

The complaint

Mr C complains about Creation Financial Services Limited and their decision to decline a credit card payment after his credit limit had been increased

What happened

On 8 July 2019, Creation approved an increase to Mr C's credit limit on his credit card account.

On 14 July, Mr C then attempted to make a payment using this credit card, which was declined. Mr C called Creation at the time the payment was declined and following this call, the payment was approved. But Mr C was unhappy that the payment had been declined in the first instance and he raised a complaint.

Mr C explained he was using the card to pay for accommodation and bar expenses for his senior manager and colleagues, all who were present at the time the payment was declined. He explained was left feeling indescribably embarrassed at the situation as it had created the impression he was struggling with his finances. He was worried about the rumours that may arise from the situation after his colleagues had offered to make the payment if he wasn't able to afford it. So, Mr C wanted Creation to compensate him for the embarrassment and stress he'd been caused.

Creation upheld Mr C's complaint. They agreed they hadn't followed their usual process and that Mr C's limit should've been increased on 10 July. So, they recognised that this had led to the embarrassment Mr C experienced. But they thought they'd acted efficiently to resolve the issue on the call Mr C made that day and were able to authorise the payment. Because of this, they credited Mr C's account £50 to recognise the upset he'd been caused and thought this was a fair offer.

Mr C wasn't happy with this offer. He didn't think the amount was enough to recognise the upset he'd been caused and put two counter offers of £100 and £75 to Creation to resolve his complaint. But Creation thought their offer of £50 was fair and didn't offer anything further. Mr C remained unhappy, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. She agreed Creation had made an error when declining the payment. But she thought the £50 they offered to recognise the impact this had was a fair one and didn't think they needed to do anything more. Mr C disagreed, explaining the amount wasn't enough to recognise his embarrassment and thought it showed why businesses such as Creation offer a poor level of service. As Mr C disagreed, the complaint has been passed to me for a 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'm not upholding the complaint for broadly the same reasons as the investigator.

It's not in dispute that Creation declined Mr C's payment unfairly. As they've explained, Mr C's limit should've been increased on 10 July, meaning the payment he made on 14 July would've been authorised without any issues. But they failed to do this, and I think this was both unfair and unreasonable. So, I think Creation should compensate Mr C for this error.

And I'm aware it's the amount Creation should pay Mr C that's being contested and the reason for our involvement. So, I've considered the impact Mr C has experienced against the actions Creation have taken to resolve the issue and decide whether I think they acted fairly in this regard. And in this situation, I think they have.

I've no doubt the situation Mr C found himself in was embarrassing. I can appreciate the payment being declined in front of his manager and colleagues would've been embarrassing. And having to decline their offer to pay instead, and then call Creation to rectify the issue, would've been stressful. I'm aware Mr C increased his limit to ensure he was able to make this payment and prevent a situation like this occurring. So, I can understand why he'd be angry that this situation didn't go as he'd intended.

But I've also considered the fact that Creation were able to resolve the issue on the call Mr C made that day. By doing so, Mr C was able to make the payment as he intended. So, he didn't need to rely on others to make the payment on his behalf and was able to use the credit card as he'd wished.

So, I've taken all of this into consideration. And having done so, I think the £50 Creation have already offered falls in line with an award I would direct in similar circumstances. While I understand Mr C thinks £50 equates to barely anything in terms of monetary value to Creation, that's not how we calculate or decide on compensation. The amounts we award are intended to recognise the impact the complaint has had on an individual, not to punish a business for their error. And I think £50 is a fair offer that recognises the embarrassment Mr C suffered while also taking into consideration Creation's ability to resolve the payment issue on Mr C's initial call. So, I don't think Creation need to do anything further.

My final decision

For the reasons outlined above, I don't uphold Mr C's complaint about Creation Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 August 2020.

Josh Haskey
Ombudsman