

## **The complaint**

Mr M complains that Creation Financial Services Limited (“Creation”) didn’t apply a payment to his credit card account and then declined a transaction on his card.

## **What happened**

Mr M has a credit card account with Creation. In April 2019, Creation called him to say he’d missed that month’s payment. But Mr M said he’d made the payment and provided the details. The call handler told him that Creation had changed their bank account details. Mr M’s payment had been sent to their old bank account. He said he didn’t know the bank details had changed.

The call handler said that Mr M would have been sent a letter in around June 2018 about the change of bank details. Mr M couldn’t recall any such letter. He said he’d been successfully making payments using the original account details since 2017. The call handler said that Creation would be able to locate Mr M’s payment. She said they’d apply it to his account and remove the related charges. The payment was located and applied to Mr M’s account. But this didn’t happen until around ten days after the phone call.

In the meantime, Mr M’s wife tried to pay for a weekly grocery shop using the credit card, but it was declined. Mr M says this caused her a great deal of distress and also inconvenience as she had to wait in the store until he was able to come and pay for the shopping. The next day, she had to go to hospital due to a medical issue which Mr M attributes to the stress caused by the card being declined. The reason given by Creation for the decline is that the April payment had been missed so the account was in arrears.

When Mr M complained to Creation, the outcome of his complaint was initially unclear due to typographical errors in their response letter. They later clarified that they upheld the complaint in part, acknowledging that they’d given Mr M incorrect information, including about timescales for responding to the complaint. But they didn’t think they’d done anything wrong in relation to the April payment or by declining the card. They didn’t think they needed to pay Mr M any compensation.

Creation said that the reason Mr M’s payment went missing wasn’t because he sent it to their old account. Their bank details had changed, but they said they could still access the old account. They said that the reason Mr M’s payment hadn’t reached his account was because he hadn’t provided his full credit card number as the payment reference. So they said they didn’t know where to allocate the payment.

Mr M wasn’t happy with Creation’s response, so he brought his complaint to this service. He’s very unhappy with the service he received from Creation, which he says caused a great deal of stress and inconvenience to him and his wife. He also wants Creation to refund the monthly account fee from March 2019. He says he didn’t want to use the card while the complaint was being investigated. But he didn’t want to close the account or stop payments as he was worried that he wouldn’t be able to access his account information and that it could adversely affect his credit file.

Our investigator didn't think Creation had acted fairly and recommended that they pay compensation of £150 to Mr M. But she didn't think they needed to reimburse the monthly fee. Creation didn't accept our investigator's recommendation. They offered compensation of £75 instead. Mr M also asked for the complaint to be reviewed by an ombudsman, so it's been passed to me for a final decision.

### **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 agree with our investigator that Creation haven't acted fairly here. I'll explain why.

Creation contacted Mr M on or around 24 April 2019 to tell him that he'd missed his monthly payment. When he explained that he'd made the payment in the usual way, the call handler told him about Creation's new bank details. The conversation continued on the basis that Mr M's payment hadn't reached his account because he'd sent it to Creation's old bank account. But that's not the reason Creation now say the payment couldn't be allocated.

Dealing first with the issue of the change in bank details, I haven't seen any evidence that Creation had made Mr M aware of this before this phone call. The call handler said that a letter had been sent to Mr M in around June 2018 to tell him about it. From the information available to me, I'm not satisfied that such a letter was sent, in June 2018 or at any other time. Mr M doesn't recall receiving it. And Creation haven't provided a copy of the letter or evidence that it was sent.

The call handler said that the new bank details were displayed on Mr M's statements. But I wouldn't expect a customer to notice if these changed from one month to the next without an additional message clearly displayed on the statement. I haven't seen any evidence that the change was highlighted on the statements. So I don't think Creation did enough to bring it to Mr M's attention.

Creation say that the new account details were given to Mr M over the phone. They were, but only because Creation called to say that Mr M had missed a payment and it then came to light that he'd sent it to the old account. I don't find that Creation had proactively contacted Mr M to tell him about the change to their bank details.

In any event, Creation later said that it wasn't the change in their bank details which caused the problem here. They suggested it wasn't an issue, as there's a two year transition period and they can retrieve payments. I find that Creation gave Mr M contradictory and inconsistent information about why the payment hadn't been applied to his account.

They say the problem was that Mr M hadn't used his full credit card number as the reference on the payment. Mr M says the reference he used on this occasion was the same one he's always used and I haven't seen anything to suggest otherwise. Creation say they appreciate Mr M may have made payments using that reference previously, but that on this occasion it meant the payment wasn't applied to his account. I find their approach to be inconsistent here. There hadn't ever been a problem with allocating payments before, so Mr M had no reason to do anything differently. But Creation appear to have treated this payment differently.

The payment was located by Creation and applied to Mr M's account. But the call handler told him this would happen within a week. In fact, it took nine or ten days from the date of the call, which is around one month from when the payment left Mr M's current account. I think

Creation should have located and applied the payment sooner and without any adverse consequences for Mr M.

Creation didn't tell Mr M that a block would be placed on his card. So he had no reason to think that he or his wife wouldn't be able to continue using it. Although Creation's terms and conditions do allow them to suspend use of the card if Mr M doesn't make the monthly payment on time, I don't think it was fair for them to do so here. That's because they knew that the payment had been made. And they'd assured Mr M that it would be located and applied. They hadn't told him he wouldn't be able to use the card.

I don't doubt that the situation was extremely stressful for Mr M and that he was put to significant inconvenience. And he's convinced it at least contributed to the medical incident suffered by his wife the next day. To compound matters, when Creation responded to the complaint they provided incorrect and unclear information. So I think Creation need to pay Mr M some compensation to recognise the impact this situation's had.

But I don't think Creation need to refund the monthly account fee. I can see that Mr M raised this issue with Creation over the phone in May and June 2019. But I haven't seen any evidence that they agreed to waive or suspend the fee. Their contact notes from the time say that Mr M was advised to continue paying it but that they would review the situation when the complaint is resolved. I find that the terms and conditions require Mr M to pay this fee each month. And, although I understand his concerns, I don't find that Mr M had to keep the account open while the complaint was being investigated. And I'm satisfied that, even if the account had been closed, he would have been able to obtain statement information.

### **Putting things right**

For the reasons above, I think that £150 is the appropriate amount of compensation to recognise the impact of this situation and the distress and inconvenience Mr M has experienced.

### **My final decision**

For the reasons above, I uphold this complaint. My final decision is that Creation Financial Services Limited must pay compensation of £150 to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 July 2020.

Katy Kidd  
**Ombudsman**