

## **The complaint**

In summary, Mrs S complains that Shop Direct Finance Company Limited (trading as Very), incorrectly charged her interest on a credit agreement, when she purchased goods on a buy now pay later (BNPL) basis.

As Shop Direct Finance Company Limited is the business responsible for the complaint, I will refer to Shop Direct in this decision.

## **What happened**

In 2014 Mrs S entered into a running account credit agreement with Shop Direct. In 2022 Mrs S purchased goods using this agreement utilising the BNPL facility offered by Shop Direct.

During the course of the agreement, Shop Direct provided statements to Mrs S, which were accessible online. In September 2023, Mrs S accessed her account and saw that she had been charged interest on a BNPL purchase that she had made and complained to Shop Direct about this.

In its response, Shop Direct said it was satisfied Mrs S had been advised of the terms and conditions of the BNPL offer. It went on to say a payment of £303.78 was required by 21 August 2023. As payment hadn't been received it said interest of £158.76 was due.

In her complaint to this service, Mrs S said that she thought the interest charge was unfair, and that she hadn't received any prior notification or correspondence regarding the payment due date. She said this prevented her from settling the outstanding balance in time. Mrs S went on to say that she had asked if she could pay the final balance in a call with Shop Direct on 20 September 2023, but this was denied to her.

Mrs S complaint was looked into by one of our investigators. They explained why they didn't think Shop Direct had done anything wrong. Mrs S didn't agree. Mrs S said she relied on text messages from Shop Direct and asked for the case to be reviewed. As a result, the case was passed to me for review. I asked the investigator to send Mrs S some information that had been provided by Shop Direct, which showed the history of her accessing her account online. Mrs S provided her comments on that information and said she didn't think the information showed that it was in respect of her account. The case has now been passed back to me.

## **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 done so I've decided not to uphold Mrs S' complaint. I'll explain why.

In reaching my findings, I haven't commented on every point of concern Mrs S has raised. This reflects the informal nature of this service. Instead, I've focussed on the key issues I think I need to consider, in deciding whether Shop Direct did anything wrong. But I want to reassure Mrs S and Shop Direct, that I have read and thought about, all the information and submissions that I have been provided with.

It seems to me the key issues I need to decide, are whether Shop Direct correctly applied the interest charge on Mrs S' BNPL purchase, and whether it provided her with information about the payment due date.

It doesn't appear to be in dispute that the purchase Mrs S complains about was made on a BNPL basis. Mrs S says that the interest charge is unfair, but it isn't clear to me why she thinks that. I'm satisfied when Mrs S entered into the credit agreement, it set out the interest rates that would be charged. It also explained that how the BNPL operated and it said:

*"If the BNPL Transaction is not repaid in full by the first payment due date after the end of the deferred period, the accrued interest will be charged to your account.....If you pay the cash price of your BNPL Transaction before the expiry of the deferred period, you will not be required to pay any interest on the Transaction."*

So, I think the credit agreement informed Mrs S that the cash price of the purchase made needed to be paid off before the end of the deferred period, for interest not to be applied in respect of that purchase. It informed her of what interest would be applied and that promotional rates of interest might be available.

Mrs S has said that she relied on texts for the information she needed about payment due dates and the minimum payments that she needed to make. And she has said that the texts she received didn't include a reminder about the full cost in respect of BNPL purchases.

I do think that it would be fair and reasonable for Shop Direct to update Mrs S on the status of the purchases she made using the account including those made using BNPL, on an ongoing basis. And I'm satisfied that it did. I say this because Shop Direct issued statements for Mrs S' account. And I've considered the online statements Mrs S was provided with. The May 2023 statement for example, provides a summary of the BNPL purchases. It sets out what the balance was and that the estimated interest figure quoted, could be avoided by paying the balance by 31 August 2023. And this information is also set out on the June, July and August statements. So, I am satisfied that Miss S was provided with the information she needed, about the amount she needed to pay in respect of the BNPL purchases and when payment was due.

Mrs S said in her complaint to this service that she logged into her account on 19 September 2023 and thought that payment was due that month. So, I'm satisfied that although Mrs S says she relied on texts, she did use her online account as well. Shop Direct has provided a summary record of the occasions Mrs S accessed her online account. And this indicates that she accessed her online account regularly. And I can see that she accessed her BNPL details and account summary on 28 July 2023. So, I am satisfied it's more likely than not, that Mrs S would have been aware of the BNPL balance and the date that outstanding balance had to be paid, to avoid interest being added.

Mrs S has questioned whether the information provided by Shop Direct, relates to her account. I am satisfied that it does, as I can see her personal information on one of the tabs of the spreadsheet provided by Shop Direct.

I do understand that Mrs S will be disappointed with my decision, but for the reasons I have explained above, I don't think Shop Direct has done anything wrong.

**My final decision**

For the reasons I have set out above, my final decision is not to uphold Mrs S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 23 April 2024.

Simon Dibble  
**Ombudsman**