

The complaint

Miss S is unhappy with the offer J D Williams & Company Limited trading as Fashion World made to resolve her complaint about an unaffordable catalogue shopping account.

What happened

Miss S has a catalogue shopping account with Fashion World. In January 2023, she complained that the account had been unaffordable for her from the outset and Fashion World should never have agreed to lend. She explained that struggling to manage the repayments had caused her considerable stress and anxiety, as did calls and letters from Fashion World chasing the debt.

In its final response letter, Fashion World said that as Miss S had a default recorded on her credit file shortly prior to her application, it accepted it should not have offered her the catalogue shopping account. To put things right, it recalculated the account to refund all interest and administration charges – a total of £840.88. This brought the balance to £1,219.66. It also removed any late payment markers reported to Miss S's credit file.

One of our Investigators considered Fashion World's offer and thought it was in line with what our service would have recommended it do to put things right, so he thought the offer was fair.

Miss S disagreed – she thought the whole balance should be forgiven. She said she never would have bought the items she did had Fashion World not lent, and that she was experiencing mental health issues.

As Miss S disagreed with the Investigator's opinion, the case comes to me to decide.

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.

Firstly, I'd like to say how sorry I am to hear about the mental health issues Miss S has been experiencing, and the difficult time she's had.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I've used this approach to help me decide Miss S's complaint.

I haven't considered in detail whether Fashion World should have lent to Miss S here. It's already accepted that it shouldn't have done so – and there is nothing that clearly indicates it has made an error in reaching that conclusion. So, to resolve things informally I've focused on what I consider central to the dispute, which is whether Fashion World has acted fairly in putting things right.

Fashion World has refunded the interest and charges applied, and amended Miss S's credit file to remove any late payment markers. It has also offered to discuss the remaining balance with Miss S to help her manage her account moving forwards. This is what I'd expect it to do in line with our approach to unaffordable lending.

To resolve things, Miss S wants the remaining balance to be forgiven. I appreciate that Miss S says that had Fashion World not offered her the facility she wouldn't have purchased goods, but the fact remains she has had the benefit of those goods. So I can't reasonably ask Fashion World to forgive the remaining balance of the account.

I'm sorry to hear Miss S experienced stress and worry due to Fashion World contacting her to pursue the debt. That said, I would expect a lender to attempt to contact the borrower where an account is in arrears, and there's no agreed payment plan in place. I've seen nothing to indicate that Fashion World's actions in pursuing the debt were unreasonable.

I encourage Miss S to speak with Fashion World about her current circumstances to agree an affordable repayment plan for the remaining balance. She may also wish to get debt advice from an independent organisation, such as StepChange or National Debtline.

For the reasons I've explained, I think Fashion World has taken reasonable steps to resolve the complaint and I don't require it to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 31 October 2023.

Frances Young
Ombudsman