

The complaint

Mr D complains that Creation Financial Services Limited delayed a refund to his account, and failed to reply when he asked for an explanation of what had gone wrong.

What happened

Mr D was due a refund from a purchase he made on his card. The merchant sent the money to Creation on 26 April 2019. Mr D didn't get it, and he repeatedly chased this up with Creation. Creation told Mr D on 15 May that his refund had been processed and it would appear on his account within three to five working days. But Mr D didn't get the refund until 31 May, which he said was 35 days after he said he should've received it.

Mr D complained to Creation about this. Creation didn't respond to Mr D's complaint until March 2020, after he brought his complaint to us. It said then that the merchant had put the money onto his old, cancelled card in April. The refund remained on his old card until 29 May 2019, when Creation moved it onto the new card. It said it was sorry about that. Creation worked out the statutory interest on the refund of £110, which it said was £2.14. It said it would pay him £5.

Mr D wasn't happy. He said he should be paid more compensation, because he'd had to pay a much higher credit card bill on 28 May 2019, because of Creation's delays. He said he'd spent a lot of time chasing Creation, writing emails and making calls about this complaint, and he thought Creation should compensate him for that.

Creation thought it had done the right thing. It said that if a customer has funds which are withheld from them, it will pay 8% statutory interest on those funds. It had done that, and rounded this up to £5.00 for Mr D. And it said that if he was now complaining about chasing the refund, and emails not being acknowledged, then that would be a new complaint as it hadn't had the chance to investigate this.

Our investigator didn't think this complaint should be upheld. She said Creation had put the money onto Mr C's old account on 26 April 2019. Creation should've realised that it had put this money onto a cancelled card. But Mr D hadn't been able to show us that paying a higher credit card bill while he was waiting for the refund had caused him financial difficulties. And Creation had paid 8% interest on the money for the time it was missing. Our investigator thought Creation had resolved the complaint fairly.

Mr D didn't agree. He said it had taken Creation ten months to respond to his complaint. It was supposed to do that within 8 weeks. He said it was unreasonable to expect him to be able to prove that he was in financial hardship at the time, because it was now so long ago. He said he'd had to do a lot of work to get Creation's mistake put right. And he'd even pointed out on 23 April, before the payment was made, that there was a risk of the money being paid onto his cancelled card. He thought our service would usually make an award for this. He summarised his complaint again, and expressed great surprise at it not being upheld. He wanted his case to be considered by an ombudsman, so the case was passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Our investigator was right that our service can't look at a standalone complaint about how a business has handled a complaint. Creation said that if Mr D was making that standalone complaint now, it should have time to consider this separately, as a new complaint.

But I don't think Mr D is making a new complaint now about the length of time this has taken to resolve. I think he made one complaint, in May 2019, about the length of time that it had taken Creation to get his money to him, and why Creation was taking so long to respond on that. He persisted with this complaint, raising it repeatedly with Creation, and then bringing it to our service in July 2019. It's taken Creation until March 2020 to provide a response telling Mr D what went wrong, and complying with what it says is its obligation to pay statutory interest. I don't think I'm obliged by the rules of our service to disregard the delay in resolving this issue when I'm considering Mr D's complaint.

The refund was processed by the merchant on 26 April. Creation eventually put Mr D's refund in the right account on 31 May. It seems likely that Mr D had two statements in the intervening time, and one of those statements included the money he'd paid for his purchase, which he was expecting to have refunded. He says he paid this to Creation, because the refund hadn't arrived. He also told us that he didn't have evidence now of the hardship this caused.

I haven't seen anything to demonstrate that Mr D suffered financial hardship, as our service understands that. An example of financial hardship would be if someone can't meet priority bills, like rent and utilities, or can't pay for food. But I don't think it's necessary for Mr D to show financial hardship in order for me to make an award in this case.

I do think Mr D was inconvenienced by needing to pay for a purchase he'd already returned, and should already have been refunded for. I also think that Mr D has, as he said, put in some effort, first in trying to warn Creation that his money might be refunded onto a cancelled card, then trying to get his refund, then trying to find out what had actually gone wrong. That has also inconvenienced him. The length of time this has taken provides a further inconvenience.

I don't think Creation's offer of £5 makes up for this. I think that Creation should pay Mr D a total of £100 in compensation. I think that would provide a fair and reasonable outcome to this complaint. Creation can include its offer of £5 in that total, if it has already paid it.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Mr D replied to accept my provisional decision. Creation replied to disagree.

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.

Creation replied to say that it didn't agree that Mr D had put in "some effort, first in trying to warn Creation that his money might be refunded onto a cancelled card, then trying to get his refund, then trying to find out what had actually gone wrong." Creation said it only had enquiries from Mr D starting from 26 April 2019. Mr D had then notified it that the payment had been made onto the old card on 15 May, and Creation thought that this matter had been resolved on 31 May, when it moved the money onto his new card. It said it wanted us to make sure we weren't taking into account communications about another, separate complaint that Mr D made, when looking at this issue.

With Mr D's permission, we sent Creation the emails between it and Mr D, that he'd shared with us. Those are all about this complaint.

Creation now accepts it failed to action Mr D's complaint about the delayed refund on 3 June. It could see a response to a different complaint had been issued, and assumed that response dealt with the issue Mr D had raised. I think Mr D was clear on 3 June what he was complaining about, and this was a mistake by Creation.

But Creation said it still thought that all the correspondence fell within the timescale it had previously highlighted, except this complaint on 3 June. I don't think that's quite right either.

Mr D started emailing Creation on 23 April, when he said a refund had been made on 5 April, and suggested the payment might have gone back onto a previous card. Creation replied on 26 April, to say it hadn't received the refund. Mr D asked about his refund again on 7 May. Creation said on 15 May it would move this to the new card. But it didn't. Mr D didn't get his refund onto his existing card until 31 May. And Creation now accepts it didn't respond to his complaint about this until the case was taken up by our service.

So I still think that Mr D put in "some effort, first in trying to warn Creation that his money might be refunded onto a cancelled card, then trying to get his refund, then trying to find out what had actually gone wrong." And I still think the award I proposed in my provisional decision is appropriate. I'll now make that award.

My final decision

My final decision is that Creation Financial Services Limited must pay Mr D £100. It can include the £5 it offered in that total, if it has already paid it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 September 2020.

Esther Absalom-Gough
Ombudsman