finally, Mrs A queries why she has been paying a high monthly repayment when most of the items on her account are on a 'Buy Now Pay Later' (BNPL) scheme. I can see Mrs A has used her account for a number of purchases – some of which aren't on an interest free scheme and so have accrued interest. The monthly minimum repayment is required to repay these items. The monthly amount increases as the balance and interest increases. Any repayments Mrs A makes towards the account will be used to reduce the balance on the account.

I note that Mrs A has raised concerns about other transactions on her account. I haven't considered these as part of this decision. That's because, as part of the rules this service follows, I'm required to allow very time to investigate a complaint before this service can consider it. If Mrs A wants to make a complaint about the other transactions she's referred to, she'll need to contact very in the first instance.

My final decision

For the reasons set out above, I don't uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 18 January 2024.

Sophie Wilkinson
Ombudsman