

The complaint

Mr H complains Creation Financial Services Limited incorrectly recorded a late payment marker on his credit file. He says Creation's actions have impacted his credit score, and also caused his credit card limit to be decreased.

What happened

Mr H's credit card payment was due in August 2019. He made an online payment to his credit card approximately a week before the due date. However, this payment was not applied to his account, and as such Creation charged a late payment fee and applied a late payment marker to his credit file. It was later found out the payment had been placed in a suspense account by Creation. This was because there had been an incorrect reference number added to the payment. Shortly after this Mr H's credit card limit was decreased. In responding to Mr H's complaint Creation refunded his late payment fee but maintained its decision to decrease his credit card limit and register a late payment marker was fair.

Our investigator issued an assessment in which he felt Creation should remove the late payment marker on Mr H's credit file. This was because he felt Mr H had attempted to make the payment in time, and an administrative error had been the only reason why the payment was late being added to the account.

In relation to the credit card limit decrease; our investigator highlighted that Creation was entitled to make a commercial decision so long as it was reasonable. Creation was unable to give the specific reason for the credit card limit decrease – but says the late payment marker on its own wouldn't have been the reason for the decrease. It maintained it was a commercial decision based on a review of Mr H's account. Our investigator agreed this was fair, and therefore couldn't ask Creation to change its decision on this aspect. Creation agreed with this assessment.

Whilst Mr H has accepted the outcome regarding the late payment marker; he was unhappy with our investigator's assessment concerning the decrease in credit card limit and also that no trouble and upset payment was awarded.

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.

All parties agree Mr H's credit file should be amended to reflect the payment being made on time. As such I won't make any findings on this, other than to say I agree this is fair and reasonable.

Turning to the issue of the decrease in Mr H credit card limit. As I've explained above, this was decreased shortly after Mr H's payment was deemed 'late'. Creation says the decrease in credit card limit wouldn't have occurred purely because of Mr H's late payment. It says it was a commercial decision based on his overall account.

I've considered this response, and whilst I don't think it is substantively clear on why the decrease occurred, it does at least explain this alone would not have been the reason. Creation is entitled to make a commercial decision so long as it is reasonable and doesn't cause Mr H financial difficulties. In this instance, I've not been presented with any information which would suggest its decision was unreasonable or Mr H suffered as a direct result of it. I have no reason to disbelieve its assertion that the decrease was not solely dependent on Mr H's 'late' payment. So, in the absence of any other information, I'm satisfied Creation is entitled to exercise its commercial discretion here.

Finally, Mr H says the actions of Creation should be recognised with a payment for compensation. Mr H says he was inconvenienced by this whole affair because he has had to raise a complaint. Whilst I don't doubt raising a complaint is frustrating and time consuming, this in itself isn't enough to warrant an award for distress and inconvenience. From what I've seen Creation refunded the late payment fee once the payment was located. This is what I would expect to happen. I also note the reason the payment was sent to the suspense account because the relevant reference number wasn't applied; and I'm satisfied this wasn't Creation's error. Ultimately Creation has now agreed with our recommendation to remove the marker on Mr H's credit file; and I'm satisfied this is sufficient to resolve this complaint fairly.

Putting things right

In order to put things right I require Creation Financial Services Limited to:

- Remove any adverse information in relation to the late payment marker on Mr H's credit file.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 November 2020.

Tom Whittington
Ombudsman