

The complaint

Mr C's complaint about Creation Financial Services Limited (CFS) relates to him incurring late payment fees, charges and interest to his credit card account.

What happened

The facts are well known to the parties so I shall only briefly record what happened in summary form. Mr C held a credit card with CFS, and his usual method of payment was to pay by bank transfer. He has told this service that he pays his balance in full each month. A statement was sent to him and dated 22 February 2020, with a payment due date being 13 March 2020.

Mr C said the statement arrived late and he made his payment the day he received it, which was on 18 March 2020, two working days late. This resulted in a late payment fee of £12 being applied on 14 March 2020 and an interest charge of £239.29 on 23 March 2020, which he was unhappy with.

On 15 April 2020 Mr C spoke to a CFS agent and said he was in dispute about the charges and interest and didn't think he should make the full payment sought, because he didn't want to overpay. The call recording shows Mr C was refusing to pay the full balance and there was a discussion between him and the agent over whether further fees, charges or interest would be added if his complaint was not successful. The agent did say he could pay the balance minus the fees, charges and interest but couldn't offer any guarantees about the future.

Mr C did in fact incur charges whilst CFS were investigating but CFS didn't think it had done anything wrong. C was unhappy with CFS's final response and so approached this service to see if we could assist in resolving the dispute.

Our investigator thought that CFS hadn't done anything wrong in relation to issue of the statements as they had been sent in good time, around the usual time of the month, and that the onus on managing the account was upon Mr C. The investigator did however think that the conversation with the agent had been unclear and had innocently misled Mr C into believing the position was something it wasn't. As such she suggested that CFS should refund the additional interest which had been applied on 21 April 2020.

CFS didn't agree and asked for the complaint to be passed to an Ombudsman 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.

There are two parts to this complaint, the first being whether CFS have acted unfairly towards Mr C in relation to the issue of his statement and the resulting interest and charges. Mr C says he received it late, and I am happy to accept he did. But the evidence shows that

it was correctly dated. It also follows that it is likely to have been sent to him in the same manner as previous statements. I accept there may have been a delay in the statement reaching him caused by Covid 19, but there is no evidence to support any suggestion that such a delay was caused by CFS. And of course, it is correct that the statement was properly addressed, and Mr C had previously never had issues with its late arrival. Mr C has also candidly confirmed that he does not claim that CFS has made an error in this respect.

I note that Mr C has also been very particular in paying his statement balance in full each and every month, and so it is reasonable to expect that he will have been very well aware of his need to do that and when it was usually done. And customers should take their own steps in order to manage their accounts and so I cannot see, that it would be fair to hold CFS responsible for the late payment caused by the late delivery of the statement.

Mr C was aware he had a balance to pay on his account and had the opportunity to manage it better. So, I can't say that the effects of Covid 19 have, in the circumstances of this complaint, led to the delay in payment. It follows that the interest and charges were properly and fairly applied in March.

The second part of the complaint relates to the discussion between Mr C and the agent. I do accept that the agent did not commit CFS to a position where it guaranteed Mr C would not receive any further charges or interest. However, the net result of the conversation was that in saying it could not be guaranteed, objectively, I can see why Mr C would have taken this to mean that it was likely that further charges and interest wouldn't have been applied in these individual circumstances.

Against the backdrop of Mr C paying his balance in full every month, and given Mr C's vocal resistance to the application of interest and charges, I think it would have been more reasonable, and certainly much clearer, if he'd been told that the only way to guarantee there wouldn't be any further charges and interest would be to settle the whole balance and then await the outcome of his dispute. I realise that CFS was almost certainly only trying to effectively manage Mr C's expectations here, but in saying what it did, I think this meant that Mr C proceeded in a way he wouldn't have, were he more clearly advised during this call.

Putting things right

So, I agree with our investigator's view that Mr C was left in a position believing there was a good chance, albeit with no guarantee, that not paying the full balance would not lead to further interest and charges. I think it was more likely than not that if he'd been given clearer instructions he would have made different choices, in order to be sure, that he would avoid further charges and interest. Because of this he has incurred additional interest and charges which he wouldn't have incurred in April 2020, and I think it fair that that be refunded to him.

My final decision

For the reasons set out above I do uphold the complaint and my final decision is that I direct Creation Financial Services Limited to repay the additional interest and charges applied to his account on the 21 April 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 March 2021.

Jonathan Willis
Ombudsman