

The complaint

Mrs F complains that she was unable to make payments to her Shop Direct Finance Company Limited ("SD") account. This led to her missing payments which affected her credit score.

What happened

Mrs F has an account with SD. On 23 February 2023 she tried to make a payment to the account online. The payments wouldn't go through so Mrs F tried again on 24 February but was unsuccessful. A third attempt on 27 February 2023 was unsuccessful.

Mrs F called SD and was put through to the payments department. She was advised that she could pay over the phone but was concerned about security as she could hear other people on the line, so she didn't make a payment.

The February statement requested payment by 25 February 2023. Because no payment was received, SD applied a missed payment fee.

The March statement requested payment by 25 March 2023. No payment was made. A missed payment fee and an arrears collection fee was applied.

The April statement requested payment by 25 April 2023. No payment was made.

Mrs F complained to SD. She was unhappy about the administration charges and the negative impact on her credit file. She said that she'd been unable to make payments in February and had received poor customer service when she called.

SD didn't uphold the complaint. It said its records showed that Mrs F had attempted to make a payment in February, but it couldn't establish why the payment went to pending and said that Mrs F would need to discuss this with her bank as it was due to their authorisation process. SD said that no payments had been received for February, March and April and that the information shared on her credit file as an accurate reflection of the account. SD said it had listened to the call that Mrs F had made on 25 February 2023. It said it hadn't been possible to secure the line to take payment. SD acknowledged that the advisor should have asked Mrs F if she was on loudspeaker and directed her to other payment methods. SD said in light of the poor service it would arrange for her credit file to be amended if she brought the account up to date by 25 May 2023. It said that if the account wasn't brought up to date then the arrears would remain on her credit file. SD also said it would pay compensation of £25 for the poor service Mrs F received on the call.

Mrs F wasn't happy with the response and brought her complaint to this service.

Our investigator didn't uphold the complaint. They said there was no evidence that the payment not going through was due to SD's systems and that it appeared to be because Mrs F's bank didn't authorise the transactions. The investigator said that ultimately it was Mrs F's responsibility to make a payment by the due date, and that there were other methods of payment available. The investigator said that SD hadn't done anything wrong by adding fees

and charges and reporting the missed payments to the credit reference agencies. They said that SD had accepted that it could've provided better service over the phone and that the compensation offered for this was fair.

Mrs F didn't agree. She said when she tried to make payments over the phone, she could hear other staff laughing and felt that the line wasn't secure. She said she'd spoken to her bank about the issues she'd experienced and had been advised not to pay because of the security risk.

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 statements for the account and the other information provided. There's no dispute that Mrs F attempted to make a payment to the account in February 2023. I can see that she tried three times online. However, those payments didn't go through and remained as pending payments.

There are a number of reasons why payments might remain as pending. I haven't seen anything to suggest that there was an error with SD's systems, so the issue was more likely to be with Mrs F's bank failing to authorise the payment. Based on what I've seen, I can't say that SD were responsible for the attempted payments not going through.

It's Mrs F's responsibility to make sure that her payment is made by the due date. There are a number of ways in which payment can be made, I appreciate that Mrs F experienced issues making her payment online but it was also open to her to pay by phone or by bank transfer.

I can't see that Mrs F made any attempts to make a payment to the account in March or April 2023. The terms and conditions of the account say that SD can charge missed payment fees and administration fees if payments aren't made. I'm satisfied that fees and charges were added to the account in line with the terms and conditions.

The terms and conditions also state that missed payments will be reported to the credit reference agencies. Lenders and providers of credit are under an obligation to provide accurate information to the credit reference agencies. I don't think SD made an error or acted unfairly when it reported the missed payments.

SD has acknowledged that it could've provided better service when Mrs F called to make a payment by phone. There were clearly some issues with background noise on the call, but I can't be certain of what caused this. Whatever the cause, SD has explained that it wasn't possible to secure the line, so it wasn't possible to proceed with the payment. That aside, SD has acknowledged that it should've provided advice to Mrs F on other ways that she could make payment and it failed to do this, so it has offered compensation of £25 which I think is fair.

Taking everything into account. I don't think SD has made an error or treated Mrs F unfairly. 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 F to accept or

reject my decision before 21 February 2024.

Emma Davy
Ombudsman