

## **The complaint**

Ms E complains on behalf of Mrs E about the way in which Shop Direct Finance Company Limited trading as Very ("Very") administered Mrs E's credit account.

## **What happened**

Mrs E holds a credit account with Very.

On 25 November 2022 Mrs E made a payment of £80 towards her account. She intended this to be an early payment towards her December minimum payment.

Very issued a statement on 29 November 2022 requesting a minimum payment of £202.32 by 19 December 2022. It stated that the payment made by Mrs E on 25 November 2022 had been received and applied to the previous statement.

Mrs E made further payments of £40 on 9 December 2022 and £40 on 16 December 2022.

Ms E (on behalf of Mrs E) contacted Very on 19 December 2022. She said she realised she'd paid £80 before the statement was issued on 29 November 2022 and asked whether the payment could be allocated to the current statement.

The Very advisor told Ms E that this wasn't possible and offered to refund the £80 instead. Ms E declined this.

Mrs E made a further payment of £43 to the account on 22 December 2022. This was after the statement due date. The total payments made by Mrs E didn't meet the minimum payment due for December. Very charged an administration charge of £12 to the account because of the insufficient payment.

Very issued a statement on 30 December 2022 requesting a minimum payment of £296.75 by 19 January 2023. It also said that the account was in arrears by £76.68.

The account was passed to the arrears support team.

Ms E – on behalf of Mrs E – contacted Very on 3 January 2023 and requested that the payment of £80 was refunded. Very refunded the £80 and recharged the account by the same amount.

Ms E contacted Very on 4 January 2023 to raise a complaint on behalf of Mrs E. She felt that Very had provided conflicting information and she didn't think the administration charges were fair. She was also unhappy about the number of calls and texts she'd received from Very regarding the account.

Very didn't uphold the complaint. It said the level of communication was within the relevant guidelines and that it had a legitimate right to pursue customers for outstanding balances. Very said it had reviewed the information held on its systems but didn't find that any errors had been made.

Mrs E remained unhappy, and Ms E complained to this service on her behalf.

Our investigator didn't uphold the complaint. They said they couldn't fairly say that Very had made an error by allocating the £80 payment to Decembers statement. The investigator also said that the administration charges had been applied in line with the terms and conditions of the account.

Mrs E didn't agree so 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.

There's no dispute that Mrs E made a payment of £80 on 25 November 2022. This was prior to the statement dated 29 November 2022 being produced and issued. Very has said that the FCA guidance means that it is unable to accept advance payments for future statements. So Very allocated the £80 payment to the previous statement.

I understand Mrs E's reasons for making the payment of £80 when she did. However, I'm unable to say that Very made an error by not allocating the payment to the December statement. At the point when Mrs E paid the £80, the December statement hadn't been produced.

The December statement was produced on 29 November 2022. It detailed that the £80 payment had been allocated to the previous statement and requested a payment of £203.32 by 19 December 2022.

Mrs E made a payment of £40 on 9 December 2022 and £40 on 16 December 2022. This left £122.32 due by 19 December 2022.

I've listened to the telephone call between Ms E and Very on 19 December 2022. During the call, Very explained why the £80 paid on 25 November 2022 wasn't classed as a payment for December. Very told Ms E that the £80 couldn't be transferred to Decembers statement. It offered to refund the £80 but Ms E said to leave it on the account.

So at the conclusion of the telephone call, total payments of £80 (£40 on 9 December and £40 on 16 December ) had been made for Decembers statement. Mrs E paid £43 on 22 December 2022 but this was after the [payment due date so this payment was allocated to the following month. For December, Mrs E's payments had fallen short by £122.32.

In these circumstances, I don't think it was unfair of Very to apply an administration charge. This is because Very's terms and conditions (which Mrs E agreed to when she opened the account) state that if the minimum payment isn't made by the date shown on the account statement, default charges would be applied to the account.

Because Mrs E had agreed to the terms and conditions, I'm unable to say that Very made an error when it applied the charges.

I appreciate that Ms E feels that she's received poor service from Very. She's said that she was promised call backs which didn't happen. This service can only look into matters which are included in the complaint to the business. In this case, I can't see that Ms E complained about any customer service issues. So I'm not able to consider these issues in this decision. That said, even if it was the case that Ms E had received poor customer service, this wouldn't change the fact that Mrs E failed to make the minimum payment due for December

and that the account fell into arrears as a consequence.

Taking everything into account and for the reasons I've explained, I'm unable to say that Very has made an error here. So I won't be asking it to do anything further.

### **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 Mrs E to accept or reject my decision before 6 November 2023.

Emma Davy  
**Ombudsman**