



complaint

Ms C complains that Shop Direct Finance Company Limited held her liable to pay for goods ordered on behalf of a third party when the third party failed to pay for them.

background

Ms C was a Littlewoods (now Shop Direct) customer for over 25 years. In that time, she says she ordered goods for both herself and others. In February and March 2011, she ordered a washing machine and an electric cooker on behalf of a relative. When that relative did not pay for these goods, Shop Direct told Ms C that she was liable for them.

Our adjudicator recommended that the complaint should be upheld. He concluded that Ms C made Shop Direct aware that she was ordering for “*her customers*” when she placed their orders but Shop Direct did not correct her or dissuade her of the notion that she was acting as a Shop Direct agent. He was not satisfied that Shop Direct took sufficient steps to tell Ms C that she was liable for any payments not made by third parties, especially given she conducted her transactions by phone.

Shop Direct did not accept those conclusions so the matter was referred to me for review and determination.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I uphold this complaint.

Shop Direct makes a number of arguments to support its position. It says:

- Ms C was never registered as an agent of either Littlewoods or Shop Direct;
- the payment liability clause in the terms and conditions of Ms C’s account makes her “*responsible for all purchases made on your account and... personally liable for the full outstanding balance*”;
- Ms C was never told that she would not be liable for orders placed for third parties;
- Ms C’s relative has told Shop Direct that the goods were “*gifts*” from Ms C.

Ms C refutes that last point and says there was no question she was to be repaid. She also says that her relatives had previously ordered goods through her and paid for them – again, contradicting the statement they gave Shop Direct.

On balance, I am satisfied that Ms C believed herself to be an agent of Shop Direct and had been for many years; I find it likely that she said as much when placing her phone orders by differentiating between those orders that were for her and those that were for “*her customers*”. Shop Direct concedes this but failed to tell her that she was, in fact, not a registered agent.

I also note that Shop Direct only introduced the payment liability in 2008, many years after Ms C first ordered goods from the Littlewoods catalogue. I am not persuaded that simply highlighting changes to its agency terms and conditions in its annual catalogue – and not, for example, writing directly to customers – is good enough.

Given the evidence, I am satisfied that Ms C believed herself to be an agent of Shop Direct and ordered the washing machine and electric cooker for her relative on that basis. I am satisfied that Ms C would not have ordered the goods had she been aware that she might have to pay for them.

I find that Shop Direct should not charge Ms C for these goods. It should take appropriate steps to make sure Ms C is no longer asked to pay for them. Shop Direct should also remove any adverse information it has registered about the account with any credit reference agencies.

Finally, I find that Shop Direct's actions have caused Ms C a certain amount of distress and inconvenience. For example, it continued to pursue Ms C for repayment between May and July 2012 despite agreeing to put her account "*on hold*" in January 2012 (and twice confirming to us that the account was on hold during this time). Our adjudicator has recommended an award of £250 to reflect this. I consider this to be a little high and assess a fair award at £150.

my final decision

My final decision is that I uphold this complaint and order Shop Direct Finance Company Limited to:

- take the account back from its debt collection agent and stop any further collections activity;
- remove the balance relating to the washing machine and cooker from Ms C's account;
- remove any adverse information it has registered about this account with any credit reference agencies; and
- pay Ms C £150 to reflect the distress and inconvenience this matter has caused her.

Simon Begley
ombudsman