

## **The complaint**

Mr V complains about a late payment fee and interest charged by Creation Financial Services Limited (“Creation”) on his credit card.

## **What happened**

Mr V paid his 26 March 2019 credit card statement in full on 12 April 2019. He says he did this by way of a faster payment from his bank account. 12 April 2019 was the payment due date recorded on Mr V’s 26 March 2019 credit card statement.

On receipt of his 25 April 2019 credit card statement Mr V noticed his payment had been treated by Creation as having cleared on 16 April 2019 (four days after he had paid it) and that he had been charged a late payment fee of £12.00 and interest of £21.38.

Following receipt of his 25 April 2019 statement Mr V complained to Creation that he had always paid his statement balance in full by faster payment on the due date and he had never been charged a late payment fee or interest for doing so. And because of this it was only fair that £33.98 be refunded to him.

Creation considered Mr V’s complaint but didn’t uphold it. In summary it said it doesn’t accept faster payments and payments made take between three and five working days to clear.

Unhappy with Creation’s response Mr V referred his complaint to our service where it was considered by one of our investigators.

Our investigator, having considered what both parties had said and submitted, came to the view that Mr V’s complaint should be upheld. She then went on to say that Creation should refund Mr V £33.98 and ensure no reference to a late payment in April 2019 is recorded with credit reference agencies.

Creation didn’t accept the investigator’s view so Mr V’s complaint has been passed to me for review and 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.

This includes the views expressed by our service in the past on complaints similar to this one brought by Mr V.

When considering what is fair and reasonable, I’m required to take into account; relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice; and, where appropriate, what I would consider to have been good industry practice at the relevant time.

I appreciate Mr V's credit card terms and conditions state payment must be made by the due date (not on the due date) and that the minimum time that should be allowed for payments made to clear is three working days. I also appreciate that Creation says it doesn't, nor is it able, to accept faster payments.

So based on the credit card agreement, Creation was entitled to charge Mr V the late payment fee and interest that it did. But it doesn't automatically follow that this is the fair and reasonable outcome in the particular circumstances of this individual case.

Based on what both parties have said and submitted, I'm satisfied that Mr V consistently paid his balance in full on the due date without incurring a late payment fee or interest. And that regardless of how each payment was processed by Creation, they are recorded on Mr V's bank statements, since at least October 2017, as faster payments.

So I think it's fair to say that, despite the payment information on the credit card statements, this created an expectation for Mr V that he'd be able to make payment on the due date without incurring late payment fees and/or interest. While I note the contractual position, it doesn't bind Creation to applying a charge whatever the circumstances.

I think that it would have been fair for Creation to have taken this expectation into account when deciding whether to apply the fee and interest that it did. And I think in light of the circumstances at play in Mr V's case, it would be fair for Creation to have treated Mr V's payment as having been made on time, perhaps with a warning that payments would need to be made ahead of the due date to avoid the possibility of fees and interest becoming payable in the future.

### **Putting things right**

Therefore I think Creation should refund Mr V £33.98 and ensure no reference to a late payment in April 2019 is recorded with credit reference agencies. But Mr V needs to understand that in future he needs to make payment in line with his credit card terms and conditions, and not in the manner that he has historically done, if he wishes to avoid incurring any 'new' late payment fees and interest.

For the sake of completeness I would add that I've considered whether Creation should have to pay Mr V more than £33.98, for example interest and/or anything for distress and inconvenience. But having considered what both parties have said and submitted I don't think, in the particular circumstances of this case, further payment would be appropriate.

### **My final decision**

My final decision is that Creation Financial Services Limited must refund Mr V £33.38 and ensure no reference to a late payment in April 2019 is recorded with credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 9 September 2020.

Peter Cook  
**Ombudsman**